



SNAIGÉ

Consolidated Annual
Report **2012**



SNAIGĖ

Consolidated Annual
Report **2012**

Confirmation of Responsible Persons

The members of the management bodies, employers, head of administration together with the Company's consultants who are responsible for the preparation of 2012 consolidated annual report and financial accounts confirm that, according to their knowledge, annual consolidated and Company's financial accounts were formed according to International Financial Reporting Standards, as adopted by European Union, accurately represent the reality and correctly show Company's and total consolidated group's assets, liabilities, financial state, profit or loss, and that business development and activities' overview, Company's and consolidated groups' situation, together with description of main risks and uncertainties faced are accurately presented in the consolidated annual report.

AB „Snaigė“ Managing Director Gediminas Čeika

AB „Snaigė“ Finance Director Neringa Menčiūnienė



Report prepared:
Place the report prepared:

April 25, 2013
AB "Snaigė", Pramonės str. 6, Alytus



Dear all,

I will not be wrong to say, that 2012 was one of the most successful year for Snaigė AB during past five years. Based upon audited unconsolidated 2012 results Snaigė AB grew sales to more than 150 mln LTL in 2012 which is 31 percent higher than the same period last year. The Company generated 4.6 mln LTL profit which is almost 5 times more than for the last year. EBITDA (audited unconsolidated) for 2012 exceeded 13 mln LTL, which is 39 percent higher than for the last year.

This significant increase in turnover and EBITDA was reached due to successful export operations of carried out by the company. In 2012 Snaigė AB sold products to 33 European and Asian countries, export increased by 32 percent, and were 97 percent of total company sales.

For achievements in the field of export Snaigė AB was recognized as "The Exporter of 2012" and awarded the prize of Lithuanian Chamber of Commerce, Industry and Crafts.

It is quite difficult to compete with worldwide giants in of the market for home appliances, however, the results of Snaigė AB in 2012 demonstrate that it is possible if you are driven by several factors – high-quality product, successful marketing and sales policy, flexibility and reliability of the company."

Our success is in connection with the company interrelation with the Russian business group „Polair“ . First of all the company obtained more confidence taking strategic decisions, such as development of– Snaige Glassy, premium design line of refrigerators, marketing campaign in Ukraine and Moldova, which has tremendous success in terms of sales volume and market share growth.

With the help of „Polair“ the company in year 2012 produced and sold 4,9 thousand commercial refrigerators in Russian market.

In 2012 the company accomplished a lot by creating new products and improving the existing ones. At the beginning of the year we improved refrigerators „Snaigė Ice Logic“, implemented new technologies such as „Touch screen“ electronic control, „Air Active“, air circulation system, „0° C Fresh Zone“ section, promoted the luxurious "Snaigė" Glassy line and presented several new models of freezers.. These refrigerators received positive responses from the customers both in Lithuania and Western and Easter Europe.

In 2012 Snaigė AB invested 2 mln LTL to the development of new products and improvement of existing ones. Total investment of the company reached 3 mln LTL.

According to audited consolidated data Snaigė AB reached 146.5 mln LTL of audited consolidated turnover and generated 1 mln LTL of audited consolidated net profit in 2012.

In 2013 we will continue to pay more attention to export sales growth in strategic markets and the development of new products and technologies. I have no doubt the next year will further strengthen us and will delight us by great results.

**Managing Director,
Gediminas Čeika**

Table Of Content

GENERAL INFORMATION ABOUT AB SNAIGÉ	5
1.1 Accounting period of the annual report-prospectus	5
1.2 The basic data about the Company	5
1.3 The type of the Company's main business activities	5
1.4 The Company's group structure	5
1.5 Information about the Company's offices and affiliates	6
1.6 Short history of the Company's activities	6
1.7 Mission. Vision. Values	7
1.8 List of the most important events in 2011	7
2. SNAIGE GOVERNANCE AND MANAGEMENT	7
2.1 The Company's management bodies	7
2.2 Corporate governance bodies	8
2.3 The Company's group's management structure	9
2.4 Procedures of changing Company's articles of association	9
3 AB SNAIGÉ AUTHORISED CAPITAL, SHAREHOLDERS, INFORMATION ABOUT SECURITIES	10
3.1 Issuers authorized capital	10
3.2 Shareholders	11
3.3 Information about trading of issuers securities in the regulated securities markets	11
3.4 Information about the repurchase of own shares	13
3.5 Dividends	13
3.6 Contracts with public circulation of securities dealers	14
4 AB SNAIGÉ OPERATING REVIEW	14
4.1 General rates, describing the The Company's business performance, their behavior	14
4.2 Production	14
4.3 Sales	15
4.4 Supply	17
4.5 Employees and human resource policy	17
4.6 Investment policy	18
4.7 Environment protection	20
4.8 Risk factors related to the business of the Company	21
4.9 Related party transactions	22
4.10 Legal and arbitrary processes	22
5. OTHER INFORMATION ABOUT AB SNAIGÉ	22
5.1 Membership in associated organisations	22
5.2 Patents, licences and contracts	23
5.3 Recent and the most important events of the Company	23
5.4 Strategy and Plans	28
6. Disclosure form concerning the compliance with the Governance Code for the companies listed on the regulated market	30

1. GENERAL INFORMATION ABOUT „SNAIGÈ“

1.1 Accounting period of the annual report-prospectus

The annual report-prospectus has been prepared for the year 2012.

1.2 The basic data about the Company

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

Authorised capital on 31 December 2012– 39 622 395 LTL

Address - Pramonės str. 6, LT-62175 Alytus

Phone - (315) 56 206

Fax – (315) 56 207; (315) 56 269

E-mail - snaige@snaige.lt

Internet web-page - <http://www.snaige.lt>

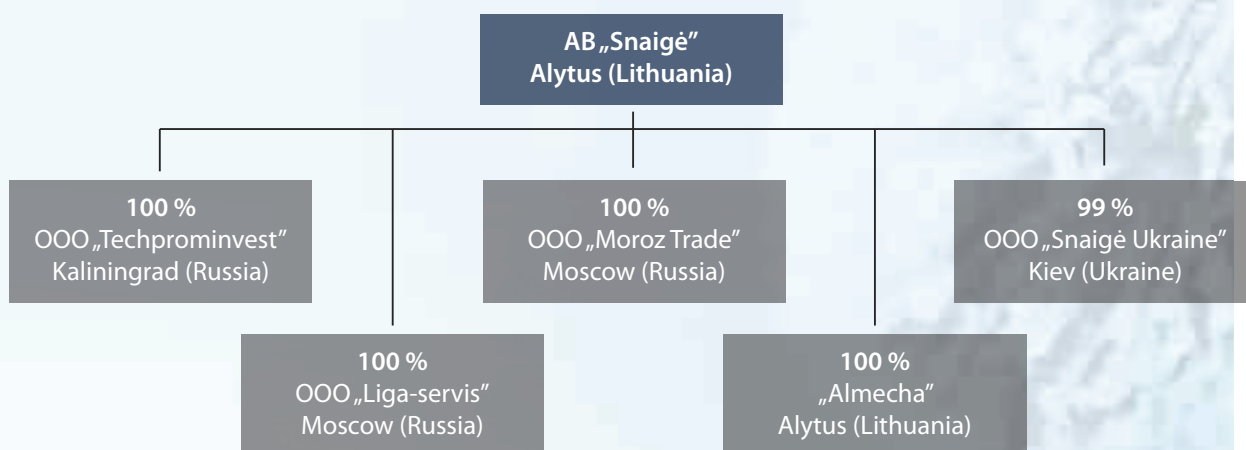
Legal organisation status – legal entity, public limited Company

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

1.3 The type of the Company's main business activities

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

1.4 The Company's group structure



1.4.1 The Company's group subsidiaries

The Company's group consist of parent refrigerator manufacturer „Snaigė“ based in Alytus and the following subsidiaries:

- OOO “Techprominvest” activities: consumer goods and consuming devices manufacturing and realization, machinery maintenance and repair, consulting services, transportation services and other. The plant in Kaliningrad was registered in November 2002. Address: Bolshaja Okruzhnaja st.1-a, Kaliningrad, Russia. Since March 2009, the Company has stopped the production in the plant, since August 2009, the Company's Board has decided to close the plant. At present moment OOO Techprominvest rent out real estate and searching for a potential buyer for it.
- OOO “Snaigė Ukraine” activities: sales of refrigeration appliances, sales, consulting and services. The enterprise was registered in November 2002. Address: Grushevski str. 28-2a/43 Kiev, Ukraine.
- OOO “Moroz Trade” – trade and marketing services. The enterprise was registered in May 2004. Address: Prospect Mira st. 52 Moscow, Russia. 2010 -2011 years the Company does not execute activity.
- OOO “Liga-servis” activities: sales of refrigeration appliances, consulting services, transportation services and other. The enterprise was registered in August 2005; Address: Prospect Mira 52 Moscow, Russia.
- UAB “Almecha” activities: manufacturing of miscellaneous machinery and equipment. The enterprise was registered in November 2006. Address: Pramones str. 6 Alytus, Lithuania.

1.5 Information about the Company's offices and affiliates

The Company has no offices and affiliates.

1.6 Short history of the Company's activities

1963 -The Company produced the first domestic refrigerators in Lithuania. During the first year was made the first 25 refrigerators;

1968- New plant started its operations;

1975 – Over 1 million refrigerators manufactured by this year;

1983 – The Company started export to foreign countries;

1990 – The Company has come under the control of the Republic of Lithuania;

1992 – The Company has been privatised and registered as a public limited liability the Company;

1995 – The Company was retooled. Use of Freon in the manufacture of refrigerators is discontinued. All the Company's products are manufactured only from ecologically clean materials;

1997 – The Company has achieved ISO 9001 certification for implementing international quality management standards;

2000 –The Company's quality management system was successfully re-certified for ISO 9001;

2001 – The Company has achieved ISO 14001 certification for implementing an environmental management system;

2002 – The Company started to produce a refrigerator with R600a environmentally friendly refrigerant and A + energy efficiency refrigerator production. Snaigė become EU project "Energy +" participant;

2003 - A + Grade energy efficiency fridge Snaigė RF310 LCI won the contest "Product of the Year" Gold Medal;

2004 – The Company opened its new plant in Kaliningrad;

2006 – The Company acquired 100% of the capital of the Russian wholesale and retail Company Liga Service; “Snaigė” has made its 10 millionth refrigerator;

The Company exported its products to more than 40 countries around the world;

2007 – The Company's Alytus plant started serial production of new line models “Snaigė ICE LOGIC”;

2007 - The Company was recognised as the most innovative Lithuanian Company;

This new line has won a national competition "Innovation Prize 2007" award. Refrigerators assess "innovative product" category;

The Company's environmental management system ISO 14001 successfully certificated;

Refrigerator “Snaigė ICE LOGIC” RF34SH awarded "Product of the Year" Gold medal;

During the following years Snaigė sold a record number - 653 thousands refrigerators;

2008 - “Snaigė ICE LOGIC” RF31SM was assessed as the "Product of the Year" and awarded a Gold medal;

Snaigė was awarded for "Innovation Award" in “Innovative product” category;

2009 - The loss of production and devaluation of the rubble conditioned to close the Company's factory in Kaliningrad;

2010 - The Company started of A ++ highest energy efficiency refrigerators serial production;

The Company and Kazakhstan national business corporation „Saryarka“ has established a joint venture.

“Snaigė ICE LOGIC” RF34 A++ was assessed as the "Product of the Year" and awarded a Gold medal.

2011 - Snaigė ICE LOGIC Glassy RF34SM ++ was awarded with a Gold medal as "Lithuanian Product of the Year".

