SNAIGĖ

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 Bank of Lithuania, we Gediminas Čeika, Managing Director of Snaige, AB and Mindaugas Sologubas, Finance Director of Snaige, AB hereby confirm that, to the best of our knowledge, the not audited Snaige AB interim Consolidated Financial Statements for the three months period ended 30 September 2018, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, 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

Mindaugas Sologubas
Finance Director

November 27, 2018

AB SNAIGĖ
CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2018
(UNAUDITED)

CONTENTS

I. GENERAL PROVISIONS

1. Accounting period of the report

The report has been issued for the nine months of 2018.

2. The basic data about the issuer

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

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

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Phone - (+370-315) 56 206

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E-mail – snaige@snaige.lt

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

Legal organisation status – legal entity, public limited company

Registered as an enterprise on December 1, 1992 in the Municipality Administration of Alytus; registration number AB 92-119; enterprise register code 249664610. The latest Statute of AB “Snaige” was registered on December 20, 2016 in Legal Entities of the Republic of Lithuania.

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

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

The mass media – daily paper „Kauno diena”.

(all amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Ref. No.	ITEMS	Notes	01 01 2018 30 09 2018	01 07 2018 30 09 2018	01 01 2017 30 09 2017	01 07 2017 30 09 2017
1.	Sales	3	26,824	10,088	30,787	12,057
2.	Cost of sales	4	(24,549)	(8,911)	(26,969)	(10,562)
3.	Real value change of biological property					
4.	**GROSS PROFIT (LOSS)**		**2,274**	**1,177**	**3,818**	**1,495**
5.	Selling expenses		(1,865)	(684)	(2,312)	(981)
6.	General and administrative expenses		(,1206)	151	(1,723)	(572)
7.	Results of other activity	5,7	51	14	38	14
8.	Investments incomes into the shares of patronise, patronized and associated companies					
9.	Incomes of other long-term investments and loans	8	451	152	379	101
10.	Incomes of other interest or similar incomes	8	4	2	52	52
11.	Value decrease of financial property and short-term investments					
12.	Costs of interest and other similar costs	9	(419)	(140)	(496)	(173)
13.	**PROFIT (LOSS) BEFORE INCOME TAX**		(709)	670	(244)	(65)
14.	Income tax					
15.	**PROFIT (LOSS) BEFORE NONCONTROLLING INTEREST**		**(709)**	**670**	**(244)**	**(65)**
16.	Non-controlling interest		0	0	0	(0)
17.	**Ohter comprehensive income**		439	154	507	108
18.	**TOTAL COMPREHENSIVE INCOME**		**(270)**	**825**	**263**	**42**

Managing Director Gediminas Čeika

Financial Director Mindaugas Sologubas

(all amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Financial Position

Ref. No.	ASSETS	Notes	As at 30 September 2018	As at 31 December 2017
	ASSETS			
A.	**Non-current assets**		**17,677**	**17,950**
1.	**Intangible assets**	10	**1,632**	**1,627**
2.	**Tangible assets**	11	**15,175**	**16,322**
2.1.	Land			
2.2.	Buildings and structures		5,404	5,558
2.3.	Machinery and equipment		8,318	9,080
2.4.	Vehicles and other property		1,448	1,660
2.5.	Construction in progress and prepayments		6	24
3.	**Financial assets**	**12**	**870**	**0**
4.	**Other non-current assets**		**0**	**0**
B.	**Current assets**		**11,050**	**11,360**
1.	**Inventories**	13	**3,618**	**4,520**
2.	**Accounts receivable within one year**		**6,568**	**6,332**
2.1.	Customers' debts	14	6,177	5,721
2.2.	Debts of Group of companies			
2.3.	Debts of associated companies			
2.4.	Other amounts receivable	15	391	611
3.	**Short-term investments**			
4.	**Cash and cashs equivalents**	16	**864**	**508**
C.	**Accrued income and prepaid expenses**		**29**	**28**
	Total assets		**28,757**	**29,338**

(continued on the next page)

(all amounts are in EUR thousand unless otherwise stated)

