

CONFIRMATION OF RESPONSIBLE PERSONS

2015-04-30

Following Article 21 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Gintautas Bareika, General Director of Utenos trikotazas, AB, Finance Director Andrej Grobov, and Chief Financier Sonata Šablinskaitė-Braškienė, hereby confirm that, to the best of our knowledge, the consolidated and Company's Financial Statements, annual and independent auditor's reports for the year ended 31 December of 2014 of Utenos trikotazas AB, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas AB and the Group of undertakings.

ENCLOSURE: Utenos trikotazas AB consolidated and Company's Financial Statements, annual and independent auditor's reports for the year ended 31 December of 2014.

General Director



Gintautas Bareika

Finance Director



Andrej Grobov

Chief Financier



Sonata Šablinskaitė-Braškienė

UTENOS TRIKOTAŽAS AB

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS,
CONSOLIDATED ANNUAL REPORT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014





UAB „Ernst & Young Baltic“
Subačiaus g. 7
LT-01302 Vilnius
Lietuva
Tel.: (8 5) 274 2200
Faks.: (8 5) 274 2333
Vilnius@lt.ey.com
www.ey.com

Ernst & Young Baltic UAB
Subačiaus St. 7
LT-01302 Vilnius
Lithuania
Tel.: +370 5 274 2200
Fax: +370 5 274 2333
Vilnius@lt.ey.com
www.ey.com

Juridinio asmens kodas 110878442
PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

Independent auditor's report to the shareholders of AB Utenos trikotažas

Report on Financial Statements

We have audited the accompanying financial statements of AB Utenos trikotažas, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Utenos trikotažas and its subsidiaries (hereinafter the Group), which comprise the statements of financial position as of 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated Annual Report for the year ended 31 December 2014 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2014.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335


Inga Gudinaite
Auditor's licence
No. 000366

The audit was completed on 9 April 2015.

These financial statements have been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of these financial statements take precedence over the English language version.

CONTENTS

Independent auditor's report	3
Financial statements:	
Statements of financial position	4 – 5
Statements of comprehensive income	6 – 7
Statements of changes in equity	8 – 9
Statements of cash flows	10 – 11
Notes to the financial statements	12 – 73
Annual report:	
Consolidated annual report	74 – 90
Appendix - Disclosure of Compliance with the Governance Code for the year ended 31 December 2014	91 – 111

Statements of financial position

		Group		Company	
		31 December		31 December	
Notes		2014	2013	2014	2013
ASSETS					
Non-current assets					
Intangible assets	6	2 991	3 352	57	71
Property, plant and equipment	7	27 363	33 343	19 325	21 543
Investment property	8	394	403	394	403
Investments into subsidiaries	9	-	-	5 175	5 175
Trade and other receivables		7	24	-	-
Receivables from subsidiaries	28	-	-	9 495	10 360
Deferred income tax asset	26	209	150	-	-
		30 964	37 272	34 446	37 552
Current assets					
Inventories	10	11 873	12 088	11 131	10 484
Trade receivables	11	4 509	4 282	3 510	2 809
Other receivables	12	749	880	508	387
Cash and cash equivalents	14	3 296	2 347	752	552
		20 427	19 597	15 901	14 232
Non-current assets held for resale	13	-	1 062	-	1 062
		20 427	20 659	15 901	15 294
Total assets		51 391	57 931	50 347	52 846

Statements of financial position (cont'd)

		Group		Company	
		31 December		31 December	
	Notes	2014	2013	2014	2013
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital	15	5 000	19 834	5 000	19 834
Revaluation surplus	16	11 454	12 695	6 406	7 509
Legal reserve	16	1 983	1 983	1 983	1 983
Foreign currency translation reserve	16	606	2 141	-	-
Accumulated retained earnings/(losses)	16	(2 007)	(18 065)	(260)	(15 289)
		17 036	18 588	13 129	14 037
Non-controlling interest		1 214	1 276	-	-
Total equity		18 250	19 864	13 129	14 037
LIABILITIES					
Non-current liabilities					
Borrowings	17	3 576	-	3 576	-
Borrowings from subsidiaries	17, 28	-	-	6 284	6 284
Convertible bonds issued	18	10 515	12 932	10 515	12 932
Deferred income tax liabilities	26	1 465	2 031	785	974
Provisions for employee benefits	19	585	444	544	403
		16 141	15 407	21 704	20 593
Current liabilities					
Current portion of non-current borrowings	17	1 714	1 214	1 714	-
Current portion of non-current finance lease	17	-	7 392	-	7 392
Convertible bonds issued	18	4 503	-	4 503	-
Trade payables		3 516	3 791	3 450	3 396
Payables to other related parties and subsidiaries	28	1 078	4 173	1 562	3 297
Income tax payable		429	148	111	-
Accrued expenses and other current liabilities	20	5 760	5 942	4 174	4 131
		17 000	22 660	15 514	18 216
Total liabilities		33 141	38 067	37 218	38 809
Total equity and liabilities		51 391	57 931	50 347	52 846

The notes on pages 12 to 73 form an integral part of these financial statements.

These financial statements were approved by General Manager and Financial Officer on 9 of April 2015.

General Manager

Gintautas Bareika

Financial Officer

Sonata Šablinskaitė-Braš-
kienė

Statements of comprehensive income

	Notes	Group		Company	
		Year ended 31 December		Year ended 31 December	
		2014	2013	2014	2013
Sales	5	68 248	69 548	55 385	57 389
Cost of sales	21	(53 964)	(57 877)	(45 554)	(49 694)
Gross profit		14 284	11 671	9 831	7 695
Selling expenses	22	(3 322)	(2 814)	(2 916)	(2 411)
General and administrative expenses	22	(6 426)	(7 082)	(5 783)	(6 018)
Other operating income	23	1 297	673	822	390
Other operating expenses	23	(212)	(118)	(144)	(13)
Operating profit (losses)		5 621	2 330	1 810	(357)
Finance income	24	305	1 250	274	234
Finance costs	24	(5 562)	(4 817)	(2 991)	(2 587)
Profit (losses) before tax		364	(1 237)	(907)	(2 710)
Income tax	26	(187)	92	78	374
Net profit (losses)		177	(1 145)	(829)	(2 336)
Net profit (losses) attributable to:					
Equity shareholders of the Company	27	66	(1 272)	(829)	(2 336)
Non-controlling interest		111	127	-	-
		177	(1 145)	(829)	(2 336)
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation gain (loss)		(1 483)	292	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(1 483)	292	-	-

Statements of comprehensive income (cont'd)

	Group		Company	
	Year ended 31 December		Year ended 31 December	
Notes	2014	2013	2014	2013
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods				
Revaluation of buildings	-	15 581	-	8 988
Income tax effect on revaluation of buildings	-	(2 431)	-	(1 348)
Actuarial gains (losses) from the pensions reserve	(79)	-	(79)	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	(79)	13 150	(79)	7 640
Other comprehensive income (loss) for the year, net of tax	(1 562)	13 442	(79)	7 640
Total comprehensive income (loss) for the year, net of tax	(1 385)	12 297	(908)	5 304
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	(1 548)	11 973	(908)	5 304
Non-controlling interest	163	324	-	-
	(1 385)	12 297	(908)	5 304
<u>Basic/diluted earnings per share</u>	27	0.01	(0.06)	

The notes on pages 12 to 73 form an integral part of these financial statements.

General Manager

Gintautas Bareika

Financial Officer

Sonata Šablinskaitė-Braš-
kienė

Statements of changes in equity

Group	Equity attributable to the equity holders of the Company								
	Notes	Share capital	Foreign currency translation reserve	Legal reserve	Re-valuation surplus	Accumulated retained earnings/(losses)	Total	Non-controlling interest	Total equity
Balance as of 31 December 2012		19 834	1 852	1 983	-	(17 054)	6 615	952	7 567
Net profit (loss) for the year		-	-	-	-	(1 272)	(1 272)	127	(1 145)
Other comprehensive income		-	289	-	12 956	-	13 245	197	13 442
Total comprehensive income (loss)		-	289	-	12 956	(1 272)	11 973	324	12 297
Transfer of revaluation surplus to retained earnings		-	-	-	(261)	261	-	-	-
Balance as of 31 December 2013		19 834	2 141	1 983	12 695	(18 065)	18 588	1 276	19 864
Net profit (loss) for the year		-	-	-	-	66	66	111	177
Other comprehensive income (loss)		-	(1 535)	-	-	(79)	(1 614)	52	(1 562)
Total comprehensive income (loss)		-	(1 535)	-	-	(13)	(1 548)	163	(1 385)
Decrease in subsidiaries share capital		-	-	-	-	-	-	(229)	(229)
Transfer of revaluation surplus to retained earnings		-	-	-	(1 241)	1 237	(4)	4	-
Decrease in share capital	2.12, 3.2	(14 834)	-	-	-	14 834	-	-	-
Balance as of 31 December 2014		5 000	606	1 983	11 454	(2 007)	17 036	1 214	18 250

Statements of changes in equity (cont'd)

Company	Notes	Share capital	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Total equity
Balance as of 31 December 2012		19 834	1 983	-	(13 084)	8 733
Net profit (loss) for the year		-	-	-	(2 336)	(2 336)
Other comprehensive income		-	-	7 640	-	7 640
Total comprehensive income (loss)		-	-	7 640	(2 336)	5 304
Transfer of revaluation surplus to retained earnings		-	-	(131)	131	-
Balance as of 31 December 2013		19 834	1 983	7 509	(15 289)	14 037
Net profit (loss) for the year		-	-	-	(829)	(829)
Other comprehensive income (loss)		-	-	-	(79)	(79)
Total comprehensive income (loss)		-	-	-	(908)	(908)
Transfer of revaluation surplus to retained earnings		-	-	(1 103)	1 103	-
Decrease in share capital	2.12, 3.2	(14 834)	-	-	14 834	-
Balance as of 31 December 2014		5 000	1 983	6 406	(260)	13 129

The notes on pages 12 to 73 form an integral part of these financial statements.