2011 - Russian company “Polair”, indirectly acting through UAB “VAIDANA” has acquired 59.86% of all the shares of the Company

2012 - In 2012 through the implementation period of the tender offer, VAIDANA, UAB bought-up 12,379,525 ordinary registered shares of Snaigė AB, with nominal value of LTL 1 each and on 1st of June 2012 had 36,096,193 units (91.1%) of the Company's shares.

2012 - For achievements in the field of export Snaigė AB was recognized as “The Exporter of 2012” and awarded the prize of Lithuanian Chamber of Commerce, Industry and Crafts

1.7 Mission. Vision. Values

Mission

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

Vision

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

Values

Open minded Trustworthy Teamwork Flexibility

1.8 List of the most important events in 2012

The Company continuing of A ++ highest energy efficiency refrigerators serial production.

Within the framework of „Development of new products“ program, and with the support of European Union structural funds under a measure „Intelektas LT“, a project „Strengthening of competitiveness of AB „Snaigė“ by investing into development of new generation refrigerator series“ has been carried out for almost two years. It was successfully completed in September, 2012.

There was developed sales of refrigerators to Tajikistan and Uzbekistan.

For achievements in the field of export Snaigė AB was recognized as “The Exporter of 2012” and awarded the prize of Lithuanian Chamber of Commerce, Industry and Crafts.

There have been developed and launched the following new products within the year:

Refrigerator RF36 with glass on door;

Refrigerator RF ND with ventilator;

Refrigerator RF ND with electronics and glass on door;

Refrigerator RF34/36 ND with „0“ compartment;

Refrigerator CD480 with static condenser;

It was renewed an internal design of existing refrigerator models (new colours of internal dishes and glossy profiles on shelves).

In 2012 through the implementation period of the tender offer, VAIDANA, UAB bought-up 12,379,525 ordinary registered shares of Snaigė AB, with nominal value of LTL 1 each and on 1st of June 2012 had 36,096,193 units (91.1%) of the Company's shares.

2. SNAIGE GOVERNANCE AND MANAGEMENT

2.1 The Company's Management bodies

2.1.1 Management bodies

Management bodies:

- General Shareholder Meeting;
- The Management Board is formed of six members and elected for the period of 4 years;
- Head of the Company – Managing Director.

The calling of General Shareholder Meeting, the competence of the meeting has no differences from procedures and competences indicated in the Public Company law of Republic of Lithuania.

The Management Board is elected and resigned by General Shareholder Meeting according to the procedures indicated by the Public Company law.

The Management Board has a right to take decision to issue bonds. The competence of the Management Board has no other differences from competences indicated in the Public Company law. The work procedures of the Management Board are set by boards work rules of procedure.

The competence of the Head of the Company, his nomination and resignation procedures are not different from ones indicated in the Public companies law.

The company has the audit committee which is the operating collegial administrative body and which was selected by shareholders in 2009. The audit committee is operating by audit committee's labor regulation. On the 14th of December, 2011 the Extraordinary General Meeting of Shareholders of the Company revoked the Board of the Company in corpore. The new audit committee was elected during the ordinary shareholders general meeting which will be held on the 30th April, 2012.

2.1.2 Legal basis of the Company's operations

AB “Snaigė” uses the Company's articles of association, Public companies law of Republic of Lithuania, other legal acts issued by Republic of Lithuania and European Union as legal guidelines for operations.

2.2 Corporate governance bodies

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

NAME	Position	The available number of shares, units	The share capital, per cent	Votes, per cent
BOARD				
Aleksey Kovalchuk	AB „Snaigė“ Chairman of the board	-	-	-
Martynas Česnavičius	AB „Snaigė“ member of the board till 2012 08 16	15	0,00	0,00
Robertas Beržinskas	AB „Snaigė“ member of the board till 2012 08 16	-	-	-
Andrei Dribny	AB „Snaigė“ member of the board	-	-	-
Mikhail Stukalo	AB „Snaigė“ member of the board	-	-	-
Robin Peter Walker	AB „Snaigė“ member of the board	-	-	-
Dmitry Komissarchik	AB „Snaigė“ member of the board from 2012 08 16	-	-	-
ADMINISTRATION (Managing Director and Chief Financier)				
Gediminas Čeika	AB „Snaigė“ Managing Director	-	0,00	0,00
Neringa Menčiūnienė	AB „Snaigė“ Finance Director	-	-	-

On August 8th, 2012 the Extraordinary General Meeting of Shareholders revoke the members of the Board Martynas Česnavičius and Robertas Beržinskas and elect Dmitry Komissarchik as the member of the Board till the end of the term of office of the Board.

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

Participating in other companies activities and interests (31 December, 2012):

Name	Name of organisation, position	Share of the capital and votes available in other companies, in percentage
Aleksey Kovalchuk	Does not participating in other Lithuanian companies activities and interests	-
Andrei Dribny	Does not participating in other Lithuanian companies activities and interests	-
Mikhail Stukalo	Does not participating in other Lithuanian companies activities and interests	-
Robin Peter Walker	Does not participating in other Lithuanian companies activities and interests	-
Dmitry Komissarchik	Does not participating in other Lithuanian companies activities and interests	-
Gediminas Čeika	Does not participating in other Lithuanian companies activities and interests	-
Neringa Menčiūnienė	UAB „Almecha“, Chairman of the board	-

2.2.3 Chairman of the Board, the Head of the administration and Chief Financial

Name	Education, qualification	Workplaces and positions during the recent 10 years
Aleksey Kovalchuk	Finance Academy of the Government of the Russian Federation, Moscow.	OAO POLAIR, General Director, since 2009; Federal Agency for Construction, Housing and Utilities.
Gediminas Čeika	Vilnius University, Bachelor in Economics.	From January 2008 – AB „Snaigė“ Managing Director 2005 12 – 2008 01 – AB „Snaigė“ Sales Director 2001 05 – 2005 12 – „Kraft Foods Lietuva“ Business Clients Relationships Director for the Baltic States 2000 11 – 2001 05 – Internship at „Kraft Foods“ Company in Czech Republic 1997 – 2000 11 – „Kraft Foods Lietuva“ Sales Director for Latvia and Estonia 1994 – 1997 – „Kraft Foods Lietuva“ Sales Manager for Vilnius region
Neringa Menčiūnienė	Vilnius University, analysis of economic activities and accounting, accountant - economist qualification	From 2008 06 02 AB „Snaigė“ Finance Director From 2008 05 – 2010 05 AB „Vilniaus Vingis“ Liquidator 2006 05 – 2008 05 – AB „Vilniaus Vingis“ Managing Director 2005 08 – 2006 04 – airline AB „Lietuvos avialinijos“ Finance and Purchase Director 2003 03 – 2005 08 – AB „Vilniaus Vingis“ Chief Accountant 2001 01 – 2003 03 – AB „Vilniaus Vingis“ Chief Accountant 1996 08- 2003 03 – AB „Vilniaus Vingis“ Accountant 2001 01 – 2003 03 – AB „Vilniaus Vingis“ Chief Accountant assistant 1996 08- 2003 03 – AB „Vilniaus Vingis“ Accountant

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

Name	Start date of the office term	End date of the office term
BOARD		
Aleksey Kovalchuk	2011 12 14	Till 2015 the General Meeting of Shareholders
Robin Peter Walker	2011 12 14	Till 2015 the General Meeting of Shareholders
Andre Dribny	2011 12 14	Till 2015 the General Meeting of Shareholders
Mikhail Stukalo	2011 12 14	Till 2015 the General Meeting of Shareholders
Martynas Česnavičius	2006 05 02	Till 2015 the General Meeting of Shareholders
Robertas Beržinskas	2008 04 23	Till 2015 the General Meeting of Shareholders
Dmitry Kommisarchik	2012 08 16	Till 2015 the General Meeting of Shareholders
ADMINISTRATION (Managing Director and Chief Accountant)		
Gediminas Čeika	2008 01 03	Term less agreement
Neringa Menčiūnienė	2008 06 02	Term less agreement

On the 16th of August, 2012 the Company informed the NASDAQ OMX Vilnius Stock Exchange information system that on the 16th of August, 2012 during the extraordinary general meeting of shareholders revoke Martynas Česnavičius and Robertas Beržinskas from the Board members of the Company and elect Dmitry Komissarchik as the member of the Board for remaining term of this Board office.

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

There is no such information.

2.2.6 Information about benefits and loans granted to governing bodies

No benefits and loans granted to governing bodies.

2.2.7 Information about the total amounts and average amounts of the salaries, tandems and other profit benefits paid by the Company during the reporting period per person. As well as salaries received by Managing Director and Finance Director

During 2012 no salaries were paid to the members of the management bodies.

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

No such payments were made during 2012.

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

No loans, guarantees there issued for the members of managements bodies during the accounting period.

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

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

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

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

2.3 The Company's group's Management structure

Gediminas Čeika – managing director.

Neringa Menčiūnienė - financial director.

Rūta Petrauskaitė – marketing director.

Kęstutis Urbonavičius – technical and production director.

Rolandas Lukšta – sale director.

2.4 Procedures of changing the Company's articles of association

The articles of the Company can be modified by the decision of General Shareholders Meeting, with the qualified majority of 2/3, except from the cases described in the law of public companies.

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

Modified articles and documents confirming the decisions to modify the articles have to be submitted to the register of the enterprises during the period specified by the law.
In other cases, not described by the Company's articles of association the Company follows Public Company law and other legal acts of the Republic of Lithuania.

3. AB „SNAIGĖ“ AUTHORISED CAPITAL, SHAREHOLDERS, INFORMATION ABOUT SECURITIES

3.1 The Company's authorized capital

3.1.1 The authorized capital registered in the enterprise register

Name of the securities capital,	Amount of the securities	Nominal value, LTL	Total nominal value, LTL	Share of the authorized in percentage
Ordinary registered shares	39,622,395	1	39,622,395	100
ISIN LT0000109274				

3.1.2 Changes in authorized capital during the last 3 years

Registration of changed authorized capital	The size of the authorized capital before the change	Change	Reason for change	The size of the authorized capital after the changed
2010.04.20	27,827,365	+2,908,350	Increase of authorized capital by converting shareholders convertible bonds to 2 908 350 units ordinary shares.	30,735,715
2011 05 12	30,735,715	+8,886,680	Increase of authorized capital by converting shareholders convertible bonds to 8 886 680 units ordinary shares.	39,622,395

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

The company issued 2 emissions of convertible bonds:

ISIN LT0000402620, 2 years term 3 m LTL total nominal value bonds emission, the term of redemption April 12th, 2013.

ISIN LT0000402638 2 years term 4.3 m LTL total nominal value bonds emission, the term of redemption May 2nd, 2013.