Ref. No.		Notes	As at 30 September 2018	As at 31 December 2017
	EQUITY AND LIABILITIES			
D.	**Equity**		**5,469**	**6,112**
1.	**Capital**		**11,887**	**11,887**
1.1.	Authorized (subscribed) share capital		11,887	11,887
1.2.	Signed unpaid capital (-)			
1.3.	Own shares(-)			
2.	**Shares premiums**			
3.	**Revaluation reserve**		**5,527**	**5,900**
4.	**Reserves**	18	**971**	**1,001**
5.	**Retained earnings (loss)**		**(12,862)**	**(12,622)**
6.	**Influence of currency exchange rate**		**(54)**	**(54)**
7.	**Non-controlling interest**		**0**	**0**
E.	**Grants, subsidies**	19	**617**	**629**
F.	**Provisions**		**2,321**	**2,386**
1.	Pensions provisions and similar provisions		275	281
2.	Taxes provisions		1,628	1,694
3.	Other provisions	20	417	411
G.	**Accounts payable and liabilities**		**20,337**	**20,194**
1.	**Accounts payable after one year and other non-current liabilities**	21	**497**	**497**
2.	**Account payable within one year and current liabilities**		**19,841**	**19,698**
2.1.	Liabilities of debts			
2.2.	Debts for credit institutions	21	9,690	10,152
2.3.	Received prepayments		654	117
2.4.	Debts to suppliers		7,767	7,772
2.5.	Payable sums acc.to bills and cheque			
2.6.	Payable sums for companies of Group of companies			
2.7.	Payable sums for associated companies			
2.8.	Profit tax payment obligations			
2.9.	Obligations related to work relations		1,148	1,259
2.10.	Other current liabilities		582	398
H.	**Accrued charges and deferred income**		**13**	**18**
	Total equity and liabilities		**28,757**	**29,338**

Managing Director Gediminas Čeika

Financial Director Mindaugas Sologubas

(all amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Cash Flow

Ref. No.		30 09 2018	30 09 2017
I.	**Cash flows from the key operations**		
I.1	Net result before taxes	(709)	(244)
I.2	Depreciation and amortization expenses	1,495	1,373
I.3	(Amortisation) of grants	(95)	(91)
I.4	Result from disposal of non-current assets		(2)
I.5	Write-off of non-current assets		
I.6	Write-off of inventories	1	
I.7	Depreciation of receivables	(470)	
I.8	Other provisions		
I.9	Change in provision for guarantee repair	7	(12)
I.10	Recovery of devaluation of trade receivables		
I.11	Influence of foreign currency exchange rate change	3	34
I.12	Financial income (interest income)	(451)	(426)
I.13	Financial expenses (interest expenses)	413	457
	Cash flows from the key operations until decrease (increase) in working capital	**192**	**1,088**
II.1	Decrease in receivables and other liabilities	(1,113)	(2,775)
II.2	Decrease in inventories	1,155	86
II.3	Increase in trade and other payables	520	2,901
	Cash flows from the main activities	**754**	**1,300**
III.1	Interest income		
III.2	Interest paid		
III.3	Income tax paid	(92)	(471)
	Net cash flows from the key operations	**662**	**829**

IV.	**Cash flows from (to) investing activities**		
IV.1	Acquisition of tangible non-current assets	(157)	(407)
IV.2	Capitalization of intangible non-current assets	(1)	(6)
IV.3	Proceed from disposal of non-current assets		22
IV.4	Loans granted		(906)
IV.5	Loans regained		4
IV.6	Interest received	(221)	(414)
IV.7	Financial investment assets	870	
	Net cash flows from the investing activities	**491**	**(1,707)**

(continued on the next page)

(all amounts are in EUR thousand unless otherwise stated)

III.	**Cash flows from the financial activities**	(797)	(1,386)
III.1	Cash flows related to the shareholders of the company		
III.1.1	Issue of shares		
III.1.2	Shareholders' contributions for covering losses		
III.1.3	Sale of own shares		
III.1.4	Payment of dividends	(2)	(893)
III.2	Cash flows arising from other financing sources		
III.2.1	Grants received	84	24
III.2.1.1	Proceeds from non-current borrowings		833
III.2.1.2	(Repayment) of borrowings	(441)	(921)
III.2.2	Finance lease received		48
III.2.2.1	Payments of leasing (finance lease) liabilities	(21)	(18)
III.3	Other decreases in the cash flows from financial activities		
III.4.	Interest paid	(417)	(459)
	Net cash flows from the financial activities	**(797)**	**(1,386)**

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**	**355**	**(2,263)**
VII.	**Cash and cash equivalents at the beginning of period**	**508**	**2,617**
VIII.	**Cash and cash equivalents at the end of period**	**864**	**354**

Managing Director Gediminas Čeika

Financial Director Mindaugas Sologubas

(all amounts are in EUR thousand unless otherwise stated)