General Manager

Gintautas Bareika

Financial Officer

Sonata Šablinskaitė-Braškienė

Statements of cash flows

	Notes	Group Year ended 31 December		Company Year ended 31 December	
		2014	2013	2014	2013
Cash flows from operating activities					
Net profit (loss) for the year		177	(1 145)	(829)	(2 336)
Adjustments for non-cash items:					
Depreciation and amortization		2 643	2 954	2 040	2 290
Impairment of accounts receivable from subsidiaries	4	-	-	1 279	1 307
Impairment of non-current assets	22	(59)	654	-	437
Gain (loss) on disposal of property, plant and equipment and investment property	22	(680)	225	(497)	-
Impairment and write-off of inventories	10	156	448	155	392
Impairment and write-off of accounts receivable		(9)	94	-	94
Provisions for employees benefits	19	125	39	121	35
Interest expense, net of interest income	24	2 688	2 501	2 704	2 352
Income tax (income) expense	26	187	(92)	(78)	(374)
Changes in working capital:					
Decrease (increase) in inventories		59	(1 334)	(803)	(770)
Decrease (increase) in trade receivables		(218)	1 033	(1 980)	(83)
Decrease (increase) in receivables from subsidiaries		-	-	865	787
Decrease (increase) in other receivables and other current assets		56	(1 607)	(99)	(1 393)
(Decrease) increase in trade and other accounts payable		(743)	(1 202)	(1 605)	(1 287)
Decrease (increase) in taxes payable and other current liabilities		(411)	2 327	(63)	1 069
Income tax paid		(168)	-	-	-
Net cash generated from operating activities		3 803	4 895	1 213	2 520
Cash flows from investing activities					
Acquisition of property, plant and equipment		(1 141)	(255)	(705)	(558)
Acquisition of intangible assets		(463)	(36)	-	(36)
Proceeds from sale of property, plant and equipment		2 702	1 829	2 415	1 615
Interest received		1	2	207	-
Net cash flows generated from investing activities		1 099	1 540	1 917	1 021

Statements of cash flows (cont'd)

	Notes	Group Year ended 31 December		Company Year ended 31 December	
		2014	2013	2014	2013
Cash flows from financing activities					
Proceeds from borrowings from subsidiaries	13	-	-	-	834
Proceeds from borrowings	13	6 624	-	6 624	-
Repayment of borrowings and lease payments		(9 973)	(4 301)	(8 726)	(3 242)
Interest paid		(604)	(712)	(828)	(768)
Net cash flows to financing activities		(3 953)	(5 013)	(2 930)	(3 176)
Net increase in cash and cash equivalents		949	1 422	200	365
Cash and cash equivalents at the beginning of the year	14	2 347	925	552	187
Cash and cash equivalents at the end of the year	14	3 296	2 347	752	552

The notes on pages 12 to 73 form an integral part of these financial statements.

General Manager

Gintautas Bareika

Financial Officer

Sonata Šablinskaitė-Braškienė

Notes to the financial statements

1. General information

Utenos Trikotažas AB (hereinafter "the Company") is a joint-stock company registered in the Republic of Lithuania on 6 December 1994. The address of its registered office is as follows:

Basanavičiaus Str. 122,
Utena,
Lithuania

The Company is engaged in production of knit-wear and textile articles.

The shares of Utenos Trikotažas AB are listed on the Official List of the NASDAQ OMX Vilnius Stock Exchange.

As at 31 December 2014 and 2013 the shareholders of the Company were as follows:

	2014		2013	
	Number of shares held	Interest held (%)	Number of shares held	Interest held (%)
UAB Koncernas SBA	2 556	51.12	10 140	51.12
Investment Fund "Amber Trust"	681	13.61	2 700	13.61
Investment Fund "East Capital As- set"	527	10.54	2 091	10.54
Investment Fund "KJK Fund"	276	5.52	1 095	5.52
Other shareholders	960	19.21	3 808	19.21
	5 000	100.00	19 834	100.00

In 2014 the average number of employees of the Company was 740 (2013: 691).

The consolidated group (hereinafter "the Group") consists of the Company and the following subsidiaries:

	Registered address	Group's share (%) as at 31 December 2014 and 2013	Activity
Šatrija AB	Vilniaus Str. 5, Raseiniai	89.78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	90.50	Retail trade
PAT MTF Mrija	Motroso Str. 13, Muk- ačiov, Ukraine	98.95	Production of knitted articles

In 2014 the average number of employees of the Group was 1 143 (2013: 1 086).

The Company's management authorised these financial statements on 9 April 2015. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

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

These financial statements have been prepared on a historical cost basis, except for buildings that have been measured at revalued amounts.

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

The following new and/or amended IFRSs have been adopted by the Group and the Company as of 1 January 2014:

- IAS 27 Separate Financial Statements (Amended)
- IAS 28 Investments in Associates and Joint Ventures (Amended)
- IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities
- IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 10, IFRS 12 and IAS 27 - Investment Entities (Amended)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group and the Company, its impact is described below:

- IFRS 12 *Disclosures of Interests in Other Entities* - IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures are also required such as disclosing the judgments made to determine control over another entity. The amendment did not have any impact on the financial position or performance of the Group and the Company, however it resulted in additional disclosures (see Note 28).

Standards issued but not yet effective

The Group and the Company has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective:

Amendments to IAS 1 *Presentation of financial statements: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The Group and the Company has not yet evaluated the impact of the implementation of this standard.

2.1 Basis of preparation (cont'd)

Amendments to IAS 16 *Property, Plant & Equipment* and IAS 38 *Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendment provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to be an appropriate manifestation of consumption. The implementation of this amendment will have no impact on the financial statements of the Group and the Company, as the Group and the Company do not use revenue-based depreciation and amortisation methods.

Amendments to IAS 19 *Employee Benefits* (effective for financial years beginning on or after 1 February 2015).

The amendments address accounting for the employee contributions to a defined benefit plan. Since the Group's and the Company's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the Group and the Company.

Amendments to IAS 27 *Equity method in separate financial statements* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 9 will eventually replace IAS 39. The IASB has issued the first three parts of the standard, establishing a new classification and measurement framework for financial assets, requirements on the accounting for financial liabilities and hedge accounting. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 - *Investment Entities: Applying the consolidation exception* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The implementation of these amendments will not have any impact on the financial statements of the Group and the Company.

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business and partial gain or loss is recognised when a transaction involves assets that do not constitute a business. The implementation of these amendments will not have any impact on the financial statements of the Group and the Company.

2.1 Basis of preparation (cont'd)

Amendment to IFRS 11 *Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The implementation of this amendment will not have any impact on the financial statements of the Group and the Company, since the Group and the Company have no interests in joint ventures and joint operations.

IFRS 14 *Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

It is an interim standard that provides first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. The implementation of this standard will not have any impact on the financial statements of the Group and the Company.

IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group and the Company have not yet evaluated the impact at the implementation of this standard.

Improvements to IFRSs

In December 2013 IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle, which is a collection of amendments to the following IFRSs (effective for financial years beginning on or after 1 January 2015):

- IFRS 1 *First-time adoption of IFRS*;
- IFRS 3 *Business Combinations*;
- IFRS 13 *Fair value Measurement*;
- IAS 40 *Investment property*.

In December 2013 IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for financial years beginning on or after 1 February 2015):

- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments*;
- IFRS 13 *Fair value Measurement*;
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures*;
- IAS 38 *Intangible Assets*.

In September 2014 IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*;
- IFRS 7 *Financial Instruments: Disclosures*;
- IAS 19 *Employee Benefits*;
- IAS 34 *Interim Financial Reporting*.

The adoption of these amendments may result in changes to accounting policies or disclosures but will not have any impact on the financial position or performance of the Group and the Company.

2.1 Basis of preparation (cont'd)

IFRIC Interpretation 21 Levies (effective for financial years beginning on or after 17 June 2014)

This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. The Group and the Company has not yet evaluated the impact of the implementation of this interpretation.

The Group and the Company plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

2.2 Consolidation

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

Subsidiaries are all investees over which the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed in a business combination.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the Group's internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (hereinafter 'the functional currency'). These financial statements are presented in the litas (LTL), which is the Company's and the Group's functional presentation currency.

With effect from 2 February 2002, the litas has been pegged to the euro at an exchange rate of LTL 3.4528 = EUR 1.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges attributable to exchange differences on those monetary items are also recorded in OCI.

2.4 Foreign currency translation (cont'd)

(c) Group companies

The functional currency of the Group Companies is LTL, except for PAT MTF Mrija, which operates in Ukraine and its functional currency is UAH.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- (iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recycled to profit and loss as part of the gain or loss on sale.