On the 18th of April, 2012 signed and paid Snaige, AB convertible bonds emission:

- total number of convertible bonds: 30,000 units;
 - nominal value of the convertible bond: LTL 100;
 - issue price per convertible bond: LTL 100;
 - total nominal value: LTL 3,000,000;
 - total amount of the issue: LTL 3,000,000;
 - the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on the redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of the redemption term; also, all other rights set to the creditors of the companies by the laws;
 - subscription and payment day: April 18th, 2011;
 - duration: 725 days;
 - interest: 9% per annum;
 - the method of interest calculation: act/365;
 - redemption day: 12 April 2013;
 - the redemption price per convertible bond: LTL 100;
 - payment of interest: once per quarter on the last day of the quarter (if the last day of the quarter is not a business day – the next business day), also on the redemption day or the day of change to the shares;
 - shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
 - the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
 - the term of exchange: convertible bonds shall be changed to shares on the redemption day;
 - the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares);
 - inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market.
- On the 2nd of May, 2011 signed and paid Snaige, AB convertible bonds emission:
- total number of convertible bonds: 43.000 units;
 - nominal value of the convertible bond: LTL 100;

- issue price per convertible bond: LTL 100;
- total nominal value: LTL 4.300.000;
- total amount of the issue: LTL 4.300.000;
- the rights granted to holders of convertible bonds: according to the set order to receive interest from the Company; on redemption day to receive a redemption amount or to request to change convertible bonds to the shares at the end of redemption term; also, all other rights set to the creditors of the companies by the laws;
- subscription and payment day: 2 May 2011;
- duration: 732 days;
- interest: 9 % per annum;
- the method of interest calculation: act/365;
- redemption day: 2 May 2013;
- payment of interest: 2 May 2012 and 2 May 2013
- shares, for which the convertible bonds shall be changed: ordinary registered shares of LTL 1 nominal value, granting its holders property and non-property rights set by the laws and Articles of Association of the Company;
- the conditions of change of convertible bonds to shares: convertible bonds shall be changed to shares accordingly to the request of the holder submitted to the Company in written no later than 10 business days before the redemption day of convertible bonds;
- the term of exchange: convertible bonds shall be changed to shares on the redemption day;
- the ratio of change to shares: 1:100 (one convertible bond shall be changed to 100 shares;
- inclusion into trading in the regulated market: the issue will not be involved into trading in the regulated market. On 15 June 2012 the Company redeem the bonds issue (ISIN LT1000402313), with total nominal value EUR 1,000,000, duration – 731 days.

3.2 Shareholders

3.2.1 Largest shareholders

95.34 per cent of the authorized capital of the Company is owned by the companies registered in Lithuania and individuals, 4.46 per cent non-residents. As of 31 December 2012, the number of Company's shareholders comprised 940 (in 2011 – 1,216). The major shareholder of the Company – UAB „Vaidana“, which controls 91.10 per cent of shares.

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

Names (Company names, addresses, enterprise register codes) of the Shareholders	Amount of the ordinary registered shares available, in pcs.		Share of the authorized capital and votes available, in percentage				
	Total	incl. the ones owned by the Shareholder	Total		incl. the ordinary registered shares owned by the shareholder		Total incl. the share of the entities group operating jointly, in percentage
			share of the votes	share of the capital	share of the appointed votes	share of the capital	
Vaidana UAB – Konstitucijos ave.7, Vilnius, Lithuania, code 302473720	39,069,193	39,069,193	91.10	91.10	91.10	91.10	-

3.2.2 Shareholders with special control rights

There are no Shareholders with special control rights.

3.2.3 Restrictions of Shareholders voting rights

All the shareholders have equal voting rights. The Company has not information about shareholders voting rights restrictions.

3.2.4 Shareholders agreement, about which the Company is informer and due to which the transfer of securities or voting rights can be restricted

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

3.3 Information about trading of issuers securities in the regulated securities markets

3.3.1 Securities included in the trading lists of regulated securities markets

39,622,395 ordinary registered shares of AB „Snaigė“ are included into the Secondary trading list of the NASDAQ OMX Vilnius stock exchange. The total nominal value of the shares is 39,622,395 LTL. The VP CD (Securities Central Depository) number is 10927. The nominal value of a share was 1 (one) LTL.

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

Trade of the Company's ordinary registered shares in the securities stock exchange was started on August 11, 1995. The ordinary registered shares of AB "Snaigė" have been listed in the Official trading list of NASDAQ OMX Vilnius stock Exchange since April 9, 1998.

Since 08 May, 2009 the Company on its own initiative requested NASDAQ OMX to switch its shares from NASDAQ OMX Vilnius Official listing and add them to the NASDAQ OMX Vilnius Additional listing.

3.3.2.1 Trade on NASDAQ OMX Vilnius stock exchange

Trade in Company's shares during 2009-2012.

Accounting period	Last session price, EUR	Price, max, EUR	Price, min, EUR	Shares, pcs.	Turnover, mln. EUR
2009	0,165	0,339	0,049	36 255 524	6,38
2010	0,268	0,324	0,156	38 297 848	9,48
2011	0,525	0,530	0,256	16 137 891	6,13
2012	0.497	0.600	0.401	4,717,209	2.48

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

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2008&end_d=31&end_m=12&end_y=2012



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

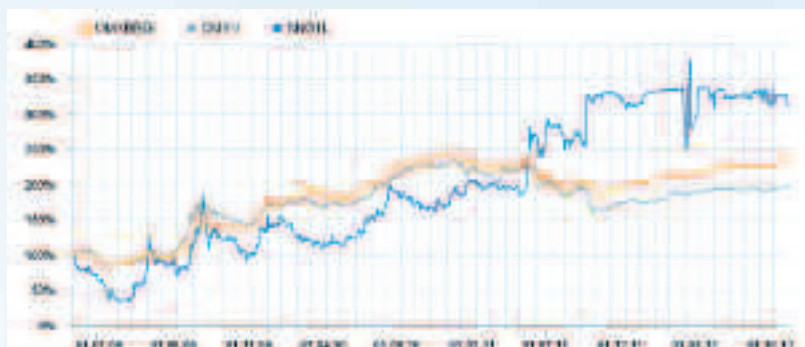
The price of share during reporting year (information from AB NASDAQ OMX Vilnius internet page):

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000109274&list=3&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2012&end_d=31&end_m=12&end_y=2012



Below the graphs are from OMX Baltic Benchmark, OMX Vilnius indexes and Snaigė, AB shares prices graphs for period from 1 January, 2009 till 31 December, 2012. The information is from AB NASDAQ OMX Vilnius internet page:

http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=lt&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000128266&idx_equity%5B%5D=LT0000109274&period=other&start_d=1&start_m=1&start_y=2009&end_d=31&end_m=12&end_y=2012



Baltic market indexes

Index/Equity	01.01.2009	31.12.2012	+/-%
OMX Baltic Benchmark GI	228,12	546.98	139.78
OMX Vilnius	179,25	355.08	98.09
SNG1L	0,16 EUR	0.50 EUR	212.01

3.3.2.2 Trade in other regulated markets

The securities are traded only on NASDAQ OMX Vilnius stock exchange.

3.3.3 Capitalization of the Company's shares

The information is from AB NASDAQ OMX Vilnius internet page:

http://www.nasdaqomxbaltic.com/market/?pg=capital&list%5B%5D=BAMT&list%5B%5D=BAIT&list%5B%5D=BAFN&market=XVSE&period=other&start_d=30&start_m=12&start_y=2009&end_d=28&end_m=12&end_y=2012

Equity list	2009-12-31	2010-12-31	2011-12-31	2012-12-31
SNG1L	4,593,836 EUR	8,237,172 EUR	20,801,757 EUR	19,695,330 EUR

3.3.4 Trade of securities outside the stock exchange

Since the ordinary registered shares are included into the Additional trading list of NASDAQ OMX Vilnius stock exchange, the purchase-sale transactions of the shares can be executed only in NASDAQ OMX Vilnius stock exchange. The transactions performed outside the stock exchange comprise exchange, endowment, inheritance and settlement of debts and repay transactions.

The transactions with regard to the ordinary registered shares of AB "Snaigė" executed outside stock Exchange

Accounting period s	Price (EUR), max	Price (EUR), min	Monetary settlement, amount of securities (pcs.)	Amount of transactions	Non-monetary settlement, amount of securities (pcs.)	Amount of transactions
2012 m. I quarter	0.94	0.51	899,543	18	11,000	2
2012 m. II quarter	1.86	0.99	81,641	3	22,982	2
2012 m. III quarter	-	-	-	-	8,914,986	3
2012 m. IV quarter	-	-	-	-	7,447,372	2

3.4 Information about the repurchase of own shares

During 2012 no repurchase of own shares was made.

The Company had not own shares at the end of the 2012 year.

3.5 Dividends

The Company does not have an established procedure for allocation of dividends. The General Shareholders' Meeting decides whether to pay dividends. The Company has not paid dividends in last five years.

3.6 Contracts with public circulation of securities dealers

On February 9th, 2011 the Company entered into a contract with AB "Šiaulių bankas" for the Company's securities accounts and securities accounts for private management.

3.7 Restrictions on transfer of securities

There is no restriction on the transfer of securities issued.

4. AB „SNAIGĖ“ OPERATING REVIEW

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

The main indicators of the Company's activities and dynamics (consolidated data):

	2012	2011	2010	2009	2008
Turnover, th.LTL	146,548	111,133	113,839	123,036	340,956
Gross profit, th.LTL	24,596	16,397	17,427	12,622	42,565
Net profit (loss), th.LTL	1,019	(5,042)	(2,612)	(38,182)	(24,100)
Average share price, th.LTL	1.817	1.288	0.86	0.61	3.52

Financial Figures	2012	2011	2010
Profit before tax indicator, %	0.70 %	-5.46 %	-2.7 %
General mark-up, %	16.78 %	14.75 %	15.31 %
EBITDA mark-up, %	7.87 %	5.61 %	8.06 %
Solvency ratio, %	117.13 %	81.91 %	63.9 %
Debt to assets ratio, %	64.01 %	59.99 %	67.57 %
Return on average shareholders' equity, %	2.69 %	-14.11 %	8.55 %

Shares indicators	2012	2011	2010
Earnings per share, LTL	0.03	-0.14	-0.09
Average annual share market price, LTL	1.817	1.288	0.79
EBITDA per share, LTL	0.29	0.16	0.30
EBITDA multiplier (EBITDA per share / Average annual share market price)	0.16	0.12	0.38
Total dividends, in thous. LTL	-	-	-
Dividends per share, LTL	-	-	-
Average net book share value, LTL	0.96	0.9	0.99

4.2 Production

4.2.1 The Company's product portfolio

The Company produces various models of high-quality household refrigerators, fridges - showcases and wine coolers for businesses and hotels, freezers and their spare parts.

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

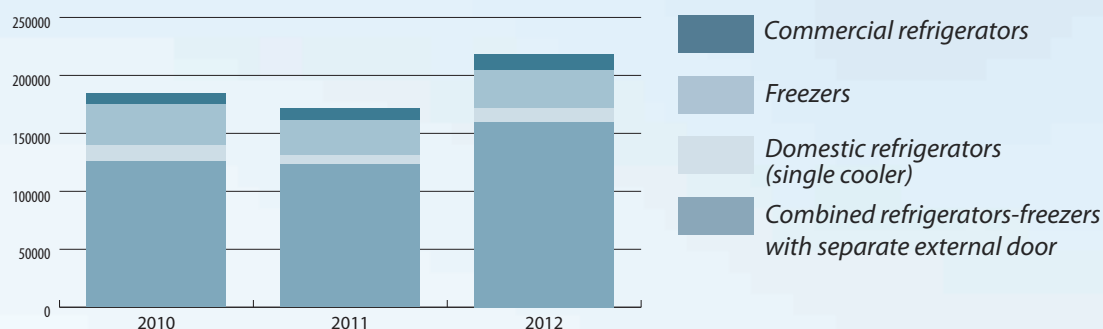
The Company's main products - refrigerators. They are classified into four main categories:

- Combined refrigerators with separate external doors;
- Coolers;
- Freezers;
- Commercial refrigerators.

In 2012, mainly produced by the combined refrigerators with separate external doors.