Consolidated Statement of Changes in Equity

	Paid up authorised capital	Share premium	Own shares (-)	Legal reserves		Other reserves				Retained earnings (losses)	TOTAL	Minority shareholders	TOTAL
				Compulsory	For acquiring own shares	For social needs	Other	Currency exchange reserve	Revaluation reserve				
Balance as at 31 January 2016	**11,887**	**0**	**0**	**901**	**0**	**0**	**0**	**(50)**	**5,550**	**1,344**	**19,633**	**0**	**19,633**
Net profit for the 2017 QI-III										(244)	**(244)**		**(244)**
Dividends										(1,041)	**(1,041)**		**(1,041)**
Formed reserves				69	30					(99)	**0**		**0**
Other changes	(1)							(2)	(117)	(107)	**(226)**	(0)	**(226)**
Other comprehensive income										507	**507**		**507**
Balance as at 30 September 2017	**11,887**	**0**	**0**	**971**	**30**	**0**	**0**	**(52)**	**5,433**	**361**	**18,629**	**0**	**18,630**
Net profit for the 2017 QIV										(13,197)	**(13,197)**	(0)	**(13,197)**
Non-current assets revaluation									467		**467**		**467**
Other changes								(2)		0	**(2)**	(0)	**(2)**
Other comprehensive income										214	**214**		**214**
Balance as at 31 December 2017	**11,887**	**0**	**0**	**971**	**30**	**0**	**0**	**(54)**	**5,900**	**(12,622)**	**6,112**	**0**	**6,112**
Net profit for the 2018 QI-III										(709)	**(709)**	(0)	**(709)**
Transfers from reserves					(30)					30	**0**		**0**
Other changes								0	(374)		**(373)**		**(373)**
Other comprehensive income										439	**439**		**439**
Balance as at 30 September 2018	**11,887**	**0**	**0**	**971**	**0**	**0**	**0**	**(54)**	**5,527**	**(12,862)**	**5,469**	**0**	**5,469**

Managing Director Gediminas Čeika

Financial Director Mindaugas Sologubas

(all amounts are in EUR thousand unless otherwise stated)

EXPLANATORY NOTES

1 Basic information

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

Pramonės str. 6,
Alytus,
Lithuania.

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

Main shareholders of AB Snaigė were:

	September 30, 2018		December 31, 2017	
	Number of shares owned	**Share of total capital, %**	**Number of shares owned**	**Share of total capital, %**
Sekenora Holdings Limited	36,096,193*	91.10%	36,096,193*	91.10%
Other shareholders	3,526,202	8.90%	3,526,202	8.90%
Total	**39,622,395**	**100%**	**39,622,395**	**100%**

* Out of this amount Sekenora Holdings Limited collateralized 4,584,408 shares to the bank in accordance with collateral agreement to ensure financial Snaige AB liabilities (31 December 2017 - 4,584,408).

All the shares of the Company are ordinary registered intangible shares with the par value of 0.30 euro each and were fully paid as at 30 September 2018 and 31 December 2017.

As at 30 September 2018 and 31 December 2017 the Company did not hold its own shares.

As at 30 September 2018 Sekenora Holdings Limited was ultimately owned by controlling shareholder Hymana Holdings Ltd.

The Group consisted of AB Snaige and the followings subsidiaries as at 30 September 2018 (hereinafter – "the Group"):

Company	Country	Percentage of the shares held by the Group	Profit (loss) for the reporting year	Shareholders' equity
TOB Snaige Ukraina	Ukraine	99%	(2)	10
UAB Almecha	Lithuania	100%	122	514

As at 30 September 2018, the Board of the Company consist of 5 members. The board does not have AB Snaigė representatives.

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

UAB Almecha (Alytus, Lithuania) was established in 2006. The main activities of the company are production of refrigerating components and equipment. The Company acquired 100% of the Company's shares.

As at 30 September 2018 the number of employees of the Group was 647 (as at 30 September 2017 – 715).

2. Accounting principles

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

2.1. Basis of preparation

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

2.2. Going concern

The Group's current liabilities exceeded current assets by EUR 8,791 thousand of 30 September 2018 (in the year 2017, December 31st current liabilities exceeded current assets by EUR 8,337 thousand).

- liquidity ratios: general coverage ratio (total current assets / total current liabilities) was 0.56 (0.58 on 31st December 2017),
- quick ratio ((total current assets – inventories) / total current liabilities) – 0.39 (on 31st December 2017 - 0.35),
- the Group suffered EUR 709 thousand loss before tax (in 2017 over the same period - EUR 244 thousand loss before tax),
- Debt ratios: the ratio of debt/asset was 0.71 (whereas in the year 2017, December 31st - 0.69)

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

- Adjusted liquidity ratio: general coverage ratio (total current assets / total current liabilities – re-classified amount) was 1.02 (0.97 on 31st December 2017),
- Adjusted quick ratio ((total current assets – inventories) / total current liabilities – re-classified amount) – 0.69 (on 31st December 2017 - 0.58)

These financial statements for the 30 September 2018 have been prepared based on the assumption that the Group will be able to continue as a going concern for at least 12 months. The going concern is based on the following assumptions:

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

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

2.3. Presentation currency

The Group's financial statements are presented in the currency of the European Union, the euro (EUR), which is the Company's functional and the Group's and the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are included in profit or loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the statement of financial position date.
The functional currency of a foreign entity TOB Snaige Ukraina is Ukrainian hryvnia (UAH). As at the reporting date, the assets and liabilities of this subsidiary are / were translated into the presentation currency of AB Snaigė (EUR) at the rate of exchange at the statement of financial position date and their items of the statement of profit or loss and other comprehensive income are translated at the average monthly exchange rates for the reporting period. The exchange differences arising on the translation are stated in other comprehensive income.