2.5 Intangible assets

(a) Goodwill

After initial recognition (Note 2.2), goodwill is measured at cost less any accumulated impairment losses. Goodwill is included in intangible assets in the statement of financial position. Goodwill is tested annually for impairment (Note 2.8). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives (3 to 5 years).

Computer software development costs recognised as assets are amortised over their estimated useful lives (2 to 5 years).

2.6 Property, plant and equipment

Buildings are stated at revalued amounts less accumulated depreciation and impairment losses. Revaluation of buildings is performed periodically to ensure that the carrying value of buildings does not significantly differ from fair value at the balance sheet date. The latest valuation by professional appraisers was performed on 31 March 2013. As of 31 December 2014, the Management of the Group and the Company considered if there are any indications that the fair value of the revalued assets might differ materially from their carrying amounts, which would require an updated revaluation of the buildings as of 31 December 2014 and concluded that there are no such indications. Therefore, no valuation was performed in 2014.

Any increase in the value of buildings is recorded in the revaluation surplus, except for the cases and only at the amount recovering the revaluation decrease of the same asset that was previously recognised as expenses. In this case it is recognised as income. Any decrease is first set off against increase in the value of the same asset from the previous valuation, and only the remaining difference is recognised as expenses. At write - off or depreciation of revalued assets, the respective part of the revaluation surplus is transferred from the revaluation surplus directly to the retained earnings.

The fair value was measured by independent appraisers based on the market approach (refers to the analogues of sales-purchase transactions). Such method includes using recent arm's length market transactions. Performing the valuation these assumptions were used:

- the asset is disposed in the open market;
- liability for acquired asset has no effect on the value of estimated asset or the part of it;
- the asset is built and/or is used in accordance with the laws' requirements and other local standards.

Assessing the fair value the total market trend, potential clients, the maximum best usage and liquidity of the assets being valued is taken into account. Based on the comparison approach method, the comparison with other asset is done and adjustment ratios are estimated (time, conditions of financing, place, physical depreciation, etc.).

The remaining property, plant and equipment is carried at historical cost, less subsequent accumulated depreciation and impairment loss. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 – 80 years
Structures	15 – 25 years
Motor vehicles	4 – 7 years
Machinery	5 – 15 years
Other property, plant and equipment	2 – 20 years

2.6 Property, plant and equipment (cont'd)

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each reporting date, ensuring that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.8). Impairment of property, plant and equipment as well as reversals of impairment during the year are included into operating expenses in the profit and loss.

Borrowing costs incurred since 1 January 2009 in relation to acquisition of qualifying assets are capitalized. Other borrowing costs are expensed in profit and loss.

Construction in progress is transferred to appropriate groups of property, plant and equipment when it is completed and available for its intended use.

When property is retired or otherwise disposed, the cost and related depreciation are removed from the financial statements and any related gains or losses are determined by comparing proceeds with carrying amount and are included in operating profit.

2.7 Investment property

Property held for long-term rental yields or capital appreciation or both and which is not occupied by the Company and the Group is classified as investment property. Investment property comprises freehold land and buildings.

Investment property is stated at historical cost, less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Land is not depreciated. Buildings are depreciated over their expected useful life of 40 to 70 years using the straight-line method to write off the cost of each asset to its residual value. Depreciation of investment property is included into other activity expenses caption in profit or loss.

Where the carrying amount of an asset is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.8). Impairment of investment property as well as reversals for the year are included into administrative expenses in the profit and loss.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Transfers to, or from, investment property are made when and only when, there is an evidence of a change in use.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Non-financial assets other than goodwill that suffered and impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

2.9 Financial assets

The Group's and the Company's financial assets comprise trade and other receivables, loans granted and investments into subsidiaries.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest method. The Company and the Group assess at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other amounts receivables is described in Note 4.

(b) Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment in separate financial statements. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs to sell and value in use. Amounts receivable from subsidiary are tested for impairment jointly with investments into the subsidiary.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related indirect production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried at nominal value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

(a) Ordinary shares

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

(b) Treasury shares

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid including any attributed incremental external costs is deducted from shareholders' equity as treasury shares until they are sold, reissued, or cancelled. No gain or loss is recognised in profit or loss on the sale, issuance, or cancellation of treasury shares. Where such shares are subsequently sold or reissued, any consideration received is presented in the consolidated financial statements as a change in shareholders' equity.

2.13 Reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising on consolidation of financial statements of foreign subsidiaries. Exchange differences are classified as equity in the consolidated financial statements until disposal of the investment. Upon disposal of the corresponding assets, the cumulative revaluation of translation reserves is recognised as income or expenses in the same period when the gain or loss on disposal is recognised.

(b) Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. These reserves can be used only for the purposes approved by annual general meeting of shareholders.

2.13 Reserves (cont'd)

Legal reserve is included into other reserves. Legal reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5 per cent of net result are required until the reserve reaches 10 per cent of share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

(c) Reserve for acquisition of treasury shares

This reserve is maintained as long as the Company and the Group is involved in acquisition/ disposal of its treasury shares. This reserve is compulsory under the Lithuanian regulatory legislation and should not be lower than the nominal value of treasury shares acquired.

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method (except for the capitalised part – Note 2.6).

Borrowings are classified as current liabilities unless the Company or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.16 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group/ the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group/ the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group/ the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group/ the Company could be required to repay.

2.16 Derecognition of financial assets and liabilities (cont'd)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.17 Convertible bonds

Convertible bonds are compound financial instruments that can be converted to shares at the option of the holder of bonds and the number of shares issued does not change in case of changes in their fair value.

A liability component of the compound financial instrument is initially stated at fair value with reference to similar liabilities without the conversion option. An equity component is initially recognised as a difference between the fair value of the compound financial instrument and the estimated fair value of the liability component. All directly attributable transaction costs are assigned to liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, a liability component of the compound financial instrument is measured at amortised cost using the effective interest method. An equity component of the compound financial instrument is not remeasured subsequent to initial recognition, except for upon conversion or when the conversion option expires.

2.18 Income tax

(a) Current tax

The Group companies are taxed individually irrespective of the overall results of the Group.

Income tax expense reported in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania and the Republic of Ukraine.

Profit for the year 2014 of the Group's subsidiaries that operate in Lithuania is taxable at a rate of 15 per cent (2013: 15 per cent), corporate income tax rate in Ukraine is 18 per cent (2013 -19 per cent).

In accordance with tax legislation of the Republic of Lithuania, starting from 1 January 2008 taxable losses, except for losses related to transfer of securities and/ or financial instruments may be brought forward for an unlimited period. Starting from 1 January 2014 the tax loss carry forward that is deducted cannot exceed 70% of the current financial years taxable profit. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

2.18 Income tax (cont'd)

In accordance with tax legislation of the Republic of Ukraine, starting from 2012 tax losses can be carried forward by 25 per cent of taxable losses for an unlimited period.

(b) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

(a) Finance lease - where the Company or the Group is the lessee

Leases of property, plant and equipment where the Company or the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

(b) Operating lease - where the Company or the Group is the lessee or the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

2.19 Leases (cont'd)

Payments received under operating leases (net of any incentives given to the lessee) are credited to profit and loss on a straight-line basis over the period of the lease. Properties (land and buildings) leased out under operating leases are included in investment property in the statement of financial position (Note 2.7).

2.20 Employee benefits

(a) Social security contributions

The Company and the Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in staff costs.

(b) Bonus plans

The Company or the Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Non-current employee benefits

According to the requirements of the Lithuanian Labour Code, each employee leaving the Company at the age of retirement is entitled to a one-off payment amounting to two-month salary.

Current year cost of employee benefits is recognised as incurred in the statement of comprehensive income. The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

Employee benefit obligations are calculated based on actuarial assumptions, using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Obligation is recognised in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's and the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

2.21 Revenue recognition (cont'd)

(a) Sales of goods

Revenue from sales of goods is recognised only when substantially all risks and benefits arising from ownership of goods are transferred to the customer and amount of revenue can be estimated reliably.

(b) Sewing services

Revenue from sewing services is recognised when the service has been completed.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company or the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Payments received under operating leases (net of any incentives given to the lessee) are credited to profit and loss on a straight-line basis over the period of the lease (Note 2.19).

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.23 Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing net profit (losses) attributed to the equity holders of the Company from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Group and held as treasury shares.

2.24 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.25 Subsequent events

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

3. Financial risk management

3.1 Financial risk factors

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Group and the Company. Risk management is carried out by the Group's Board and management.