The sales figures of Alytus Factory for the last three years are as follows:

Type of activities	2012		2011		2010	
	units	perc.	units	perc.	units	perc.
Refrigerators sold, units including:	218,419	100	171,433	100	184,635	100
Combined refrigerators – freezers with separate external door	159,916	73.2	123,082	71.8	125,938	68.2
Domestic refrigerators (single cooler)	11,509	5.3	8,046	4.7	13,992	7.6
Freezers	32,879	15.1	30,322	17.7	34,893	18.9
Commercial refrigerators	14,115	6.5	9,983	5.8	9,812	5.3



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

Kaliningrad factory stopped working on 2009 03 02

4.3 Sales

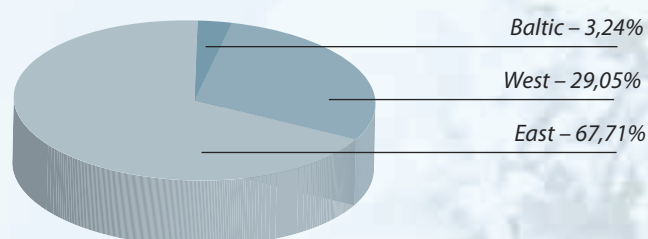
The company divides its sales markets into the following main groups by importance of sales markets and geographic distribution:

Baltic market (Lithuania, Latvia and Estonia), Eastern market (Russia, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, other CIS countries), Western market (Germany, France, Belgium, the Netherlands, Poland, Portugal, Czech Republic, other countries of Western and Central Europe).

In 2012 Snaigė, AB sold over 218.6 thousand refrigerators. Revenues from main production sales reached 140.4m LTL, that is, 26.4 per cent less as compared to the previous yearsales on the Eastern market accounted for the majority of sales revenue (67.71 per cent). Slightly lower figures (29.05 per cent) were on the Western market. Lowest sales revenue (3.24 per cent) was on the Baltic market.

Exports accounted for 97.45 per cent of total product sales, i.e. 136.85m LTL.

Company's sales in 2012 (according to sales revenue):



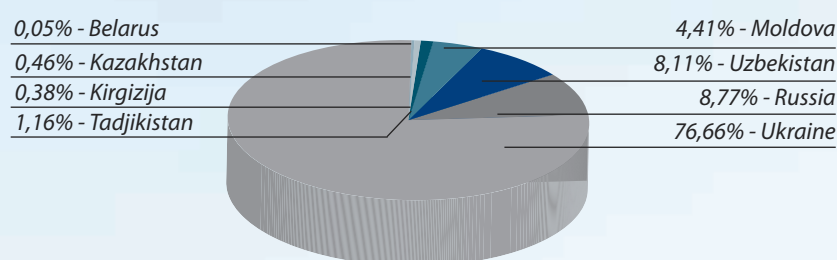
Eastern Market

In 2012 the company sold 148 thousand production pcs on the Eastern market and earned 95.1m LTL in sales revenue, i.e. 70 per cent increase as compared to 2011.

This significant increase in sales revenue was for the most part due to the rising sales in Ukraine. Following the repeal of additional duties at the end of 2009, which were applied almost throughout entire 2009, the company managed, for the most part, to recover its market positions in 2010. In 2012 Snaigė, AB sold 115.6 thousand fridges on the Ukrainian market and sales revenue reached 72.9m LTL, i.e. 64.2 per cent the revenue of the previous year. Expert data show that Snaigė, AB had a 10 - 12 per cent market share on the Ukrainian household refrigerator market.

In Moldova market the company sold 6.5 thousand production pcs and generated 4.2m LTL in revenue. Expert data show that Snaigė, AB had around 8 per cent market share on the Moldavian household refrigerator market. 2012 for Snaigė, AB also continued market of trade connections with ,Kirgizia,Tajikistan and more active trading activities with Uzbekistan. These are exotic and far away countries yet very profitable markets where refrigerators by Snaigė are particularly valued. In 2012 the company sold 14 thousand production pcs and earned 9.2m LTL in revenue 34 percent more than the last year.

Sales in the Eastern market in 2012 (according to sales revenue):



Western Market

On the Western market Snaigė, AB sales in 2012 were 64.3 thousand production pcs and 40.8m LTL in revenue. This constitutes 11.9 per cent drop in revenue as compared to the previous year. The majority of production was sold and revenue generated on the German market (26.9 thousand pcs; 17.6m LTL), French market (11.6 thousand pcs; 6.8m LTL), and Portuguese market (7.4 thousand pcs; 4.3m LTL).

The market of domestic electric appliances had not demonstrated any clear evidence of the recovery. Otherwise the recession was continuing in Central and West Europe countries.

During 2012 year the Company was started commercial relations and started to realize the Company's production for these clients:

Bomann (Germany)

Kanka (Germany)

STS (Finland)

Baumatic (UK)

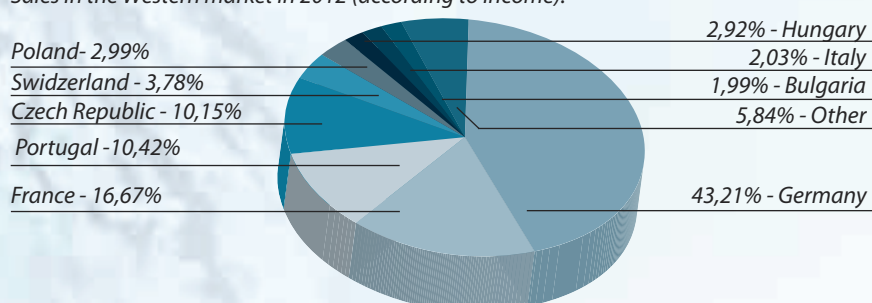
Links (UK)

Care2Supply (Netherlands).

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

Snaigė, AB struggled to compete with Chinese and Turkish manufacturers which offered production at very low prices, a factor so relevant in the times of crisis. Nevertheless on the segment of highest energy efficiency class production the company did very well being, it was the one of the first ones in Europe introducing products in this class. Quality of these refrigerators was highly appreciated by German, French and Italian customers. Moreover, the company found a new trade niche in Western countries. It's the production of refrigerators in a variety of colours in small runs and refrigerators with glass doors. To this end the company acquired specialized paint application equipment which completely met our expectations. The company plans to expand these niches in the following year also.

Sales in the Western market in 2012 (according to income):



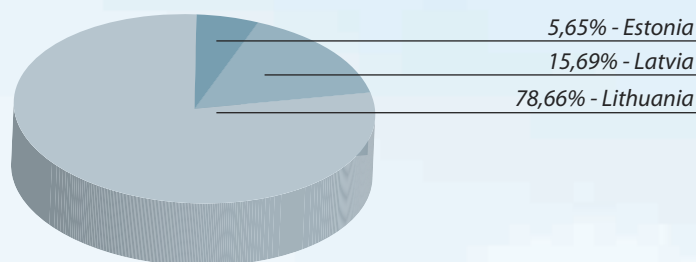
Baltic Market

In 2012 Snaigė AB in the Baltic States market had sold more than 6.4 thousand refrigerators and its income was about 4.6 million LTL.

At the same period in Lithuania Snaigė AB had sold about 4.9 thousand refrigerators and had got more than 3.6 million LTL incomes. According to the analysis Snaigė AB had hold about 6 percents of the domestic refrigerators' market in Lithuania in 2012.

In the meantime in Latvia Snaige AB had sold about 1.1 thousand refrigerators and its incomes was close to 0,7 million LTL. At the same period of time in Estonia Snaige AB had sold a little bit more than 0.4 thousand refrigerators and had got more than 0.26 million LTL.

Sales in the Baltic market in 2012 (according to income):



AB SNAIGĒ brand portfolio

In 2012 The Company sold 73.2 percent of the products with their brand SNAIGE. Besides these, the plant is producing refrigerators under other brands of trade partners and retail networks:

General Frost - TESCO, the second largest domestic appliance retail network in Europe.

Far - CONFORAMA, the largest domestic appliance retail network in France:

Smeg (Italy):

Bartscher;

Brandy Best;

Coldis;

Continent;

Cool;

Exquisit;

Frigibel;

Helkina;

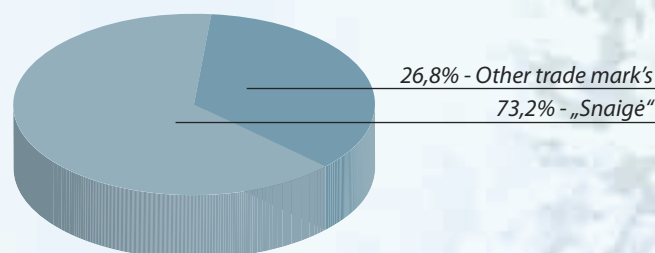
KBS;

Orima;

Raymond;

Tschibo

The Company's brand portfolio in 2011 (according to income):



4.4 Supply

The materials and completing parts are supplied to the Company from more than 20 countries worldwide. European manufacturers and suppliers of materials constitute the major part of them. Procurement volumes from Asia (mainly from China) were constantly increasing.

The strategic raw materials suppliers are listed below: „ACC“, „Secop Compressors“ GmbH (compressors, Donper, JIAXIPERA, Huayi, Geko-Kart, Marcegalia, „SRukki“, „Arcelor-Mittal“, „KME Europa Metal“, „KM Ibertubos“ S.A., „Sintur“ s.z o.o., „BASF“, „Total Petrochemical“, Bay „Systems Nothern Europe“, DOW, UAB „ARA“, UAB „Lisiplast“, UAB „Hoda“, „Telko group“.

The priorities set in the purchase strategy of the The Company are high quality assurance and effective logistics. Increasing competition between the suppliers stimulates continuous improvement of the purchased product. The technical servicing teams of AB „Snaigē“ suppliers closely cooperates with the technicians and engineers of the The Company in search for common technical solutions increasing quality and decreasing costs of the products.

4.5 Employees and human resource policy

4.5.1 The Company's human resource policy

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

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

While facing changes and new challenges, it is most important for the Company to retain qualified, skilled, mo-

tivated personnel, who is able to implement set tasks and help the Company achieve its strategic goals, with as minimum costs as possible.

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

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

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

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

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

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

4.5.2 The employees of the Company in 2010-2012 according to the personnel groups:

Employees	2012			2011			2010		
	Amount	%	Average salary, LTL	Amounts	%	Average salary, LTL	Amounts	%	Average salary, LTL
managers	5	0.8	20,341	4	0.6	26,476	4	0.6	20,524
specialists	118	18.5	3,181	123	19.7	3,109	127	19.9	2,995
workers	514	80.7	1,659	498	79.7	1,494	506	79.4	1,394
In total:	637	100.0	2,082	625	100.0	1,966	637	100.0	,818

4.5.3 The structure of the Company's employees in 2010-2012 according to education level

Education level of the employees	2012		2011		2010	
	Amount	%	Amount	%	Amount	%
university education	101	15.9	103	16.5	100	15.7
professional high school education	389	61.1	377	60.3	383	60.1
secondary education	139	21.8	136	21.8	145	22.8
uncompleted secondary education	8	1.2	9	1.4	9	1.4
Total:	637	100	625	100	637	100

4.5.4 The employees of the Company and its subsidiaries in 2010-2012 according to the personnel groups*

Employees	2012		2011		2010	
	Amount	%	Amount	%	Amount	%
managers	9	1.2	8	1.1	8	1.04
specialists	156	20.2	153	20.5	171	22.2
workers	606	78.6	584	78.4	591	76.8
Total:	771	100	745	100	770	100

*Average yearly data

4.6 Investment policy

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

	TECHPROMINVEST	MOROZTRADE	LIGA SERVIS	SNAIGE – UKRAINE	ALMECHA
Registration date, head-office address	Registration date November, 2002. Address: Bolshja Okruznaja str. 1-a, Kaliningrad, Russia	Registration date May, 2004. Address: Prospekt Mira 52, Moscow, Russia	Registration date August, 2005, Address: Prospekt Mira 52, Moscow, Russia	Registration date November, 2002. Address: Grushevsky str. 28-2a/43, Kiev, Ukraine	Registration date November, 2006. Address: Pramones str. 6, Alytus, Lithuania
Type of activities	manufacture of refrigerators	sales and marketing services	sales and marketing services	sales and marketing services	production of other equipment and machinery
Share of the authorized capital available to AB "Snaigė", %	100	100	100	99	100
The authorized capital (LTL)	91,566,441	859	859	53,650	1,375,785
Share of the authorized capital unpaid by the Company	Completely paid	Completely paid	Completely paid	Completely paid	Completely paid
2012 profit (loss) (LTL)	(18,952,267)	-	(96,722)	(3,433)	33,755

4.6.2 The major investment projects amounting to more than 10 percent of the Company's authorized capital, which have been implemented during 2 recent financial (economical) years: types, volumes and financing sources of investments, and geographical allocation thereof

Each year the Company invests into development of technical progress and manufacture of new, ecological-friendly, cost-effective and modern products.