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

(all amounts are in EUR thousand unless otherwise stated)

The applicable exchange rates in relation to euro as at the 30 September 2018 and 31 December 2017 were as follows:

	30 September 2018	**31 December 2017**
UAH	33.1351	33.60862
USD	1.1576	1.1993

2.4. Principles of consolidation

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

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

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

2.5. Intangible assets, except for goodwill

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

Research and development

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

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

Licenses

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

Software

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

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

2.6. Tangible non-current assets

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

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

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

(all amounts are in EUR thousand unless otherwise stated)

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.

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

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

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

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

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

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

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

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

2.7. Non-current assets held for sale

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

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

2.8. Inventories

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

2.9. Receivables and loans granted

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

2.10. Cash and cash equivalents

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

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

2.11. Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised, otherwise – expensed as incurred. No borrowing costs were capitalised as at 30 September 2018 and 31 December 2017.

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

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

2.12. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition and measurement, outstanding derivatives are carried in the statement of financial position at the fair value. Fair value is determined using the discounted cash flow method applying the effective interest rate. The estimated fair values of these contracts are reported on a gross basis as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis. The Group had no derivative contracts outstanding as at 30 September 2018 and 31 December 2017.

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

2.13. Factoring

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

2.14. Financial lease and operating lease

Finance lease – the Group as lessee

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

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

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

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

Operating lease – the Group as lessee

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

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

2.15. Grants and subsidies

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

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

2.16. Provisions

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

2.17. Non-current employee benefits

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

2.18. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.
Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.
Revenue from services is recognized on accrual basis when services are rendered and are stated in the statement of comprehensive income.
In these consolidated financial statements intercompany sales are eliminated.

(all amounts are in EUR thousand unless otherwise stated)

2.19. Impairment of assets

Financial assets

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

Other assets

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

2.20. Subsequent events

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

2.21. Offsetting and comparative figures

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

3 Segment information

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

Information on Group's sales is presented below:

	Total sales revenue		**Inter-group sales**		**Sales revenue**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Russia	241	563	-	-	241	563
Ukraine	4,613	5,901	-	-	4,613	5,901
Western Europe	10,734	10,910	-	-	10,734	10,910
Central Europe	5,935	5,429	-	-	5,935	5,429
Lithuania	3,631	4,713	(163)	(201)	3,468	4,512
Other CIS countries	911	2,422	-	-	911	2,422
Other Baltic states	696	985	-	-	696	985
Other countries	226	65	-	-	226	65
Total	**26,987**	**30,988**	**(163)**	**(201)**	**26,824**	**30,787**

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

As at 30 September 2018 the sales to the five largest buyers comprised 32.45 % of total sales, including: the first buyer 8.81% (as at 2017 – 28.52 %, including: the first buyer 6.31%).

(all amounts are in EUR thousand unless otherwise stated)

4 Cost of sales

	30 09 2018	30 09 2017
Raw materials	16,954	19,321
Salaries and wages	2,668	2,876
Depreciation and amortisation	1,069	1,024
Other	3,858	3,748
Total:	**24,549**	**26,969**

5 Other income

	30 09 2018	30 09 2017
Income from transportation services	186	188
Income from sale of other services	50	44
Income from rent of premises	11	9
Gain on disposal of property, plant and equipment	-	2
Income from rent of equipment	0	0
Other	-	2
Total:	**247**	**244**

6 Operating expenses

	30 09 2018	30 09 2017
Selling expenses	1,865	2,312
General and administrative expenses	1,206	1,723
	3,071	**4,035**

7 Other operating expenses

	30 09 2018	30 09 2017
Transportation expenses	173	181
Expenses from rent of equipment	-	-
Gain on disposal of property, plant and equipment	-	-
Other	23	25
	196	**206**

(all amounts are in EUR thousand unless otherwise stated)

8 Financial income

	30 09 2018	30 09 2017
Foreign currency exchange gain	4	4
Interest income and other	451	427
	455	**431**

9 Financial expenses

	30 09 2018	30 09 2017
Interest expenses	413	457
Loss of foreign currency exchange, net	7	39
Realized loss on foreign currency derivatives	-	-
Loss of foreign currency translation transactions	-	0
Other	0	-
	419	**496**

10 Intangible assets

	Balance sheet value	
	30 09 2018	**31 12 2017**
Development costs	1,222	1,445
Software, license	46	56
Other intangible assets	364	126
Total:	**1,632**	**1,627**

Over 2018 the Group has accumulated EUR 254 thousand (2017 - EUR 244 thousand) of intangible assets depreciation The amount of EUR 4 thousand for 2018 (EUR 6 thousand for 2017) was included into production costs. The remaining amount of EUR 250 thousand (EUR 238 thousand for 2017) was included into administration expenses in the Group's profit or loss.