Financial instruments by classes

	Group		Company	
	31 December		31 December	
Assets reported in the statements of financial position	2014	2013	2014	2013
Non-current amounts receivable from subsidiaries	-	-	5 044	6 221
Non-current trade and other receivables	7	24	-	-
Trade receivables	4 509	4 282	3 510	2 809
Cash and cash equivalents	3 296	2 347	752	552
	<u>7 812</u>	<u>6 653</u>	<u>9 306</u>	<u>9 582</u>

	Group		Company	
	31 December		31 December	
Liabilities reported in the statements of financial position	2014	2013	2014	2013
Borrowings	5 290	8 606	5 290	7 392
Borrowings from subsidiaries	-	-	6 284	6 284
Convertible bonds issued	15 018	12 932	15 018	12 932
Trade payables	3 516	3 791	3 450	3 396
Amounts payable to subsidiaries	-	-	493	100
Amounts payable to other related parties	1 078	4 173	1 069	3 197
Accrued expenses and other current liabilities and other payables (Note 20)	2 149	1 773	1 842	1 527
	<u>27 051</u>	<u>31 275</u>	<u>33 446</u>	<u>34 828</u>

3.1 Financial risk factors (cont'd)

(a) Market risk

(i) Monetary assets and monetary liabilities foreign exchange risk

Group	2014		2013	
	31 December		31 December	
	Assets	Liabilities	Assets	Liabilities
LTL	1 690	9 061	780	12 160
USD	174	65	3	31
GBP	2	10	-	-
UAH	350	593	393	1 054
SEK	-	-	-	1
EUR	5 596	22 903	6 150	24 539
	7 812	32 632	7 326	37 785

Company	2014		2013	
	31 December		31 December	
	Assets	Liabilities	Assets	Liabilities
LTL	449	7 105	465	9 117
USD	174	65	-	31
GBP	2	10	-	-
UAH	5	-	8	-
SEK	-	-	-	1
EUR	8 676	29 156	13 414	29 291
	9 306	36 336	13 887	38 440

The Group and the Company operates internationally and carries out a significant part of its transactions in euros. With effect from 2 February 2002, the litas has been pegged to the euro at an exchange rate of LTL 3.4528 = EUR 1, therefore the management believes that entities operating in Lithuania are not exposed to currency exchange risk related to euro.

Foreign exchange risk for the Group's and the Company's activity is reduced by matching sales transactions and accounts receivable dominated in euros to purchase transactions, accounts payable and borrowings denominated in euro.

The Ukrainian subsidiary incurred a foreign exchange loss amounting to LTL 9 157 thousand during the year ended 31 December 2014 (2013: incurred a foreign exchange loss amounting to LTL 1 060 thousand) due to fluctuations in the official exchange rate of Ukrainian hryvnia (UAH) to EUR set by the National Bank of Ukraine.

3.1 Financial risk factors (cont'd)

From the beginning of the year 2014 due to the geo-political situation in Ukraine and significant drop in the value of UAH against EUR, the Management of the Group and the Company re-designated loan granted, related interests and other long term receivables as a part of net investment in Mrija PAT MTF, considering that the repayment of these amounts is not expected for the foreseeable future. Accordingly gains (losses) arising from foreign exchange related to the monetary items considered to be part of net investment into foreign operation is accounted in Group's consolidated financial statements through other comprehensive income (loss).

Amount of monetary items attributed to net investment amounts to LTL 11.9 million (EUR 3.5 million) as of 31 December 2014 and foreign currency exchange difference related to this amount for the year 2014 comprises LTL 6.6 million (EUR 1.9 million), which is accounted in the Group's consolidated financial statements through other comprehensive (losses).

Other comprehensive income (loss) from foreign currency translation disclosed in the consolidated Statements of comprehensive income:

Foreign currency exchange difference on monetary items attributed to net investments	6 602
Foreign currency translation reserve on other items	(8 137)
Other comprehensive income, net	(1 535)

The following table demonstrates the sensitivity to a reasonably possible change in UAH exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets. The impact on the Group's pre-tax equity is due to changes in the fair value of net investment. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in UAH rate	Effect on profit before tax	Effect on pre-tax equity (excludes the impact from the change in result)
2014	+ 5 %	Decrease by 7 %	Decrease by 5 %
	- 5%	Increase by 7 %	Increase by 5 %
2013	+ 5 %	Decrease by 5 %	-
	- 5%	Increase by 5 %	-

(ii) Cash flow interest rate risk

Borrowings with variable interest rates expose the Company and the Group to cash flow interest rate risk. Borrowings with variable interest rates of the Company and the Group in 2014 and 2013 were denominated in LTL and EUR.

The Group and the Company analyses their interest rate exposure on an annual basis. The Group and the Company calculates the impact on profit or loss by multiplying year-end balances of interest-bearing loans granted borrowings (including finance lease payables) by the estimated interest rate shift. Except for the current year's profit (loss), there is no impact on the equity of the Group and the Company.

Based on the simulations performed, the impact of a 0.5 percentage point increase/decrease in interest rates on the Company's and the Group's net result would be an increase/decrease at maximum of LTL 58 thousand (2013: LTL 133 thousand) and LTL 26 thousand (2013: LTL 108 thousand), respectively, mainly as a result of higher/lower interest expense/income on borrowings and loans granted.

3.1 Financial risk factors (cont'd)

(b) Credit Risk

i) Maximum exposure to credit risk

Credit risk arises from cash balances at bank, loans granted and trade receivables.

The table below summarises all credit risk exposures related to financial position items of the Group and the Company. Maximum exposure to credit risk before collateral held or other credit enhancements:

	Group		Company	
	31 December		31 December	
	2014	2013	2014	2013
Cash and cash equivalents (Note 14)	3 296	2 339	752	546
Current loans and trade receivables (Notes 28 and 11)	4 509	4 282	3 510	2 809
Non-current loans granted and amounts receivable	7	24	5 044	10 360
Total	7 812	6 645	9 306	13 715

ii) Credit quality of financial assets

The Group chooses the banks and financial institutions with a Fitch rating not lower than A+.

The credit quality of trade customers is assessed in view of their financial position, history of co-operation with them and other facts.

The credit quality of financial assets that are neither past due nor impaired can be assessed considering independent credit ratings (if any) or historical data on their performance.

(a) Trade receivables – trade customers with no independent rating

	Group		Company	
	31 December		31 December	
	2014	2013	2014	2013
New trade customers (up to 12 months)	324	352	324	352
Current trade customers (more than 12 months) who duly fulfilled their obligations in the past	4 185	3 930	3 186	2 457
Total accounts receivable	4 509	4 282	3 510	2 809

3.1 Financial risk factors (cont'd)

b) Cash and cash equivalents, excluding cash on hand.

	Group		Company	
	31 December		31 December	
	2014	2013	2014	2013
A and above *	3 108	2 183	668	534
No rating	107	156	6	12
Total	3 215	2 339	674	546

* Independent ratings established by Fitch agency.

Loans granted and trade receivables that are past due are not treated as impaired when the Group's and the Company's management expects to recover these receivables.

The ageing analysis of current trade receivables and loans is given in the table below:

	Group		Company	
	31 December		31 December	
	2014	2013	2014	2013
Not past due receivables	2 609	3 571	1 802	2 198
Past due not impaired				
Past due up to 30 days	1 743	663	1 552	564
Past due 31-60 days	100	7	100	7
Past due 61-180 days	55	28	55	28
Past due more than 181 days	2	13	1	12
Total past due not impaired	1 900	711	1 708	611
Overdue and impaired				
Past due more than 181 days	464	560	391	486
Impairment allowance for trade receivables	(464)	(560)	(391)	(486)
Total accounts receivable	4 509	4 282	3 510	2 809

The Company's non-current accounts receivable consist of amounts receivable and loans from subsidiary PAT MTF Mrija, which at 31 December 2014 before impairment allowances accounted to LTL 17 735 thousand, after allowances LTL 9 495 thousand. Receivables from PAT MTF Mrija as of 31 December 2013 before impairment allowances amounted to LTL 17 321 thousand, after allowances LTL 10 360 thousand.

As at 31 December 2014 and 2013 these receivable amounts from subsidiary were past due for more than one year and there were impairment allowances made of LTL 8 240 thousand (in 2013 impairment allowances made of LTL 6 961 thousand).

The Group did not have material non-current receivables and loans granted as at 31 December 2014 and 2013.

3.1 Financial risk factors (cont'd)

(c) Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit lines to meet its commitments at a given date in accordance with its strategic plans.

Group's current assets exceeded its current liabilities by 3 427 thousand LTL (current liabilities exceeded its current assets by LTL 3 063 thousand as at 31 December 2013 and current liabilities exceeded its current assets, including non-current assets held for sale, by 2 001 thousand LTL at 31 December 2013). Group's liquidity (current assets / current liabilities) and quick ((current assets - inventory) / current liabilities) ratios as at 31 December 2014 were 1.21 and 0.50 respectively (0.86 and 0.33 as at 31 December 2013 respectively). Company's (AB Utenos trikotazas) current assets exceeded its current liabilities by 387 thousand as at 31 December 2014 (current liabilities exceeded its current assets by LTL 3 984 thousand as at 31 December 2013 and current liabilities exceeded its current assets, including non-current assets held for sale, by 2 922 thousand as at 31 December 2013). Company's liquidity (current assets / current liabilities) and quick ((current assets - inventory) / current liabilities) ratios as at 31 December 2014 were 1.03 and 0.31 respectively (0.78 and 0.21 as at 31 December 2013 respectively).

On 26 November 2014 the Company and AB DNB entered into a long-term loan agreement according to which the Company will be granted a loan of EUR 4 634 000. The loan term – 5 years. The funds will be used to refinance the Company's financial liabilities in respect of UAB "Swedbank lizingas" and to fulfil the Company's settlement obligations in respect of the convertible bonds holders (i.e. to pay the redemption price of the convertible bonds to be redeemed).

The table below summarises the Group's and the Company's financial liabilities. The financial liabilities are classified into relevant maturity groupings based on the remaining period to the contractual maturity date.