The total amount spent for implementation of investment programs in 2012 was 2.484,4 thousand LTL.

There have been developed and launched the following new products within the year:

1. Refrigerator RF36 with glass on door;
2. Refrigerator RF ND with ventilator;
3. Refrigerator RF ND with electronics and glass on door;
4. Refrigerator RF34/36 ND with „0“ compartment;
5. Refrigerator CD480 with static condenser;
6. It was renewed an internal design of existing refrigerator models (new colours of internal dishes and glossy profiles on shelves).

To achieve these objectives there were used 1.497,4 thousand LTL of investments.

Within the framework of „Development of new products“ program, and with the support of European Union structural funds under a measure „Intelektas LT“, a project „Strengthening of competitiveness of AB „Snaigė“ by investing into development of new generation refrigerator series“ has been carried out for almost two years. It was successfully completed in September, 2012. In cooperation with scientists from Faculty of Mechanical Engineering and Mechatronics of Kaunas Technology University, who provided the research service by making research on the new cooling systems during the project, have been created series of modern models of refrigerators. These models will be gradually implemented into production over the coming three years. A gross value of this project was 1.653.811,42 LTL, of which 755.393,58 LTL has been funded by European Regional Development fund.

The Company invested 257,0 thousand LTL in 2012 for mastering of especially important new technological projects, updating of existing technology processes and increasing of production capacities.

It was also spent 140,3 thousand LTL of investments for realization of effective heat and power saving measures, there were installed the absorptional and freonic air dryers.

365,7 thousand LTL have been invested into the technical support of production. These funds were used for implementation of necessary equipment, such as: voltage stabilizer, plastics scrap breaker, refrigerant charging board, new safety system, and for replacement of worn out production tools and instruments.

Logistics and service Department used for improvement of its equipment 155,3 thousand LTL in 2012. There was introduced a new bar code reader and fulfilled program of warehouses modernization.

In 2012 was made an upgrading of informational technologies and equipment in the Company, it was spent 68,7 thousand LTL for it.

It was placed 2.557,3 thousand LTL into realization of investment programs within 2011.

Including the partial funding of structural funds of EU for the project „Strengthening of AB „Snaigė“ competitive ability by investing to the development of new generation „3D frost“ refrigerator series“, for what in 2011 was received 389,4 thousand LTL, within 2011 has been invested 2 million 167,9 thousand LTL of its own funds.

The following new products have been developed during 2011:

- Refrigerators FR275 and FR240 A++ energy efficiency class;
- Refrigerators RF31 and RF34 with glass on door;
- A++ energy efficiency class refrigerators RF36 and RF39;
- Refrigerator RF35 A+ and A++ energy efficiency classes;
- Single compartment refrigerator C29;
- Freezer F22.

There was spent 2 mln 307,5 thousand LTL on development and production preparation of these products. For development of technologies, mastering of especially important and effective projects, improvement of work places was invested 67,7 thousand LTL.

It was placed 126,0 thousand LTL into implementation of effective means for saving of energy in 2011: it was made isolation of heating pipelines, replacement of ventilators in venting chambers, installed the new compressed air dryer.

For replacement of out-of-date and weared out production tools and instruments in 2011 was invested 19,9 thousand LTL, for improvement of logistics and warehouses equipment – 1,1 thousand LTL, for renovation of computers and other IT equipment – 35,2 thousand LTL.

Investments in subsidiary the Company „Techprominvest“ (Kaliningrad, Russia):

In 2011 year the authorised capital of „Techprominvest“ was increased 11 152 974 EUR by capitalizing the part of the payable debt to the Company.

4.7 Environment Protection

4.7.1 Environmental policy

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

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

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

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

- Usable for legal and other companies to set conditions related to environmental aspects;
- Do pollution prevention, paying attention to gas, increasing the greenhouse effect, the use of control and thus contributing of global warming mitigation;
- Continually improve environmental performance;
- To increase our staff approach to environmental protection;
- Design products, according to materials and efficient resources, hazardous materials use, waste reduction and the reuse and recycling of consumer needs.

4.7.2 Environmental report

AB „Snaigė“ is one of the most advanced manufacturing companies of Lithuania in the field of environment protection. The activities of the Company are regulated by environment protection management system, which complies with international ISO 14001 standard requirements. The system is working since 2001, and last year certificate Bureau Veritas Certification Lithuania has extended the validity of the system for additional three years.

When developing a new product, the Company gives a priority for the manufacturing processes which save raw materials, for safe transportation, waste elimination and quality of products. In manufacturing the Company tries to use materials which later can be recycled. The Company complies with European Parliament and European Commission directive 2005/32/EB, which regulated design of the products.

“Snaigė” refrigerators are manufactured from ecological materials which do not have any harmful elements. For example, every plastic part of a refrigerator is marked (according to ISO), so that it can be reused one more time, recycle according to directive 2002/96/EB describing electrical and electronic equipment waste requirements. Technological product surface coating process is ecologically clean: solid covering and drying with natural gas is used. Cooling system is filled with natural cooling gas R600a, which do not deteriorate ozone and for insulation of the refrigerator no harmful ciklopentane is used.

Products produced by AB “Snaigė” are in accordance with requirements of EU Directives and regulations and appliances contain any substance banned under following Directives and regulations:

- RoHS2 EU Directive 2011/65/EC;
- REACH EU regulation 1907/2006/EC;
- PAH German regulation ZEK-01.4-08;
- contact with food :
- EU regulation 1935/2004/EC (general) ,
- EU regulation Nr.10/2011(for plastics).

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

When buying refrigerators, customers are provided with information related to environment protection. It is advised, how to install, maintain a product so that it is used as long as possible and the impact on environment would be diminished. In addition to that, it is indicated how to utilize the product after it is no longer usable. The Company has old refrigerators utilization system. Starting with 2006 the Company started to utilize large electric household equipment – refrigerators and fridges – waste.

AB „Snaigė“ fully complies with the requirement of Kyoto protocol about the global warming and climate change. Materials used in manufacturing do not deteriorate ozone and do not add to global warming.

The Company saves electricity, water, heat: during decade the usage of these energy sources was decreased by three times.

4.8 Risk factors related to the business of the Company

Macroeconomic Risk. The economy of Lithuania has been constantly growing and the foreign trade continuous to be highly beneficial to that. As a result, private consumption is expected to grow in 2013 about as far as it grew in 2012 without slowing down. According to market prognosis, the private consumption will start growing more rapidly in later years when the external and domestic demand will increase and will rise household incomes. Upside risk is associated with global commodity prices: significant fluctuations are expected what would mostly affect relevant to the outside prices in Lithuania (food, fuel and administration prices).

At present both Lithuanian and global markets feel the effects of the economic and consumption recuperation but this recuperation is not so fast as expected which could affect the demand for company's products and company's business prospects.

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

Company's Financial Accounting Accuracy Risk. On 25 April 2013 the Company's auditor expressed an unqualified audit opinion on the Company's stand alone and consolidated financial statements.

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

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

Policy Risk. The Company is engaged in manufacturing activities which generate chemical substances harmful to the environment. Environmental matters both at Lithuanian and European Union levels are policy-regulated. There is a risk that in the event of changes in existing environmental requirements and restrictions the company might need additional investments to ensure compliance of production processes with new requirements. These investments could negatively affect financial situation of the Company.

Business Continuity Risk. Business continuity presumptions are disclosed in detail under Note 2.2 of consolidated audited financial statements of 2012.

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

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

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

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

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

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

4.9 Related party transactions

The information about related party transactions is revealed in the 31th note of the consolidated financial statements.

4.10 Legal and arbitrary processes

The information about the legal and the arbitrary processes is revealed in the 30th note of the consolidated financial statements.

5. OTHER INFORMATION ABOUT AB „SNAIGĖ“

5.1 Membership in associated organisations

AB „Snaigė“ is a member of Lithuanian Confederation of Industrialists.

Lithuanian Confederation of Industrialists comprises 42 branch and 9 regional associations composed of more than 2,700 enterprises of various type. The Confederation includes not only the majority of industrial enterprises but also banks, sales enterprises, subsidiaries of foreign firms, scientific research institutions and scholastic institutions.

The activities of the members of LCI encompass all the main industrial areas; the major part of the goods produced in Lithuania is manufactured by them.

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

- Organizes waste management system for electrical and electronic equipment and batteries, and accumulators by the association members
- Represents member interests in public institutions, is involved in lawmaking
- Registers incorporators and members of the association as required by a governmental or other competent authority
- Reports to the Government or other competent authority on waste management
- Provides guarantees on behalf of incorporators and members of the association that their annual waste management goals in relation to electronic and electrical equipment, batteries and accumulators will be achieved
- Provides free consultations to incorporators and members of the association on waste management issues
- Informs and increases awareness among the general public on waste management matters in relation to electronic and electrical equipment, batteries and accumulators

EEPA has 298 members.

AB „Snaigė“ is a member of LINPRA. The Engineering Industries Association of Lithuania LINPRA is an independent self-governing business association. Both nationally and internationally, it represents the interests of the Lithuanian mechanical, electrical, electronic and metalworking industrial sector and seeks to promote its business competitiveness.

Number of members: 80 (including almost all major companies of the sector).

Together with its partners, LINPRA responds to the needs of the companies operating in the sector and their potential counterparts by providing the following services:

- providing on-line information from the most comprehensive sectorial database in Lithuania;
- publishing yearly catalogue of the Lithuanian engineering industries;
- searching for Lithuanian partners and suppliers according to incoming investment, outsourcing and other business proposals;
- searching for foreign partners required by Lithuanian companies operating in the sector;
- organising incoming and outgoing missions, consultations, exhibitions and matchmaking events;
- coordinating the National Technology Platform ManuFuture-LT;
- training of managers and employees in technological and managerial competences
- initiating and implementing other types of projects aimed to strengthen competitiveness and business internationalisation of Lithuanian engineering industries sector.

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

5.2 Patents, licences and contracts

The Company's activities are independent of patents or licences

5.3 Recent and the most important events of the Company

Recent important events in the Company's business

5.3.1 Recent important events in the Company's business

2013-02-28

Snaigė AB improves sales results for 2012 by 31%, EBITDA by 39 percent with profits up by 5 times

Based upon (unaudited unconsolidated) 2012 results Snaigė AB grew sales to more than 150 mln LTL in 2012 which is 31 percent higher than the same period last year. The Company generated 4.6 mln LTL (unaudited unconsolidated) profit which is almost 5 times more than for the last year. EBITDA (unaudited unconsolidated) for 2012 exceeded 13 mln LTL, which is 39 percent higher than for the last year.