Part of non-current intangible assets of the Group with the acquisition value of EUR 3,941 thousand as at 30 September 2018 was fully amortised (EUR 3,829 thousand for 2017) but was still in use.

11 Non-current tangible assets

	Balance sheet value	
	30 09 2018	**31 12 2017**
Land and buildings	5,404	5,558
Machinery and equipment	8,318	9,080
Vehicles and other property	35	54
	1,413	1,606
Construction in progress and prepayments	6	24
Total:	**15,175**	**16,322**

(all amounts are in EUR thousand unless otherwise stated)

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.

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.

The estimated fair value of the buildings and structures amounted to EUR 5,610 thousand and the value of machinery and equipment, vehicles and other assets amounted to EUR 10,610 thousand as at 30 September 2017, based on the methods described above.

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 2017:

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

The 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 2016:

The Company	**Book value**	**Revalued amounts**	**Revaluation surplus**
Buildings and structures	2,180	5,455	3,275
Machinery and equipment	2,918	9,447	6,529
Vehicles and other assets	552	1,820	1,277
Total	**5,650**	**16,722**	**11,081**

(all amounts are in EUR thousand unless otherwise stated)

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

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

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

The depreciation charge of the Group's property, plant and equipment and investment property for 2018 first nine months amounts to EUR 1,241 thousand (EUR 1,129 thousand for 2017). After the assessment of amortization of grants (2018 - 64 and 2017 - 61), the amount of EUR 1,155 thousand for 2018 (EUR 1,053 thousand for 2017) was included into production costs. The remaining amount of EUR 86 thousand (EUR 76 thousand for 2017) was included into administration expenses in the Group's profit or loss.

As at 30 September 2018 buildings of the Group and the Company with the carrying amount of EUR 5,234 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 7,482 thousand (as at 31 December 2017 – EUR 8,294 thousand respectively) were pledged to bank as a collateral for the loans (Note 21).

12 Non-current and current loans to related companies

	Group		Company	
	30 September 2018	**31 December 2017**	**30 September 2018**	**31 December 2017**
Loans granted	9,842	9,842	9,842	9,842
Interest calculated	2,779	2,328	2,779	2,328
Total receivables	**12,621**	**12,170**	**12,621**	**12,170**
Minus:				
Provisons for doubtfull loans	(9,168)	(9,842)	(9,168)	(9,842)
Provisons for doubtfull interest	(2,583)	(2,328)	(2,583)	(2,328)
Minus: total provisions	(11,751)	(12,170)	(11,751)	(12,170)
Net receivables	**870**		**870**	
Out of them:				
Loans granted	674	-	674	-
Interest calculated	196	-	196	-
Total	**870**	**-**	**870**	**-**

Net receivables are equal to amount of loans and interests, returned after the reporting period end, but before issue of this report (Note 29).

(all amounts are in EUR thousand unless otherwise stated)

13 Inventories

	30 09 2018	31 12 2017
Raw materials, spare parts and production in progress	2,614	2,801
Finished goods	632	1,596
Other	372	123
Total inventories, net	**3,618**	**4,520**

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

As at 30 September 2018 and as at 31 December 2017 the Group and Company has no legal restrictions on inventories.

14 Trade receivables

	30 09 2018	31 12 2017
Receivables	7,193	6,789
Less: impairment allowance for doubtful receivables	(1,016)	(1,068)
	6,177	**5,721**

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

As at 30 September 2018 100% impairment was accounted trade receivables of the Group in gross values of EUR 1,016 thousand (as at 31 December 2017 – EUR 1,068 thousand). Change in impairment allowance for receivables was accounted for within administrative expenses.

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

Trade receivables from the Group in the amount of EUR 3,537 thousand as at 30 September 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 are not insured.

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

	30 09 2018	31 12 2017
Balance at the beginning of the period	(1 068)	(1 060)
Charge for the year	-	(46)
Write-offs of trade receivables	-	1
Effect of the change in foreign currency exchange rate	(0)	2
Amounts paid	52	36
Balance in the end of the period	**(1 016)**	**(1 068)**

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

Group has factoring agreement, but there are no any restrictions on company assests according to this agreement.