The amounts disclosed in the table are contractual undiscounted cash flows. Accounts payable and other financial liabilities due within 3 months or less are equal to their carrying balances as the impact of discounting is insignificant.

Group

31 December 2014	Up to 3 months	3-12 months	1-5 years	Total
Borrowings from banks including future interests	-	2 003	3 761	5 764
Convertible bonds issued	4 503	-	11 060	15 563
Trade payables and other financial liabilities	6 733	-	-	6 733
	11 236	2 003	14 821	28 060
31 December 2013	Up to 3 months	3-12 months	1-5 years	Total
Borrowings from banks	369	962	-	1 331
Finance lease liabilities	736	6 891	-	7 627
Convertible bonds issued	-	-	15 018	15 018
Trade payables and other financial liabilities	9 737	-	-	9 737
	10 842	7 853	15 018	33 713

3.1 Financial risk factors (cont'd)

Company

31 December 2014	Up to 3 months	3-12 months	1-5 years	Total
Borrowings from Banks	-	2 003	3 761	5 764
Convertible bonds issued	4 503	-	11 060	15 563
Borrowings from subsidiaries	-	-	6 777	6 777
Trade payables and other financial liabilities	6 347	-	-	6 347
	10 850	2 003	21 598	34 451

31 December 2013	Up to 3 months	3-12 months	1-5 years	Total
Finance lease liabilities	736	6 891	-	7 627
Convertible bonds issued	-	-	15 018	15 018
Borrowings from subsidiaries	-	-	6 385	6 385
Trade payables and other financial liabilities	8 220	-	-	8 220
	8 956	6 891	21 403	37 250

3.2 Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company defines its capital as equity and debt, including financial lease, less cash and cash equivalents. As at 31 December the Group's and the Company's capital structure was as follows:

	Group		Company	
	31 December		31 December	
	2014	2013	2014	2013
Total borrowings and convertible bonds issued	20 308	21 538	26 592	26 608
Less: cash and cash equivalents	(3 296)	(2 347)	(752)	(552)
Net debt	17 012	19 191	25 840	26 056
Total equity	18 250	19 864	13 129	14 037
Total capital	35 262	39 055	38 969	40 093

3.2 Capital management (cont'd)

Utenos trikotazas AB

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than LTL 150 thousand (LTL 10 thousand for a private company) and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2014, the Company and its subsidiaries registered in Lithuania complied with these requirements.

Extraordinary General Meeting of the Company (Utenos trikotazas AB), Shareholders held on 8 December 2014, decided to reduce the Company's share capital from 19 834 442 LTL to LTL 5 000 000. Thereby, the Company's share capital is reduced by the amount equal to LTL 14 834 442.

The purpose of reduction of the Company's share capital - to eliminate the losses recorded in the Statement of financial position of the Company.

The decrease in share capital of the Company was done through cancellation of the Company's shares.

Šatrija AB

Extraordinary General Meeting of Šatrija AB, Shareholders held on 8 December 2014, decided to reduce the Company's share capital from LTL 10 420 551 to LTL 8 170 500. Thereby, the company's share capital is reduced by the amount equal to LTL 2 250 051.

Company's subsidiary's Šatrija, AB retained earnings as at 31 December 2014 were positive, due to net-off of retained losses with share capital.

Mrija PAT MTF

The shareholders' equity of the subsidiary registered in Ukraine was negative as at 31 December 2014 and 31 December 2013. Pursuant to the Ukrainian laws, a company may be put into liquidation when its shareholders' equity becomes less than the minimal amount of authorised share capital as defined in the Law on Companies on the moment of the company's registration. As at 31 December 2014 and 31 December 2013, the shareholders' equity of this subsidiary was less than the statutory minimal amount of authorised share capital. If the Company decides on its liquidation, creditors may claim early termination or the execution of the company's liabilities and compensation of losses, if any. In practice, such actions of the creditors are not usual and the management of the Group considers such risk as remote. On the date of these financial statements there were no decisions made or actions taken concerning PAT MTF Mrija negative shareholders' equity.

3.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

3.3 Fair value measurement (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's and the Company's management at each reporting date. For the purpose of fair value disclosures, the Group and the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

The Group's and the Company's buildings fair value was estimated under the second level of fair value hierarchy (Note 7 and Note 8).

The Group's and the Company's bonds fair value was estimated under the second level of fair value hierarchy (Note 18).

Trade payables and receivables, except for receivables from subsidiaries, accounted for in the Group's and the Company's statement of financial position should be settled within a period shorter than three months, therefore, it is deemed that their fair value equals their carrying amount as at 31 December 2014 and 2013.

The fair value of receivables from subsidiaries and loans granted to the subsidiary by the Company is estimated discounting expected cash flows at market interest rates (Note 4), therefore, management estimates that their fair value approximates carrying amounts as at 31 December 2014 and 2013.

Interest rate on the loans received by the Group and the Company, as well as on finance lease payables, is subject to repricing at least every six months, therefore, it is deemed that their fair value equals their carrying amount.

According to the Managements estimation fair value of the Group's and the Company's bonds are close to their book value as at 31 December 2014 (Note 18).

4. Critical accounting estimates and judgments

The Company and the Group make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

a) Going concern assumption

During the year 2014, the Group earned net profit of LTL 177 thousand and the Company incurred a net loss of LTL 829 thousand (2013: the Group incurred loss of LTL 1 145 thousand, Company incurred net loss of LTL 2 336 LTL thousand).

At the end of the reporting financial year, the Group's and the Company's current assets exceeded current liabilities by LTL 3 427 thousand and LTL 387 thousand, respectively (as at 31 December 2013 the Group's and the Company's current liabilities exceeded current assets by LTL 3 063 thousand and LTL 3 984 thousand, respectively).

There are no uncertainties about the Company's and the Group's ability to continue as a going concern as at 31 December 2014.

(b) Estimates of recoverable amounts of goodwill and investments in subsidiaries

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy described in Note 2.8. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require the use of estimates.

Investment in the subsidiary Šatrija AB and related goodwill

After testing for impairment there was no impairment detected for the investment into the subsidiary Šatrija AB and related goodwill. Key assumptions used in the impairment assessment are disclosed in Note 6. If reasonably worsened inputs were to be used in impairment testing, no impairment had been detected.

Investment in the subsidiary PAT MTF Mrija and related goodwill

As at 31 December 2014 and 2013 costs of investment (not including loans and receivables designated as part of net investment as disclosed in Note 3.1) into subsidiary PAT MTF Mrija in the Companies separate financial statements before impairment allowances accounted to LTL 7 578 thousand, after allowances to LTL 0.

4. Critical accounting estimates and judgments (cont' d)

Amounts receivable from subsidiary PAT MTF Mrija were tested for impairment jointly with investment into the subsidiary. As at 31 December 2014, receivables from PAT MTF Mrija before impairment allowances accounted to LTL 17 735 thousand, after allowances LTL 9 495 thousand. In 2014 additional allowances of LTL 1 279 thousand were made (in 2013 additional allowances of LTL 1 307 thousand were made and LTL 4 176 thousand before 2013). Receivables from PAT MTF Mrija as of 31 December 2013 before impairment allowances amounted to LTL 17 321 thousand, after allowances LTL 10 360 thousand.

As at 31 December 2014 and 2013 the recoverable amount of the cash-generating unit has been determined based on the value in use which was determined using cash flow projections approved by the management and covering a five year period.

After testing for impairment there was no impairment detected for the subsidiary Mrija PAT MTF related to goodwill, which has a carrying value of LTL 1 112 thousand as of 31 December 2014 and LTL 1 888 thousand as at 31 December 2013 in consolidated amounts. Key assumptions used in the impairment assessment are disclosed below. If reasonably worsened inputs were to be used in impairment testing, no impairment of goodwill had been detected.

Based on current industry situation and past experience, the Group's management included the following key inputs in the impairment test as at 31 December 2014: increase in revenue from manufacturing activities of PAT MTF Mrija by 10.3 per cent in 2014 comparing with 2015 and increase by 10.0 - 20.0 per cent starting from 2015, maintaining a gross profit of 44-36 per cent.

Based on current industry situation and past experience, the Group's management included the following key inputs in the impairment test as at 31 December 2013: increase in revenue from manufacturing activities of PAT MTF Mrija by 3.7 per cent in 2014 comparing with 2013 and increase by 10.0 - 30.0 per cent starting from 2015, maintaining a gross profit of 22-34 per cent.

The pre-tax discount rate applied to cash flow projections is 23 per cent (in 2014) and cash flows beyond 5-year period are extrapolated using a 4 per cent constant growth rate that reflects the best estimate of the management based on current industry situation as at 31 December 2014. Cash flows also included the amount of LTL 2.3 million expected to be received by the Group on the disposal of equipment and buildings that are not used in the activities of PAT MTF Mrija as at 31 December 2014.

The pre-tax discount rate applied to cash flow projections is 21 per cent (in 2013) and cash flows beyond 5-year period are extrapolated using a 4 per cent constant growth rate that reflects the best estimate of the management based on current industry situation as at 31 December 2013. Cash flows also included the amount of LTL 3.6 million expected to be received by the Group on the disposal of equipment and buildings that are not used in the activities of PAT MTF Mrija as at 31 December 2013.