This significant increase in turnover and EBITDA was reached due to successful export operations of carried out by the company. In 2012 Snaigė AB sold products to 33 European and Asian countries, export increased by 35 percent, and were 97 percent of total company sales.

For achievements in the field of export Snaigė AB was recognized as "The Exporter of 2012" and awarded the prize of Lithuanian Chamber of Commerce, Industry and Crafts.

„It is quite difficult to compete with worldwide giants in of the market for home appliances,“ – states CEO G. Čeika. „However, the results of Snaigė AB in 2012 demonstrate that it is possible“. According to G. Čeika the results are driven by several factors – high-quality product, successful marketing and sales policy, flexibility and reliability of the company.“

AB „Snaigė“ success is in connection with the company interrelation with the Russian business group „Polair“ . First of all the company obtained more confidence taking strategic decisions, such as development of – Snaigė Glassy, premium design line of refrigerators, marketing campaign in Ukraine and Moldova, which has tremendous success in terms of sales volume and market share growth.

With the help of „Polair“ the company in year 2012 produced and sold 4,9 thousand. commercial refrigerators in Russian market. AB Snaigė, being a part of „Polair“ group, achieved tangible cost optimization on purchasing some raw materials and components.

„In 2012 the company accomplished a lot by creating new products and improving the existing ones,“ – says G. Čeika. At the beginning of the year we improved refrigerators „Snaigė Ice Logic“, implemented new technologies such as „Touch screen“ electronic control, „Air Active“, air circulation system, „0°C Fresh Zone“ section, presented several new models of freezers.. These refrigerators received positive responses from the customers both in Lithuania and Western and Eastern Europe.

In 2012 Snaigė AB invested 2 mln LTL to the development of new products and improvement of existing ones. Total investment of the company reached 3 mln LTL.

According to unaudited unconsolidated data Snaigė AB reached 146.5 mln LTL of unaudited consolidated turnover and generated 1 mln LTL of unaudited consolidated net profit in 2012.

5.3.2. Important events 2010

2012-11-29

SNAIGĖ in the first 9 months reached 6 time higher profit

In the first 9 months of 2012 AB „Snaigė“ reached almost 21% higher turnover (unaudited, unconsolidated results) than the same period last year at more than LTL 112.8 m.

EBITDA (unaudited unconsolidated) in the nine months was also 24% higher than the previous year and exceeded LTL 9.7 m. The company also generated LTL 3.2 m. unaudited, unconsolidated profit which is 6 times more than the same period last year.

According to Gediminas Čeika, CEO, these results were achieved by a focus in the main on the more profitable markets with particular success in Ukraine where sales were ahead by 56% compared with the previous year for the same period.

“This development was caused by a number of factors” – says G. Čeika – “the first is the national advertising campaign in Ukrainian. In addition, we started to work with few significant Ukrainian home appliances and the regional wholesaler.”

The successful marketing campaign in Ukraine has not only grown the sales, but also significantly strengthened Snaigė's brand position in this market. In September we held 6.8% of the refrigerators category in the Ukrainian market and are now one of the market leaders.

„We also achieved strong results in Germany, during the first nine months of this year. The company has exported over 20,000 refrigerators” – said G. Čeika – “Part of this growth was due to the trade with “Severin” and a new client „Bomann“.

The company has worked successfully in other European markets too. For example, sales in Poland grew by 8%, 7% to the Czech Republic, Hungary - 9%.

AB Snaigė CEO G. Čeika welcomes the results of the Q3. “I am proud of the AB Snaigė achievements and our team work. Our goal is to keep achieved sales and profitable results. We are already planning next year's investment programmers, trade and marketing strategies. We will focus on our customers. We will introduce a number of new products, new features, and properties”.

2012-08-16

Resolutions of the Extraordinary General Meeting of Shareholders

Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company").

On 16 August 2012 the Extraordinary General Meeting of Shareholders of the Company took place.

The following decisions were adopted during the meeting:

1. To revoke Martynas Česnavičius and Robertas Beržinskas from the Board members of the Company.
2. To elect Dmitry Komissarchik as the member of the Board for remaining term of this Board office

2012-07-31

AB Snaige: back to profit

During the first half of 2012 turnover reached nearly 67m. Lt (unaudited, unconsolidated results) which is almost 19% more than in the same period last year. Also the company generated 419k Lt unaudited, unconsolidated profit which is 16% more than the same period last year. Unaudited unconsolidated EBITDA in the first half exceeded the 4,9 mln. Lt i.e. 16% more than during the same period last year.

According to Gediminas Čeika, these results were achieved by a focus in the main on the more profitable markets with particular success in Ukraine where sales were ahead by 62% compared with the previous year for the same period. „This development was caused by a number of factors”, - says G. Čeika, "the first is the national advertising campaign on Ukrainian TV, Internet and outdoor advertising. We not only remind the user about ourselves, but also we enhance our customers' confidence in us in Ukraine

The successful marketing campaign in Ukraine has not only grown the sales, but also significantly strengthened AB Snaige's brand position in this market. We now hold 6,2% of the refrigerators category in the Ukrainian market and are now one of the market leaders.

AB Snaige also found additional clients in Asian markets. During the first 6 months of this year to export sales to Uzbekistan, Tajikistan and Kazakhstan exceeded 8000 PCs. of refrigerators, which is 35% more than last year. Users in these countries, in particular, value the quality of the Lithuanian refrigerators and the European origin.

„We also achieved strong results in Germany, during the first half of this year. The company has exported over 14 000 refrigerators, 16% above with the same period last year.- said G. Čeika. – „Part of this growth was due to the trade with a new client „Bomann“.

According to G. Čeika the trade with Russia is also recovering. „Compared with the previous year to Russia we sold more than six times as many refrigerators. Of course, the majority of refrigerators were sold with the help of our partner company Russian industrial refrigeration equipment manufacturer "Polair".

AB Snaige CEO G. Čeika welcomes the results of the H1. „19% sales growth is a great result”, - said G. Čeika. „However we are going ahead. The cultivation of profitable sales is one of the most important objectives of the company of the year.

2012-07-25

Convocation of the Extraordinary General Meeting of Shareholders

On 16 August 2012 the Extraordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting").

The place of the meeting – the meeting hall of the Company, at the address Kareivių str. 6 (fifth floor), Vilnius, Lithuania.

The Meeting commences – at 10 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 8 August 2012 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The Board of directors of the Company initiates and convenes the meeting.

Agenda of the Meeting:

- 1 agenda question: The revocation of the Board members of the Company
- 2 agenda question: The appointment of the new Board members of the Company

2012-06-06

On the implementation of mandatory non-competitive tender offer report

On 6 June 2012 Snaigė AB received a report from its shareholder VAIDANA, UAB on the implementation of the mandatory non-competitive tender offer.

Through the implementation period of the tender offer, VAIDANA, UAB bought-up 12,379,525 ordinary registered shares of Snaigė AB, with nominal value of LTL 1 each (ISIN code LT0000109274), which represent 31.24 per cent voting rights at the general meeting of shareholders of the company.

2012-06-04

Notification about acquisition of voting rights

Snaige, AB received a notification from VAIDANA, UAB about crossing the threshold of 75 per cent of votes at the General Meeting of the Company's shareholders.

2012-06-01

Notification on transaction

Snaige AB has received notification on the transaction in issuer's securities concluded by the person closely associated with the manager of the issuer.

2012-05-30

Notification on transaction by manager of the company

Snaige AB has received notification on the transaction in issuer's securities concluded by the manager of the issuer.

2012-05-29

Registered the Articles of Association of Snaige AB

On 24th of May, 2012 the Articles of Association of Snaige AB (which was approved by shareholders on 30 April, 2012 shareholders meeting) was registered on Register of Legal Entities.

2012-05-11

AB "Snaigė" delivers strong sales Q1 in a declining market

In Q1 2012 AB Snaige has had a strong overall sales performance well ahead of their key markets and has matched 2011 sales value with revenues of 22m LTL (unaudited, unconsolidated results). "With some of our key markets affected in the short term by the economic downturn this has been an excellent result" - said CEO Gediminas Čeika.

According to Gediminas Čeika these results was achieved by a focus in the main on the more profitable Baltic and Eastern markets with particular success in Ukraine where sales were ahead by 36% compared with the previous year for the same period. "However, the company also had a successful result from selected western markets and in particular in Germany where sales increased by 30%, partly helped by sales to a new customer "Bomann", which is famous home appliance brand in Germany",- said G. Čeika.

Also in Q1 AB „Snaigė“ gained the first benefits of the link with Russian industrial refrigerators producer „Polair“. With the help of "Polair" the company produced and sold 3600 units of commercial refrigerators, which is double compared at the same period last year. Additionally the two companies are working closely together using their corporate procurement specialists to focus on optimization of corporate procurement to save on raw materials and on parts for the production process.

Gediminas Čeika said,- "We are satisfied with the results of Q1 and have delivered against the sales targets we set for the quarter. Additionally we focused on developing new products and preparation for the summer season."

In the second and third quarter of this year, AB Snaige is preparing to deliver updated series of „Snaigė Ice Logic“ refrigerators to maximize its results. These new products have a refreshed internal design and new technologies such as dynamic cooling system, zero zone, and the electronic control which company believes it will delight its consumers.

In order to further strengthen the delivery of these products in Ukraine, the company is going to launch a national advertising campaign on TV, Internet and outdoor media channels.

Finally during Q1 AB „Snaigė“ refinanced it's short term loan portfolio onto long-term loans with the aim of maximizing the benefits from the loan portfolio.

Unaudited unconsolidated EBITDA profit of the company in the first quarter of 2012 exceeded the LTL 583 thousand.

2012-04-30

Decisions of annual general meeting of shareholders of Snaigė AB

The General Meeting of shareholders of Snaige AB was held on 30 April 2012. The meeting heard the consolidated annual report of the Company for the year 2011 and the Auditor's report for the year 2011.

At the meeting was made following resolutions:

1. THE AGENDA QUESTION: Consolidated annual report of "Snaigė" AB on the company's activity for 2011.

In the meeting taken for information the consolidated annual report of "Snaigė" AB on the company's activity for 2011.

2. THE AGENDA QUESTION: Auditor's conclusion on the company's financial statements for 2011.

In the meeting taken for information with the auditor's conclusion on the company's financial statements for 2011.

3. THE AGENDA QUESTION: Approval of the set of financial statements of the company for 2011.

THE DECISION: To approve the set of financial statements of the company for 2011 (enclosed Snaigė AB and consolidated statements).