(all amounts are in EUR thousand unless otherwise stated)

15 Other current assets

	30 09 2018	31 12 2017
Prepayments and deferred expenses	29	70
VAT receivable	146	162
Compensations receivable from suppliers	-	-
Restricted cash	4	4
Granted loans	-	-
Income tax paid in advance	198	235
Other receivables	14	140
	391	**611**

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

	30 09 2018	31 12 2017
Balance at the beginning of the period	-	-
Charge for the year	-	-
Effect of the change in foreign currency exchange rate	-	-
Amounts paid	-	-
Write off	-	-
Balance in the end of the period	-	-

16 Cash and cash equivalents

	30 09 2018	31 12 2017
Cash at bank	858	503
Cash on hand	6	5
Cash in transit	-	-
	864	**508**

17 Share capital

According to the Law on Companies of the Republic of Lithuania the Company's total equity cannot be less than 1/2 of its share capital specified in the Company’s by-laws. As at 30 September 2018 the Company was not in compliance with this requirement.

Implementing the decision of Bank of Lithuania (Note 27), Ordinary General Meeting of shareholders, held on 30 April 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. After implementing this action, the Company will comply to above mentioned requirement.

On 9 August 2018, notary refused to approve changed articles of the Company, therefore decrease of authorised capital is not yet registred in state registry at the moment of statements preparation. Board of the company decided to announce non-ordinary meeting of shareholders on 1 October 2018(Note 30).

18 Reserves

<u>Legal reserve</u>

The Company’s legal reserve is compulsory under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. As at 30 September 2018 the legal reserve has not been fully formed yet.

As of 30 September 2018 the legal reserve amounted to EUR 971 thousand.

Other reserves

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

Foreign currency translation reserve

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

Exchange differences are classified as equity in the consolidated financial statements until the disposal of the investment. Upon disposal of the corresponding investment, the cumulative translation reserve is transferred to retained result in the same period when the gain or loss on disposal is recognised.

(all amounts are in EUR thousand unless otherwise stated)

19 Grants

Balance as at 31 December 2013	**3,100**
Received during the period	12
Balance as at 31 December 2014	3,112
Received during the period	705
Balance as at 31 December 2015	3,817
Received during the period	-
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	29
Balance as at 31 March 2018	3,894
Received during the period	31
Balance as at 30 June 2018	3,924
Received during the period	25
Balance as at 30 September 2018	**3,949**
Accumulated amortisation as at 31 December 2013	**2,914**
Amortisation during the period	25
Accumulated amortisation as at 31 December 2014	2,939
Amortisation during the period	48
Accumulated amortisation as at 31 December 2015	2,987
Amortisation during the period	127
Accumulated amortisation as at 31 December 2016	3,114
Amortisation during the period	122
Accumulated amortisation as at 31 December 2017	3,236
Amortisation during the period	32
Accumulated amortisation as at 31 March 2018	3,268
Amortisation during the period	32
Accumulated amortisation as at 30 June 2018	3,300
Amortisation during the period	32
Accumulated amortisation as at 30 September 2018	**3,332**
Carrying amount as at 30 September 2018	**617**
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, also, for increase in efficiency by investing into the production of commercial refrigerators and infrastructure development via investments into a research centre of new products.

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

(all amounts are in EUR thousand unless otherwise stated)

20 Warranty provision

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

Changes in warranty provisions were as follows:

	30 09 2018	31 12 2017
As at 1 January	411	499
Additions during the year	152	181
Utilised	(145)	(196)
Foreign currency exchange effect	-	-
Written off	-	(73)
	417	**411**

Warranty provisions are accounted for:	30 09 2018
- non- current	246
- current	172
	31 12 2017
- non- current	257
- current	154

21 Borrowings

	30 09 2018	31 12 2017
Non-current borrowings		
Non-current borrowings with fixed interest rate	-	-
Non-current borrowings with variable interest rate	413	413
Long-term liabilities of leasing companies	84	84
	497	**497**
Current borrowings		
Current borrowings with fixed interest rate	-	-
Long-term loans of the current year	9,682	10,124
Current liabilities of leasing companies	7	28
Other debt liabilities	-	-
	9,690	**10,152**
Total	**10,186**	**10,648**

(all amounts are in EUR thousand unless otherwise stated)

The main information on individual borrowings is disclosed below:

	Type	Maturity	As at September 30 2018	As at December 31 2017
Borrowing 1	Loan	2019-12-23	9,623	9,884
Borrowing 2	Loan	2020-04-10	473	653
Factoring			-	-
Leasing 1		2021-03-26	30	38
Leassing 2		2021- 05-26	13	16
Leassing 3		2021-08-26	11	14
Leasing 4		2022-07-11	37	44
			10,186	**10,648**

The loan 1 bear 1-month EURIBOR + 5.75 annual interest rate as at 30 September 2018, the loan 2 bear 5% fixed interest rate, with right to review conditions 6-month EURIBOR + 3,5% margin (as at 31 December 2017 the conditions were the same as in 30 September 2018).

As of 30 September 2018 the Company's buildings with the carrying amount of EUR 5,234 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 7,482 thousand (EUR 8,294 thousand as at December 2017) were pledged to the banks for the loans.

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 2017and as at 30 September 2018, loan in financial accounts was reclassified as short term.