4. Critical accounting estimates and judgments (cont' d)

In the opinion of the Group's management, the most important and most sensitive assumptions are the discount rate and revenue growth. The sensitivity analysis to these assumptions is provided below.

Increase of pre-tax discount rate applied to the discounted cash-flows by 1 percentage point (i.e. from 23 per cent to 25 per cent, with all other inputs remaining stable) would result in an additional impairment loss of amount receivable from subsidiary amounting to LTL 380 thousand as at 31 December 2014 (investment would not change as it is impaired to zero) in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Increase of pre-tax discount rate applied to the discounted cash-flows by 1 percentage point (i.e. from 21 per cent to 22 per cent, with all other inputs remaining stable) would result in an additional impairment loss of amount receivable from subsidiary amounting to LTL 528 thousand as at 31 December 2013 (investment would not change as it is impaired to zero). There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in revenue growth from manufacturing activities during 2015 by 10.3 percentage point (i.e. from 10.3 per cent to 0 per cent, with all other inputs remaining stable) would result in an additional impairment loss of amounts receivables from subsidiary amounting to LTL 2 250 thousand as at 31 December 2014 in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in revenue growth from manufacturing activities during 2014 by 3.7 percentage point (i.e. from 3.7 per cent to 0 per cent, with all other inputs remaining stable) would result in an additional impairment loss of amounts receivables from subsidiary amounting to LTL 1 352 thousand as at 31 December 2013. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in revenue growth from manufacturing activities starting from 2016 to 5.0 percentage point (i.e. from 10-20 per cent to 5 per cent, with all other inputs remaining stable) would result in an additional impairment loss of amounts receivables from subsidiary amounting to LTL 2 470 thousand as at 31 December 2014 in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in revenue growth from manufacturing activities starting from 2015 to 5.0 percentage point (i.e. from 10-30 per cent to 5 per cent, with all other inputs remaining stable) would result in an additional impairment loss of amounts receivables from subsidiary amounting to LTL 4 317 thousand as at 31 December 2013. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

5. Segment information

The Group has three main business segments: production of knitted articles, production of working clothes and retail of knitted articles.

In assessing operational performance of segments the Group's Board takes into account the sales revenue, gross profit, EBITDA (earnings before financial activity result, tax, depreciation and amortisation), profit (loss) ratios, therefore the report on the Group's segments discloses these items in respect of each segment. As the Board also assesses other items of the statement of comprehensive income by each segment, these items are presented in the report on the Group's segments. Inter-segment transactions are eliminated on consolidation.

2014	Production of knitted articles	Production of working clothes	Retail of knitted articles	Eliminations	Total
External sales	9	12 002	727	-	68 248
Internal sales	1 838	52	-	(1 890)	-
Total revenue	57 357	12 054	727	(1 890)	68 248
Gross profit	10 797	3 169	318	-	14 284
EBITDA	5 998	2 198	68	-	8 264
Profit (loss) for the year	(1 749)	1 815	111	-	177
Depreciation and amortization	2 345	298	-	-	2 643
Impairment and write-off (reversal) of inventories	156	2	-	-	158
Interest expenses	3 213	-	-	(524)	2 689
Income tax	(168)	335	20	-	187
Total segment assets	42 027	14 460	1 681	(6 777)	51 391
Total segment liabilities	37 891	1 982	45	(6 777)	33 141

2013	Production of knitted articles	Production of working clothes	Retail of knitted articles	Eliminations	Total
External sales	57 208	11 730	610	-	69 548
Internal sales	3 389	44	-	(3 433)	-
Total revenue	60 597	11 774	610	(3 433)	69 548
Gross profit	8 473	2 925	273	-	11 671
EBITDA	3 599	1 912	24	-	5 535
Profit (loss) for the year	(2 538)	1 320	73	-	(1 145)
Depreciation and amortization	2 694	260	-	-	2 954
Impairment and write-off (reversal) of accounts receivable	94	-	-	-	94
Impairment and write-off (reversal) of inventories	395	53	-	-	448
Interest expenses	2 774	-	-	(271)	2 503
Income tax	(395)	289	14	-	(92)
Total segment assets	48 751	14 007	1 557	(6 384)	57 932
Total segment liabilities	41 075	3 344	32	(6 384)	38 068

5. Segment information (cont'd)

	2014	2013	2012
EBITDA	8 264	5 535	2 182
Depreciation and amortization	(2 643)	(2 954)	(2 836)
Impairment as a result of change in buildings accounting policy	-	(251)	-
Operating (loss) profit	5 621	2 330	(654)
Interest expenses	(2 689)	(2 503)	(2 358)
Other finance cost, net	(2 568)	(1 064)	(568)
Profit (loss) for the year before income tax	364	(1 237)	(3 580)

The measurement and recognition policies used for preparation of management's reports are the same as those used in these financial statements.

The Group's and the Company's revenue from one customer exceeding 10 per cent of total sales in 2014 and 2013 was as follows:

Customer	Region	Group		Company	
		Percentage of total sales (%)		Percentage of total sales (%)	
		2014	2013	2014	2013
Customer 1	Western Europe	14	14	17	17
Customer 2	Western Europe	12	14	15	17

Revenue from these customers is attributed to production of knitted articles segment.
The table below summarizes the Group's revenues geographically:

2014	Western Europe	Lithuania	Other regions	Total
Sales of the Group	54 262	7 708	6 278	68 248

2013	Western Europe	Lithuania	Other regions	Total
Sales of the Group	57 570	6 529	5 449	69 548

The majority of Group sales were performed to Western Europe customers. In 2014, 21 per cent of total sales was to Swedish customers (2013: 22 per cent) and 17 per cent - to Austrian customers (2013: 20 per cent - to German customers).

The Group's assets (except for the assets of subsidiary PAT MTF Mrija located in the Republic of Ukraine) are located in the Republic of Lithuania. The carrying amount of property, plant and equipment located in Ukraine was LTL 4 782 thousand as at 31 December 2014 (LTL 8 787 thousand as at 31 December 2013).

UTENOS TRIKOTAŽAS AB, company code 183709468, J. Basanavičiaus Str. 122, Utena, Lithuania
NOTES TO THE CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts are in LTL thousand unless otherwise stated)

6. Intangible assets

	Goodwill, re- lated to PAT MTF Mrija	Group Goodwill, re- lated to Šatrija AB	Other intan- gible as- sets	Total	Company Other in- tangible assets
Cost:					
Balance as at 31 December 2012	2 002	1 522	3 800	7 324	3 278
Additions	-	-	36	36	36
Foreign currency translation differences	(114)	-	-	(114)	-
Balance as at 31 December 2013	1 888	1 522	3 836	7 246	3 314
Additions	-	-	463	463	33
Disposals and write-offs	-	-	(352)	(352)	-
Foreign currency translation differences	(776)	-	-	(776)	-
Balance as at 31 December 2014	1 112	1 522	3 947	6 581	3 347
Amortization and impairment:					
Balance as at 31 December 2012	-	129	3 665	3 794	3 143
Charge for the year	-	-	100	100	100
Balance as at 31 December 2013	-	129	3 765	3 894	3 243
Charge for the year	-	-	48	48	47
Disposals and write-offs	-	-	(352)	(352)	-
Balance as at 31 December 2014	-	129	3 461	3 590	3 290
Net book value as at 31 December 2012	2 002	1 393	135	3 530	135
Net book value as at 31 December 2013	1 888	1 393	71	3 352	71
Net book value as at 31 December 2014	1 112	1 393	486	2 991	57

The Company and the Group have no internally generated intangible assets. Amortization expenses of intangible assets are included within general and administrative expenses in profit and loss.

As at 31 December 2014, the acquisition cost of intangible assets of the Group and the Company that were fully amortised but still in use amounted to LTL 3 311 thousand and LTL 3 220 thousand, respectively (LTL 3 540 thousand and LTL 3 033 thousand, respectively as at 31 December 2013).

6. Intangible assets (cont'd)

For the purpose of annual goodwill impairment assessment goodwill is allocated to the following two cash generating units.

a) Goodwill related to the subsidiary Šatrija AB

Goodwill related to subsidiary Šatrija AB is attributable to the segment of production of working clothes.

As at 31 December 2014 and 2013 the recoverable amount of Šatrija, AB cash-generating unit has been determined based on a value in use which was determined using cash flow projections approved by the management and covering a five year period. Projected revenues were discounted using 15.3 per cent pre-tax discount rate, while cash flows beyond the five-year period were extrapolated using a 2 per cent growth rate that reflects the best estimate of the management based on the present situation of this business sector.

According to the impairment test results, the Group did not account for any goodwill impairment for this goodwill as at 31 December 2014 and 2013.

As at 31 December 2014 and 2013, the most important and most sensitive assumptions in the carrying value of the goodwill are the discount rate and revenue growth. Reasonable change in these assumptions would not result in an impairment of goodwill as at 31 December 2014 and 2013.

b) Goodwill related to the subsidiary PAT MTF Mrija

Goodwill related to subsidiary PAT MTF Mrija is partly attributable to the segment of production of knitted articles.

Based on the impairment test performed, no impairment needed to be recognised on the goodwill arising from investment in PAT MTF Mrija (Note 4).