4. THE AGENDA QUESTION: Approval of distribution of profit (loss) of "Snaigė" AB for 2011.

THE DECISION:

To approve the distribution of profit (loss) of "Snaigė" AB for 2011:

Non-distributed profit (loss) at the end of the last financial year: LTL 0 (EUR 0)

Net result - profit (loss) of financial year: LTL 908,126 (EUR 263,011.47)

Distributable result- profit (loss) of financial year: LTL 908,126 (EUR 263,011.47)

Contributions of shareholders to cover loss: LTL 0 (EUR 0)

Share premium for covering of loss LTL 0 (EUR 0)

Transfers from reserves: LTL 1,188,483 (EUR 344,208.47)

Distributable profit: LTL 2,096,609 (EUR 607,219.94)

Distribution of profit:

Portion of profit allocated to reserves foreseen by law: LTL 45,410 (EUR 13,151.65)

Portion of profit allocated to other reserves: LTL 30,000 (EUR 8,688.60)

- for support and charity LTL 0 (EUR 0)

- for social and cultural needs LTL 30,000 (8,688.6 EUR)

Portion of profit allocated for payment of dividends: LTL 0 (EUR 0)

Portion of profit allocated for payment of premiums: LTL 0 (EUR 0)

Portion of profit allocated for payment of tantiemes: LTL 0 (EUR 0)

Other: LTL 2,021,199 (EUR 585,379.69)

- portion of profit allocated to reserve for acquisition of own shares: LTL 0 (EUR 0)

- portion of profit allocated to reserve for investments: LTL 2,021,199 (EUR 585,379.69)

Non-distributed result - profit (loss) at the end of financial year: LTL 0 (EUR 0)

5. THE AGENDA QUESTION: Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.

THE DECISION: For 2012 auditing purposes of annual financial statements to elect UAB „Ernst & Young Baltic“. To authorize (with the right to delegate) the General Director of the company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms.

6. THE AGENDA QUESTION: Election of members of Audit Committee

THE DECISION: Until the end of term of the Company's Board To elect the chairman of audit committee Anton Kudryashov, as the members of Audit Committee Virginijus Dumbliuskas and Rasa Balčiūnaitė Kaminskienė.

7. THE AGENDA QUESTION: Amending the Articles of Association of the Company

THE DECISION:

1) To amend Clauses 6.2 and 6.3 of the Articles of Association of the Company to be read as follows:

6.2. The convening and the powers of the General Meeting of Shareholders shall conform to the procedures of convening and the powers of the General Meeting of Shareholders stipulated in the Law on Companies, except where these Articles of Association provide otherwise.

6.3. The General Meeting of Shareholders shall elect and remove the Board of the Company in compliance with the procedure prescribed by the Law on Companies. The Board of the Company shall have the right to adopt a decision on issuing debentures, as well as, following the procedure approved by the General Meeting of Shareholders, to resolve the matters related to the establishment of remuneration to the Board members. The Board's powers with regard to other matters shall conform to the powers stipulated in the Law on Companies. The working procedure of the Board shall be laid down in the rules of procedure of the Board.

To supplement the Articles of Association of the Company with Clause 6.5 to be read as follows:

6.5. The members of the Board of the Company shall enter into agreements on their activity within the Board. Remuneration may be paid to the Board members of the Company for their activity within the Board of the Company. The General Meeting of Shareholders of the Company shall approve the form of the agreement with the Board members of the Company and the procedure for payment of remuneration by the Company for the activity of the Board members.

2) In the light of the said amendments of the Articles of Association of the Company, to approve the new wording of the Articles of Association of the Company (enclosed). To authorize (with the right to subdelegate) the head of the Company to sign the new wording of the Articles of Association of the Company and to submit it for registration with the Register of Legal Entities.

8. THE AGENDA QUESTION: Approving the procedure for payment of remuneration by the Company for the activity of the members of the Board and the form of the agreement with members of the Board of the Company

THE DECISION:

1) To establish that according to the respective decision of the Board of the Company remuneration may be paid to the Board members of the Company for their activity within the Board.

2) To approve the form of the agreement with members of the Board of the Company (enclosed).

3) To approve the procedure for payment of remuneration by the Company for the activity of the members of the Board (enclosed).

To establish that the adopted decisions referred to in Clauses 1), 2) and 3) hereof, relating to the establishment of the remuneration to the Board members of the Company for their activity within the Board, shall come into force and shall be applied after the registration of the new wording of the Articles of Association of the Company as approved by this General Meeting of Shareholders with the Register of Legal Entities.

2012-04-25

Approval additions of the draft decisions of the 5th and 6th questions of the meeting agenda

The Board of Snaigė AB on 25 April 2012 adopted the decision to approve April 30th 2012 the ordinary general meeting of Company's shareholders additions of the draft decisions of the 5th and 6th questions of the meeting agenda:

The decision project of the 5th agenda question: "For 2012 auditing purposes of financial statements to elect UAB „Ernst & Young Baltic“. To authorize (with the right to delegate) the General Director of the company to sign the agreement with the audit firm by establishing the terms of payment for the audit services and other terms". The decision project of the 6th agenda question: "Until the end of term of the Company's Board to elect Virgini-

jus Dumbliauskas and Rasa Balciunaite Kaminskiene. Anton Kudryashov to elect the chairman of the audit committee".

2012-04-19

The addition of agenda of the ordinary General Meeting of Shareholders

AB Snaigė Board by its decision, adopted on 16 April 2012, decided to supplement agenda of the Ordinary General Shareholders Meeting of the Company by item No. 7 and No. 8:

7 question of agenda: Amending the Articles of Association of the Company.

8 question of agenda: Approving the procedure for payment of remuneration by the Company for the activity of the members of the Board and the form of the agreement with members of the Board of the Company.

Drafts of decisions of additional agenda questions of the Ordinary General Meeting of Shareholders are attached.

The ordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting") on 30 April 2012.

The place of the meeting – main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania. The Meeting commences – at 10.00 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 23 April 2012 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The Board of directors of the Company initiates and convenes the meeting.

Agenda of the Meeting:

1. Consolidated Annual report of "Snaigė" AB on the company's activity for 2011.
2. Auditor's conclusion on the company's financial statements for 2011.
3. Approval of the set of financial statements of the company for 2011.
4. Approval of distribution of profit (loss) of "Snaigė" AB for 2011.
5. Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.
6. Election of members of Audit Committee.
7. Amending the Articles of Association of the Company.
8. Approving the procedure for payment of remuneration by the Company for the activity of the members of the Board and the form of the agreement with members of the Board of the Company.

2012-04-10

Convocation of the ordinary General Meeting of Shareholders

On 30 April 2012 the ordinary General Meeting of Shareholders of Snaigė AB, the address of head office Pramonės str. 6, Alytus, the company code 249664610 (hereinafter, the "Company") is convened (hereinafter, the "Meeting").

The place of the meeting – main meeting hall of the Company, at the address Pramonės str. 6, Alytus, Lithuania. The Meeting commences – at 10.00 a.m. (registration starts at 9.45 a.m.).

The Meeting's accounting day – 23 April 2012 (the persons who are shareholders of the Company at the end of accounting day of the General Meeting of Shareholders or authorized persons by them, or the persons with whom shareholders concluded the agreements on the disposal of voting right, shall have the right to attend and vote at the General Meeting of Shareholders).

The Board of directors of the Company initiates and convenes the meeting.

Agenda of the Meeting:

1. Consolidated Annual report of "Snaigė" AB on the company's activity for 2011.
2. Auditor's conclusion on the company's financial statements for 2011.
3. Approval of the set of financial statements of the company for 2011.
4. Approval of distribution of profit (loss) of "Snaigė" AB for 2011.
5. Election of the audit firm for auditing purposes of financial statements and establishment of terms regarding the payment for audit services.
6. Election of members of Audit Committee.

2012-03-22

The Board of Snaigė AB approved the opinion about the submitted mandatory non-competitive tender offer to buy shares of the company

The Board of Snaigė AB having familiarised itself with the mandatory non-competitive tender offer material presented to it by the offeror UAB "Vaidana", in its meeting held on 21 March 2012 approved the opinion about the submitted mandatory non-competitive tender offer to buy shares of the company.

2012-03-16

Regarding the approval of the circular of the non-competitive mandatory tender offer

On 15 March 2012, Snaigė AB received an announcement from the shareholder UAB "VAIDANA" about 15 March, 2012 the decision of the Bank of Lithuania to approve the circular of a non-competitive mandatory tender offer to buy up the remaining ordinary registered voting shares of Snaigė AB.

The tender offer price is EUR 0.54 (fifty four euro cents) per 1 (one) ordinary registered share of Snaigė AB, LTL 1 (one litas) par value (ISIN code LT0000109274) each. Commencement of the implementation of the tender offer is on 21 March 2012, termination – on 29 May 2012.

2012-03-05

Notification on transactions concluded by managers of the companies

On 5 March, 2012 Snaigė AB has received notifications on the transactions in issuer's securities concluded by the person closely associated with the manager of the issuer.

2012-03-02

Unconsolidated unaudited EBITDA of „Snaigė“ for 2011 achieved LTL 9.3 million

For AB „Snaigė“ 2011 became a year of significant achievement and great opportunities. Last year Company sold over 175k refrigerators. The largest proportion was exported to 30 countries in Europe and Asia. Key sales were in Germany, Ukraine, France and Portugal.

The Company significantly stepped up its sales positions in Ukraine started trading with one of the most important Ukrainian household appliances retailers – "Eldorado". Also after a few years break "Snaigė" refrigerators again were exported to Russia and Belarus.

According to CEO Gediminas Čeika in 2011 the Company also has several positive achievements which will have a positive effect on the future of the business. The most important one was introduction of strategic investor. "Polair" a Russian manufacturer of industrial refrigeration equipment acting indirectly through the "Vaidana" UAB, acquired 23,716,668 ordinary shares amounting 59,86% of all shares and votes given by the general meeting of shareholders of the Company.

According to CEO Gediminas Čeika, 2011 the company put a lot of effort into creating new products and improving existing ones. "In June, we manufactured a new premium class refrigerator with glass doors - Snaigė Glassy", said G. Čeika. "These refrigerators have received a lot of attention both from Lithuanian consumers and from consumers in Western Europe, and at the end of the year they were awarded by golden medal in the annual "Lithuanian product of the Year" Competition said G. Čeika. "We have created a new refrigerator RF35 with increased freezer section, which within a short time became one the best selling product of AB "Snaigė" in Baltic and Eastern markets.

The company participated in one of the most important household appliances exhibitions in Europe - the IFA 2011, where there was an extremely positive assessment by customers and partners."

Unconsolidated unaudited EBITDA of the Company for 2011 totaled LTL 9.3 million which is clearly a positive performance for the Company. AB "Snaigė" incurred a consolidated unaudited loss of LTL 0.53 million.

According to Gediminas Čeika, „Snaigė“ AB CEO, due to foreign currency exchange fluctuations, „Snaigė“ AB had revaluated debts from the closed factory in Kaliningrad. For these reasons the Company lost LTL 5,6 million. "However, this revaluation of the paper debt is unrelated to the activities of the Company and should be eliminated in assessing the annual results of the company." - said G. Čeika.

Due to damage and repair of the factory roof, the Company wasn't able to sell the Kaliningrad plant last year. Currently, the Company is actively negotiating with potential buyers of factory in Kaliningrad and in 2012 expects revenue from this sale.

AB "Snaigė" during the 2011 reached 111,1 million. It unaudited consolidated turnover and suffered a consolidated unaudited loss of 5 million.

5.4 Strategies and Plans

- Strengthen the brand in core markets
- Continue cost saving program
- Delivering cost synergies with Polair
- Develop commercial coolers segment with Polair
- To increase competitive advantage by introducing new products and new technological features.