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

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

Credit return terms were changed for agreement 1 and agreement 2 in October 2018, after reporting period end (Note 30).

Borrowings in national currencies:

	30 09 2018	31 12 2017
Borrowings denominated in:		
EUR	10,186	10,648
USD	-	-
	10,186	**10,648**

Repayment schedule for borrowings:

	Fixed interest rate	Variable interest rate
2018	-	9,690
2019	-	334
2020	-	139
2021	-	18
2022	-	6
	-	**10,186**

(all amounts are in EUR thousand unless otherwise stated)

22 Financial leasing

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

Financial lease payments in future are for dates September 30, 2018 and December 31, 2017 as follows:

	30 09 2018	31 12 2017
2018	8	32
2019 - 2022	88	88
Financial lease liabilities total	**96**	**120**
Interest	(5)	(8)
Financial lease liabilities current value	**91**	**112**

Financial lease obligations are accounted as:

- non- current	7	28
- current	84	84

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

Book value of leased assets:

	30 09 2018	31 12 2017
Machinery and equipment	181	200

23 Operating lease

The Group have concluded several contracts of operaing 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 2018 first nine months the lease expenses of the Group amounted to EUR 51 thousand (in 2017 EUR 30 thousand respectively).

Planned operaiting lease expenses of the Group in 2018 will be EUR 61 thousand.

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

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

24 Other current liabilities

	30 09 2018	31 12 2017
Salaries and related taxes	758	730
Vacation reserve	390	529
Dividends payable	50	52
Accrued interest	13	18
Other taxes payable	-	7
Other payables and accrued expenses	532	339
	1,743	**1,674**

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.

(all amounts are in EUR thousand unless otherwise stated)

25 Basic and diluted profit (loss) per share

	30 09 2018	30 09 2017
Shares issued 1 January	39,622,395	39,622,395
Net profit (loss) for the year, attributable to the shareholders of company, in EUR	(269,863)	263,320
Basic profit (loss) per share, in EUR	**(0.01)**	**0.01**

26 Risk and capital management

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

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

Credit risk

As at 30 September 2018 and 31 December 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 agencies

. As at 30 September 2018 and 31 December 2017, the credit risk was related to:

	30 09 2018	31 12 2017
Loans with interest receivable from related parties	12,621	12,170
Trade and other receivables	6,177	5,721
Cash and cash equivalents	864	508
	19,662	**18,399**

As at 30 September 2018 and as at 31 December 2017 the main part of the loans granted consist of the loan granted to intermediate shareholder.

(all amounts are in EUR thousand unless otherwise stated)

The concentration of the Group's trade partners and the largest credit risk related to trade receivables according to clients as at 30 September 2018 and 31 December 2017:

	2018	**%**	**2017**	**%**
Client 1	720	10	890	13
Client 2	354	5	627	9
Client 3	351	5	390	6
Client 4	344	5	371	5
Client 5	332	5	285	4
Client 6	322	4	230	3
Client 7	263	3	229	3
Other clients	4,507	63	3,767	57
Impairment	(1,016)		(1,068)	
	6,177	**100**	**5,721**	**100**

Trade receivables according to geographic regions:

	30 09 2018	**31 12 2017**
Central Europe	1,159	1,197
Ukraine	984	1,092
Lithuania	1,121	589
Western Europe	2,330	2,246
Other CIS countries	296	122
Other Baltic States	164	121
Russia	99	137
Other	24	13
	6,177	**5,721**

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

The Group's and the Company's management believes that the maximum risk equals to trade receivables, less recognised impairment losses at the reporting date. The Group and the Company do not provide guarantees for obligations of other parties, except for those disclosed in Note 14.

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

Trade receivables from the Group in the amount of EUR 3,537 thousand as at 30 September 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.

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

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

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

Interest rate risk

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

As at 30 September 2018 and 31 December 2017 the Group did not use any financial instruments to hedge against 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.

Foreign exchange risk

The Group significantly reduced income earned in USD.

Most of income is earned in euro by the Group.

Capital management

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

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

The Company is obliged to keep its equity not lower than 50% of its share capital, as imposed by the Law on Companies of the Republic of Lithuania. As at 30 September 2018 the Group and the Company did not fulfil this requirement (note 17). There were no other significant externally imposed capital requirements on the Group.

27 Commitments and contingencies

The tax authorities may at any time perform investigation of the Company's accounting registers and records for the period of five years preceding the accounting tax period, as well as calculate additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant tax liabilities.

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, insurance valid until 1 January 2019.

28 Regulatory body regulations and implementation

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

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

1.1 That pursuant to a resolution of the Director of the Supervision Service of the Bank of Lithuania, AB Snaigė was imposed a fine of EUR 207,250.00 (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).

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.