UTENOS TRIKOTAŽAS AB, company code 183709468, J. Basanavičiaus Str. 122, Utena, Lithuania
NOTES TO THE CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts are in LTL thousand unless otherwise stated)

7. Property, plant and equipment

Group	Land	Build-ings	Structures	Vehicles and other property, plant and equipment	Con-struction in progress	Total
Cost or revalued amount:						
Balance as at 31 December 2012	15	13 781	1 017	79 544	10	94 367
Transfer *	-	(6 610)	-	-	-	(6 610)
Additions	-	47	-	191	17	255
Disposals and write-offs	-	-	-	(730)	-	(730)
Foreign currency translation differences	-	(605)	(25)	(456)	-	(1 086)
Revaluation (Note 2.26)	-	15 330	-	-	-	15 330
Reversals and write-offs	-	-	-	47	-	47
Reclassification from investment property (Note 8)	-	599	-	-	-	599
Reclassification to non-current asset held for sale (Note 13)	-	(1 211)	-	-	-	(1 211)
Reclassification	-	-	-	(397)	397	-
Balance as at 31 December 2013	15	21 331	992	78 199	424	100 961
Additions	-	-	-	1 136	5	1 141
Disposals and write-offs	-	(824)	-	(3 480)	-	(4 304)
Reversals and write-offs	-	-	-	(11)	-	(11)
Foreign currency translation differences	-	(3 210)	(178)	(2 700)	(2)	(6 090)
Reclassification	-	-	-	414	(414)	-
Balance as at 31 December 2014	15	17 297	814	73 558	13	91 696
Accumulated depreciation:						
Balance as at 31 December 2012	-	6 548	749	64 793	-	72 090
Transfer *	-	(6 610)	-	-	-	(6 610)
Charge for the year	-	556	43	2 307	-	2 906
Disposals and write-offs	-	-	-	(516)	-	(516)
Reclassification from investment property (Note 8)	-	254	-	-	-	254
Reclassification to non-current asset held for sale (Note 13)	-	(149)	-	-	-	(149)
Foreign currency translation differences	-	(74)	(15)	(312)	-	(401)
Balance as at 31 December 2013	-	525	777	66 272	-	67 574
Charge for the year	-	555	42	2 032	-	2 629
Disposals and write-offs	-	(312)	-	(3 032)	-	(3 344)
Foreign currency translation differences	-	(552)	(139)	(1 879)	-	(2 570)
Balance as at 31 December 2014	-	216	680	63 394	-	64 289
Impairment						
Balance as at 31 December 2012	-	30	-	-	-	30
Balance as at 31 December 2013	-	44	-	-	-	44
Balance as at 31 December 2014	-	44	-	-	-	44
Net book value as at 31 December 2012	15	7 203	268	14 751	10	22 247
Net book value as at 31 December 2013	15	20 762	215	11 927	424	33 343
Net book value as at 31 December 2014	15	17 037	134	10 164	13	27 363

UTENOS TRIKOTAŽAS AB, company code 183709468, J. Basanavičiaus Str. 122, Utena, Lithuania
NOTES TO THE CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts are in LTL thousand unless otherwise stated)

7. Property, plant and equipment (cont'd)

Company	Land	Buildings	Structures	Vehicles and other property, plant and equipment	Construction in progress	Total
Cost or revalued amount:						
Balance as at 31 December 2012	15	7 192	571	65 262	-	73 040
Transfer *	-	(3 109)	-	-	-	(3 109)
Additions	-	-	-	144	414	558
Disposals and write-offs	-	-	-	(146)	-	(146)
Reclassification from investment property (Note 8)	-	599	-	-	-	599
Reclassification to non-current asset held for sale (Note 13)	-	(1 211)	-	-	-	(1 211)
Revaluation (Note 2.26)	-	8 910	-	-	-	8 910
Balance as at 31 December 2013	15	12 381	571	65 260	414	78 641
Additions	-	-	-	667	5	672
Disposals and write-offs	-	(823)	-	(2 952)	-	(3 775)
Reclassification to non-current asset held for sale (Note 13)	-	-	-	414	(414)	-
Balance as at 31 December 2014	15	11 558	571	63 389	5	75 538
Accumulated depreciation:						
Balance as at 31 December 2012	-	3 085	455	54 474	-	58 014
Transfer *	-	(3 109)	-	-	-	(3 109)
Charge for the year	-	249	31	1 925	-	2 205
Disposals and write-offs	-	-	-	(147)	-	(147)
Reclassification from investment property (Note 8)	-	254	-	-	-	254
Reclassification to non-current asset held for sale (Note 13)	-	(149)	-	-	-	(149)
Balance as at 31 December 2013	-	330	486	56 252	-	57 068
Charge for the year	-	271	31	1 732	-	2 034
Disposals and write-offs	-	(313)	-	(2 606)	-	(2 919)
Balance as at 31 December 2014	-	288	517	55 378	-	56 183
Impairment:						
Balance as at 31 December 2012	-	30	-	-	-	30
Balance as at 31 December 2013	-	30	-	-	-	30
Balance as at 31 December 2014	-	30	-	-	-	30
Net book value as at 31 December 2012	15	4 077	116	10 788	-	14 996
Net book value as at 31 December 2013	15	12 021	85	9 008	414	21 543
Net book value as at 31 December 2014	15	11 240	54	8 011	5	19 325

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued assets.

7. Property, plant and equipment (cont'd)

Total depreciation charges of the Group's and the Company's property, plant and equipment amounted to LTL 2 629 thousand and LTL 2 034 thousand, respectively in 2014 (2013: LTL 2 906 thousand and LTL 2 205 thousand, respectively). The respective amounts of LTL 2 113 thousand and LTL 1 724 thousand in 2014 (2013: LTL 2 424 thousand and LTL 1 969 thousand, respectively) were included in the Group's and the Company's cost of sales. The remaining amounts were included in general and administrative expenses and inventories in the statement of financial position.

Property, plant and equipment of the Group and the Company with the acquisition cost of LTL 39 404 thousand and LTL 29 765 thousand, respectively, were fully depreciated as at 31 December 2014 (2013: LTL 39 416 thousand and LTL 28 671 thousand, respectively), but were still in use.

Property, plant and equipment of the Group and the Company with the acquisition cost of LTL 501 thousand and LTL 82 thousand, respectively, were idle as at 31 December 2014 (2013: LTL 4 207 thousand and LTL 93 thousand, respectively).

Property, plant and equipment of the Group and the Company with the net book values of LTL 21 262 thousand and LTL 13 761 thousand, respectively, as at 31 December 2013 were pledged to the banks as a collateral for the borrowings (Note 17). The Company's lease rights of state-owned land plots located at Basanavičiaus St. 122, in Utena and Taikos Ave. 76B, in Visaginas, have also been pledged to the bank.

Since 31 March 2013 the Group and the Company accounts for buildings at revalued amounts. If buildings were measured using the cost model, the carrying amounts would be as follows:

	Group	Company
	31 December 2014	31 December 2014
Cost	11 861	6 306
Accumulated depreciation and impairment	(6 463)	(3 254)
Net carrying amount	5 398	3 052

	Group	Company
	31 December 2013	31 December 2013
Cost	13 304	6 550
Accumulated depreciation and impairment	(6 831)	(3 287)
Net carrying amount	6 473	3 263

The revalued buildings consist of warehouses, factories, shop, administration buildings, etc. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using the market prices method. This means that valuations performed by the valuer are based on active market prices for comparable properties adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 31 March 2013, the properties' fair values were based on valuations performed by UAB Centro kubas (Lithuania) and certified valuer Aleksandr Tidir (Ukraine) accredited independent valuers.

7. Property, plant and equipment (cont'd)

Significant directly or indirectly observable valuation input (revaluation performed as at 31 March 2013):

	Group	Company
	Range	Range
Price per square meter (LTL)		
Administration buildings	323-695	323-695
Manufacturing and warehouse buildings	177-353	235-353
Shop premises	594-938	594-938

Significant increases (decreases) in estimated price per square metre alone would result in a significantly higher (lower) fair value.

Net book value of leased assets, where the Company and the Group is a lessee under finance lease contracts comprised as follows as at 31 December:

	Group		Company	
	2014	2013	2014	2013
Administration buildings	2 333	2 613	1 895	1 938
Manufacturing and warehouse buildings	14 526	17 946	9 155	9 880
Shop premises	190	203	190	203
Net book value as at 31 December	17 049	20 762	10 240	12 021

Fair value of the Group's and the Company's leased assets is close to their net book value as at 31 December 2014 and 2013.

8. Investment property

	Group	Company
Cost:		
Balance as at 31 December 2012	1 235	1 235
Reclassification to non-current assets buildings group	(599)	(599)
Balance as at 31 December 2013	636	636
Balance as at 31 December 2014	636	636
Accumulated depreciation:		
Balance as at 31 December 2012	479	479
Charge for the year	8	8
Reclassification to non-current assets buildings group	(254)	(254)
Balance as at 31 December 2013	233	233
Charge for the year	9	9
Balance as at 31 December 2014	242	242
Impairment		
Balance as at 31 December 2012	-	-
Balance as at 31 December 2013	-	-
Balance as at 31 December 2014	-	-
Net book value as at 31 December 2012	756	756
Net book value as at 31 December 2013	403	403
Net book value as at 31 December 2014	394	394

Rental income and related costs have been disclosed in Note 23.