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

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	The Company's business strategy is listed in the annual report, partly in the annual account, as well as in some press reports. The Company's published material events and announcements to investors also reflect the Company's policy.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	The operational strategy of the Company is considered and approved by the Board of the Company; the strategy targets the need to ensure profitable performance with an ultimate view to increase the shareholders' equity. The compliance with the provisions of the Company's operational strategy is supervised by the Manager of the Company.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	NOT APPLICABLE	The Company has not formed the Supervisory Board.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	Company management bodies seeking to ensure that all persons who are participating in Company's activity or persons related with Company's activity rights and interest will be respected. The Board of the Company monitors and assesses the performance of Company and the Company's Manager by analyzing the financial statement submitted by the Company's Manager, also the organization of the activities, data on the changes in equity
Principle II: The corporate governance framework		
The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	YES	The collegial management body – the Board is elected by shareholders. Upon the decision of the Shareholders since May 2006 the Supervisory Board is not formed.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	The Board of the Company is responsible for the formation of the Company's operational strategy, organization of the enforcement thereof, the representation and the protection of the shareholder's interest.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NO	The Board is formed in the Company (upon the shareholders' decision of May 2006).
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	YES	These principles apply to the Board to the extent they do not contradict the essence and the purpose of the Board.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies. ²	YES	There are six Members of the Board and in the opinion of the shareholders this is sufficient.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	NO	Upon the decision of the shareholders since May 2006 the Supervisory Board is not formed.

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

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

2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.

YES

The Chairman of the Company is not and has not been the Manager of the Company.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

The order of the formation a collegial body to be elected by a General Shareholders' Meeting should ensure representation of minority shareholders, accountability of this body to the Shareholders and objective monitoring of the Company's operation and its management bodies.³

3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.

YES

The collegial management body – the Board is elected in the general meeting of shareholders according to the Law of Lithuanian republic. Besides the candidates to the Members of the Board introduce themselves to the shareholders, providing information of the positions they hold in other companies and their professional qualifications.

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.

YES

The Shareholders at a General Shareholders' Meeting (when Board members are elected) are introduced with work experience, education, the other important information of the candidates for the Board which Company gets about the Board members.

3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.

YES

As candidates for the Board members introduce themselves for the shareholders, and the shareholders while electing the board members have the opportunity to decide about the candidates competence and suitability to represent shareholders interests. In the Company annual report is published the competency (education, work experience, work positions) of board chairman and the composition of the board.

3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.

YES

The Company's board and Audit Committee members have sufficiency of experience and skills, sufficiency of knowledge to perform their duties appropriately. Shareholders decision to elect them as the board of directors or audit committee members is made after their readiness and competence is evaluated.

3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.

YES

The Company makes opportunity for the Company's Board members to take a look to the company's activity, thus newly elected members of the Board is provided a sufficiency of knowledge and information. Board members' skills and knowledge are constantly updated while they performance their functions, during board meetings or individually.

3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent⁵ members.

NO

Until now the independence of the members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent members of the Board has not been discussed.
The Company has not taken any decision concerning the implementation of these provisions in the future.

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

⁴The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

⁵It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:

- 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;
- 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;
- 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);
- 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);
- 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;
- 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;
- 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;
- 8) He/she has not been in the position of a member of the collegial body for over than 12 years;
- 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.

3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.

NO

Until now the independence of the members of the Board has not been assessed, and the contents of the concept of "adequacy" of the independent members of the Board have not been discussed.

The Company has not taken any decision concerning the implementation of these provisions in the future.

NO

The Board has not defined the concept of independence.

NO

No such practice exists.

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	NO	No such practice or requirements existed.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. ⁶ The general shareholders' meeting should approve the amount of such remuneration.	NOT APPLICABLE	The remuneration to members of collegial body was approved by shareholders during ordinary meeting in 2012 year, but such practice not applied yet.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring⁷ of the company's management bodies and protection of interests of all the company's shareholders.		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	YES	These functions are performed by the Board elected by the general meeting of shareholders. The Board shall approve and submit to the general meeting of shareholders the annual report on the activities of the Company, financial reports, evaluate the results of the business activities of the Company and assess the performance of the Manager of the Company.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES	In performing their duties the members of the Board are guided by the interests of the Company and in behalf of Shareholders.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES	Members of the Board act in accordance with the Rules of Procedure of the Board and allocate sufficient time for the performance of their duties.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	There haven't been any cases of the conflict of interests between the shareholders and the Board. The Company has put in place the procedure of the provision of information to the shareholders in accordance with the Law on Companies, and this has been provided in the Articles of Association of the Company.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	NOT APPLICABLE	The Company's management bodies transactions concluding and approving acting in behalf of Company according Lithuanian Law and articles of Company.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties,	YES	Since the collegial management body – the Board is elected by the General Meeting of Shareholders, in its decision making function the Board is independent from the Manager of the Company. The Company's Management ensures that the collegial body and its committees are provided with sufficient resources to carry their duties.

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

⁷See Footnote 3.

⁸See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

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

cluding the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.

4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	YES	The Audit Committee was elected in 2009. Company on 14 December, 2011 during shareholders meeting revoked the audit committee in corpore. The new audit committee will be elected during next shareholders meeting. The Company's directors nomination and remuneration committees are not formed. The functions pointed at this item still are implemented by the Board within its jurisdiction. If the shareholders accept the decision to establish such committees or it is required by the law of the Republic of Lithuania, the committees would be established.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	YES	The Company's collegiate bodies are independent and make self-contained decisions not influenced by any conflicts of interest and remain responsible for decisions which are awarded in limits of their ability.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	YES	The company have not remuneration committee. The Audit Committee consists of three members, which chairman was elected in shareholders meeting after appreciation of his independence criterion.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	NO	The practice of committees is being formed.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	NO	The practice of committees is being formed.

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

4.12. Nomination Committee.

NOT APPLICABLE Not formed (explanation in Clause 4.7.).

4.12.1. Key functions of the nomination committee should be the following:

- Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company;
- Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes;
- Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body;
- Properly consider issues related to succession planning;
- Review the policy of the management bodies for selection and appointment of senior management.

4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.

4.13. Remuneration Committee.

NOT APPLICABLE Not formed (explanation in Clause 4.7.).

4.13.1. Key functions of the remuneration committee should be the following:

- Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;
- Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;
- Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company;
- Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation;
- Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;
- Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);
- Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.

4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:

- Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;
- Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;
- Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.

4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.

4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.

4.14. Audit Committee.

YES

The company's Audit committee was elected in 2009 and re-elected in 2012. The audit committee's main operational functions are:

- 1) make recommendations for the Board of the Company related with the external audit firm selection, its imposing, reappointment and removal and conditions of the contract with the audit company;
- 2) monitor the external audit process;
- 3) monitor the external auditor and audit firm are following the principles of independence and objectivity;
- 4) monitor the Company's financial reporting process;
- 5) pursue other acts of the Republic of Lithuania and Governance Code for the companies listed on NASDAQ OMX Vilnius

These functions were provided by the audit committee regulations.

4.14.1. Key functions of the audit committee should be the following:

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

4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.

4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.

4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.

4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.

4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.

4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.

NO

The practice of committees is being formed.

Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.

YES

The chairman of board ensures proper convocation and organization the board meetings. The notice on the general meeting to be convened is sending to members of board according to the regulations of the board.

5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month¹².

YES

Board meetings are called at appropriate intervals to ensure continuity of essential corporate governance issues. Urgent issues convened during emergency meetings.

5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.

YES

Agenda and all materials required according to the agenda shall be sent to the Members of the Board by electronic mail in advance ; normally the agenda is not changed during meetings unless it is necessity to solve additional questions.

5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.

NOT APPLICABLE

Not relevant, as the Supervisory Board is not formed.

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.

YES

The capital of the Company is made up of shares conferring to the holders thereof equal voting and ownership rights, and the right to receive dividends.

6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.

YES

The Company provides its investors information about the rights conferred by the newly issued shares by making a public announcement to this effect.

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

6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	YES	The Shareholders of the Company approving transactions which approving is providing according to the Lithuanian Companies Law and the articles of Association. The Board of the Company passes other important decisions.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	Information about shareholders' meetings is published in the same way as it is required by the Law. Shareholders' meetings convened at the Company's residence.
6.5. If it is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	YES	All information about the Board meeting, the proposed drafts of decisions, the taken decisions is hosted in the Company's website on the Lithuanian and English languages.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The shareholders of the Company may exercise their rights individually in person, via their proxies also by voting in writing in advance. The Company confers to its shareholders the rights provided for by the Law on Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The Company does not have the technical potential.

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	YES	Members of the Company's management body are trying to follow the recommendations listed at this article, but there are no any regulations about such reports and information in the Company.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	Members of the Company's management body are trying to follow the recommendations listed at this article, but there are no any regulations about such reports and information in the Company.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5	YES	Members of the Company's management body are trying to follow the recommendations listed at this article, but there are no any regulations about such reports and information in the Company.

¹²The Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-term assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

¹³The documents referred to above should be placed on the company's website in advance with due regard to a 10-day period before the general shareholders' meeting, determined in paragraph 7 of Article 26 of the Law on Companies of the Republic of Lithuania (Official Gazette, 2003, No 123-5574).

7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.

YES

Members of the Company's management are trying to follow the recommendations listed at this article.

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	NO	The earnings of the company's employees is the confidential information. There is no practice to prepare report about the company's earnings policy. Questions about the Code of Recommended earnings and benefits policy is planned to discuss in the future due to the exchanges of conditions. Brief information about the benefits for the Company management bodies is available in the legislation.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	NO	The reasons are shown in Clause 8.1.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.	NO	The reasons are shown in Clause 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.	NO	The reasons are shown in Clause 8.1. This information will be possible to publish, except part of the information considered to constitute a commercial secret of the Company.
8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services per-		

formed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;

- The remuneration and advantages received from any undertaking belonging to the same group;
- The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;
- If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;
- Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;
- Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.

8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:

- The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;
- The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;
- The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;
- All changes in the terms and conditions of existing share options occurring during the financial year.

8.5.3. The following supplementary pension schemes-related information should be disclosed:

- When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;
- When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.

8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.

8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	NO	The reasons are shown in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to pre-determined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	NO	The reasons are shown in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	The reasons are shown in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	NO	The reasons are shown in Clause 8.1.

8.11. Termination payments should not be paid if the termination is due to inadequate performance.	NO	The reasons are shown in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	NO	The reasons are shown in Clause 8.1.
8.13. Shares should not vest for at least three years after their award.	NO	The reasons are shown in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	NO	The reasons are shown in Clause 8.1.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	NO	The reasons are shown in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	NO	The reasons are shown in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NO	The reasons are shown in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NO	The reasons are shown in Clause 8.1.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NO	The Company does not practice the remuneration by director stocks or options.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors. 	NO	No such practice is being enforced in the Company
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NO	No such practice is being enforced in the Company

8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.

NO

No such practice is being enforced in the Company

8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.

NO

No such practice is being enforced in the Company

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.

YES

The management bodies of the Company seek to ensure the rights of all interest holders and, to an extent possible, takes their opinion into account.

9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.

YES

Interest holders are authorised to participate in the management of the Company and in the process of taking the decisions relevant to the as this is provided according the Law of Lithuanian Republic and when the participation of employees helps to make important Company's decisions..

9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.

YES

These requirements are complied with to the extent required by the laws of the Republic of Lithuania.

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

10.1. The company should disclose information on:

YES

- The financial and operating results of the company;
- Company objectives;
- Persons holding by the right of ownership or in control of a block of shares in the company;
- Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration;
- Material foreseeable risk factors;
- Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations;
- Material issues regarding employees and other stakeholders;
- Governance structures and strategy.

This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.

The Company discloses the relevant information, in the established manner, to Lietuvos bankas, Vilnius NASDAQ OMX Vilnius Stock Exchange and the daily "Kauno diena".

10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.

YES

The company keeps this principle.

10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	NO	It is available that company's information that is not confidential.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	NO	The company does not apply such practise.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	The Company ensures the accuracy and expedition of the given information.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	The Company ensures compliance with these requirement, the information is announced in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	The Company ensures compliance with these requirement.

Principle XI: The selection of the company's auditor

The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.

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

Sincerely,

Managing Director,
Gediminas Čeika