(all amounts are in EUR thousand unless otherwise stated)

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 (Note 17) and will be implemented in line with and according to laws of Lithuania.

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.

29 Related party transactions

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

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

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

Hymana Holdings Ltd. (controlling party);

Sekenora holdings limited (the parent).

The Group has a policy to conduct related party transactions on commercial terms and conditions. Outstanding balances at the year-end are unsecured, interest-free, except the loan granted.

As at 30 September 2018 and 31 December 2017 the Group has formed an impairment allowances for doubtful debts, related to receivables from related parties. Doubtful receivables are tested each year by inspecting the financial position of the related party and assessing the market in which the related party operates.

Financial and investment transactions with the related parties:

	30 September 2018				**31 December 2017**			
	Loans received	**Interest expenses**	**Loans granted**	**Interest income**	**Loans recived**	**Interest expenses**	**Loans granted**	**Interest income**
Controlling parties	-	-	451	-	-	-	906	587
The parent	-	-	-	-	-	-	-	-
	-	**-**	**451**	**-**	**-**	**-**	**906**	**587**

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

(all amounts are in EUR thousand unless otherwise stated)

Assignee fails to pay any installment. The last installment has to be made by the Assignee to the Company not later than on 1 October 2020.

Trade transactions with the related parties:

30 09 2018	**Purchases**	**Sales**	**Receivables**	**Payables**
Companies, controlled by ultimate shareholders	1,182	18	4	503
Controlling parties	-	-	-	-
	1,182	**18**	**4**	**503**

2017	**Purchases**	**Sales**	**Receivables**	**Payables**
Companies, controlled by ultimate shareholders	1,087	-	6	277
Controlling parties	-	-	-	
	1,087	**-**	**6**	**277**

The Company's transactions carried out with subsidiaries:

	Purchases		**Sales**	
	2018	**2017**	**2018**	**2017**
Subsidiaries	**153**	**224**	**84**	**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.

The carrying amount of loans and receivables from subsidiaries:

	30 09 2018	**31 12 2017**
on-current receivables		
Subsidiaries	-	-
otal non-current receivables	**-**	**-**
Current receivables		
Subsidiaries	21	27
Total current receivables	**21**	**27**

The analysis of receivables from subsidiaries and granted loans during the period on 30 September 2018 and 2017 :

	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	21	-	-	-	-	-	**21**
2017	27	-	-	-	-	-	**27**

(all amounts are in EUR thousand unless otherwise stated)

Payables to subsidiaries as of 30 September 2018 and 31 December 2017 (included under the trade payables caption in the Company's statement of financial position):

	30 09 2018	**31 12 2017**
Subsidiaries	**170**	**105**

At the moment of report preparation, Company does not have any guarantee agreements for its subsiadiaries, except those in Note 27.

Remuneration of the management and other payments

Remuneration of the Group management amounted to EUR 704 thousand (23 employees) during the nine months of 2018, EUR 858 thousand (24 employees) during the nine months of 2017.
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 Extraordinary General Meeting of shareholders, held on 1 October 2018, adopted following decisions:

- To cancel on the ordinary shareholders meeting which was held on 30 April 2018 approved shareholders decision to reduce the Company's authorized capital (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 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.
- 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.
- The amount by which is reduced the authorized capital of the Company, i. e. EUR 3,566,015.55 to transfer to revaluation reserve

After registering reduced tauthorized capital of the Company , the Company will comply to the Law on Companies requirement (Note 17).
On 1 October 2018 Company has received a decision No. 241-217 „Concerning changes of the Decision of director of the Supervision Service of the Bank of Lithuania No. 241-19, issued 29 January 2018 on imposition of certain measures with respect to AB Snaigė" (Note 27), adopted by the director of the Supervision Service of the Bank of Lithuania, which changes clause 2 of the resolution part of the decision No 241-19, in terms of stating new term, 15 December 2018, for compliance with IAS 16. Supervision Service of the Bank of Lithuania also states, that the Company has fulfilled all other mandatory requirements of Decision No. 241-19, and non-fulfillment of this requirement is affected by objective circumstancies, not depending on Company.
Vilnius Regional Administrative Court has rejected AB Snaigė (hereinafter the Company) complaint concerning partial revocation of the director of the Supervision Service of the Bank of Lithuania adopted decision No. 241-19 dated 29 January 2018 on imposition of certain measures with respect to AB Snaigė. The management of the Company examined the Court decision to reject Company's complaint and found this decision unjustified. Therefore, the Company has appealed against it to the Supreme Administrative Court of Lithuania, which confirmed this appeal for process on 20 November 2018.
In order to secure financing of future investments in production capacities, Company has signed additional agreement with Bank on revision of return terms of Loan 1 (Note 21). 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, Company has signed additional agreement with Bank on revision of return terms of Loan 2 (Note 21). 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 29), which failure will result in leaving old credits return terms for both Loans.