Investment property of the Company and the Group comprises buildings rented to related party.

During the year 2013 the Group and the Company transferred the investment property with carrying value LTL 345 thousands to property, plant and equipment, due to the termination of rent agreement and plans to use this property for own purposes.

8. Investment property (cont'd)

Leased investment property, where the Company and the Group is a lessee under finance lease contracts comprised as follows as at 31 December:

	Group		Company	
	2014	2013	2014	2013
Cost – capitalised finance lease				
Investment property	636	636	636	636
Accumulated depreciation				
Investment property	(242)	(233)	(242)	(233)
Impairment loss for investment property	-	-	-	-
Investment property reversal of impairment	-	-	-	-
Net book value as at 31 December	394	403	394	403

The fair value of investment property as at 31 December 2013 and 2014 was estimated by management using market price per square meter of similar premises in similar locations identified by independent property valuers. The Group's and the Company's investment property fair value was estimated under the second level of fair value hierarchy.

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Net book value of investment property	394	403	394	403
Fair value of investment property	890	890	890	890

Investment property rental income

	Group		Company	
	2014	2013	2014	2013
During 1 year	32	36	32	36
After 1 year but not later than 5 years	26	45	26	45
After 5 years	-	-	-	-
	58	81	58	81

No material contractual commitments to purchase, construct, develop, repair or increase the investment property existed at the year-end.

9. Investments in subsidiaries

The Company's investments in subsidiaries were as follows as at 31 December:

	2014	2013
Cost of investments:		
Balance as at 1 January	12 753	12 753
Balance as at 31 December	12 753	12 753
Impairment:		
Balance as at 1 January	7 578	7 578
Impairment	-	-
Balance as at 31 December	7 578	7 578
Carrying amount of investments in subsidiaries as at 31 December	5 175	5 175

As at 31 December 2014, investment into the subsidiary Šatrija AB amounting to LTL 4 935 thousand was not pledged.

As at 31 December 2013, investment into the subsidiary Šatrija AB amounting to LTL 4 935 thousand was pledged to the lease company as collateral for the finance lease.

As described in Note 4, the investment into the subsidiary PAT MTF Mrija is impaired to zero.

10. Inventories

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Raw materials	5 551	5 895	4 154	3 937
Work in progress	3 525	3 602	3 408	3 243
Finished goods	5 143	4 728	4 956	4 535
Goods for resale	178	231	-	-
	14 397	14 456	12 518	11 715
Write-down to net realisable value:				
Opening balance	(2 368)	(1 922)	(1 231)	(839)
Change	(156)	(446)	(156)	(392)
Closing balance	(2 524)	(2 368)	(1 387)	(1 231)
	11 873	12 088	11 131	10 484

The acquisition cost of the Group's and the Company's inventories accounted for at net realizable value as at 31 December 2014 amounted to LTL 3 528 thousand and LTL 2 391 thousand, respectively (2013: LTL 3 937 thousand and LTL 2 801 thousand, respectively). Changes in impairment allowance for inventories during 2014 and 2013 were recorded within the Group's and the Company's general and administrative expenses.

None of the Group's or Company's inventories were pledged as at 31 December 2014.

All inventories of the Company as at 31 December 2013 were pledged to the lease company as collateral for the finance lease. (Note 17).

11. Trade receivables

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Trade receivables, gross	4 973	4 842	3 900	3 296
Allowance for trade receivables:				
Opening balance	(560)	(780)	(486)	(707)
Additional accumulated over the years	-	(94)	-	(94)
Written - off	96	314	96	315
Closing balance	(464)	(560)	(390)	(486)
	4 509	4 282	3 510	2 809

Changes in impairment allowance for doubtful trade receivables during 2014 and 2013 were recorded within the Group's and the Company's general and administrative expenses.

12. Other receivables

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Taxes receivable, except for pre-paid income tax	207	520	92	167
Prepayments	291	293	261	177
Other current assets	251	67	155	43
	749	880	508	387

13. Non-current assets held for resale

As at 31 of December 2013 the Company's building with a net book value of LTL 1 062 thousand was re-classified to asset held for sale, belonging to the production of knitted articles segment. In July, 2014 the Company sold this building and earned gain amounting LTL 467 thousand.

14. Cash and cash equivalents

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cash on hand	81	8	76	6
Cash at bank	3 215	2 339	676	546
	3 296	2 347	752	552

As at 31 December 2014 and 2013, the Group and the Company had no restrictions on the use of cash and cash equivalents.

In 2013, all cash inflows into the Company's accounts in the bank were pledged to the lease company as collateral for the finance lease (Note 17).

15. Share capital

As at 31 December 2014, the share capital comprised 5 000 000 ordinary registered shares with par value of LTL 1 each.

As at 31 December 2013, the share capital comprised 19 834 442 ordinary registered shares with par value of LTL 1 each.

As at 8 October 2014, the Register of Legal Entities of the Republic of Lithuania registered a new edition of the Company's Articles of Association with regard to reduced Company's share capital. The share capital of the Company was reduced from LTL 19 834 442 to LTL 5 000 000.

As at 20 October 2014, the procedure of the reduction of Company's share capital was completed. Company's share capital was reduced to 5 000 000 ordinary shares of LTL 1 par value each by cancelling 14 834 442 ordinary registered shares.

As at 31 December 2014 and 2013, all the shares were fully paid.

The subsidiaries did not hold any shares of the Company as at 31 December 2014 and 2013. The Company did not hold its own shares as at 31 December 2014 and 2013.

16. Other reserves and retained earnings (deficit)

Revaluation surplus

Revaluation surplus reflects the result of the revaluation (net of deferred tax) of the property, plant and equipment.

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of net profit of the Company calculated according to the Lithuanian Company's law, are compulsory until the reserve reaches 10 % of the share capital. As at 31 December 2014 and 2014 the legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover future losses.

16. Other reserves and retained earnings (deficit) (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve represents translation differences arising on consolidation of financial statements of foreign subsidiaries (Note 2.13.).

Retained earnings (deficit)

Pursuant to the provisions of the Law on Limited Liability Companies of the Republic of Lithuania, if the total of retained earnings at the beginning of the financial year and net profit (loss) for the year is negative, the General Shareholders' Meeting has to make a decision to cover these losses. Transfers to distributable results should be made in the following sequence:

transfer from reserves not used in the reporting financial year;
transfer from the compulsory reserve;
transfer from the share premium.

The Management of the Company plans that the Company will be profitable in year 2015 and retained losses will be recovered.

17. Borrowings

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<i>Current</i>				
Current portion of non-current bank borrowings	1 714	1 214	1 714	-
Finance lease liabilities	-	7 392	-	7 392
	1 714	8 606	1 714	7 392
<i>Non-current</i>				
Borrowings from subsidiaries	-	-	6 284	6 284
Long-term bank borrowings	3 576	-	3 576	-
	3 576	-	9 860	6 284
Total borrowings	5 290	8 606	11 574	13 676

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Starija AB, amounting LTL 5 034 thousand with maturity as at 26 November 2019 and fixed interest rate 4,43 % and loan granted by subsidiary Gotija UAB, amounting LTL 1 250 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 %.

In 2014, the bank borrowings were not secured by property plant and equipment.

In 2013, the bank borrowings were secured by property plant and equipment (Note 7).

In 2013 the fulfilment of finance lease liabilities was substantially secured since the title to assets acquired under finance lease automatically reverts to the lessor in the event of default. Furthermore, investment to subsidiary (Note 9), future cash inflows into certain bank accounts (Note 14) and inventories (Note 10) were pledged as additional collateral for the finance lease. By 31 December 2014 these liabilities were fulfilled and the pledges are released.

17. Borrowings (cont'd)

The carrying amounts of borrowings were denominated in the following currencies:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
EUR	5 290	8 606	11 574	13 676

The weighted average interest rates (%) were as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Long-term borrowings from subsidiaries	-	-	2.225	4.99
Long-term bank borrowings	1.98	13.00	1.98	-
Finance lease liabilities	-	4.77	-	4.77

The interest rate for the borrowings is based on variable interest rate, therefore, in the opinion of management, the carrying amount of borrowings approximates their fair value.

The exposure of the borrowings to interest rate changes and the contractual re-pricing dates at the statement of financial position dates are as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Interest changes				
Every 3 months or more	5 290	-	5 290	-
Every 6 months or more	-	8 606	-	7 392
Every 12 months	-	-	6 284	6 284
	5 290	8 606	11 574	13 676

As at 31 December 2014 the Company was not committed to comply with the financial ratios. Covenants on new loan taken in 2014 start to be applied from first quarter in 2015.

As at 31 December 2013, the Company was not in compliance with one restrictive condition (companies' total equity to total assets ratio) stipulated in loan and lease agreements with the leasing company. As at 21 March 2014 the Company received confirmation from the leasing company that despite this breach of covenant, no measures provided in the agreements are taken.

17. Borrowings (cont'd)

As at 26 November 2014 the Company and AB DNB signed a long-term loan agreement according to which the Company were granted a loan of LTL 16 000 thousand. The loan term – 5 years. The funds were used to refinance the Company's financial liabilities amount of LTL 5 290 in respect of UAB "Swedbank lizingas" and to fulfil the Company's settlement obligations in respect of the convertible bonds holders (i.e. to pay the redemption price of the convertible bonds to be redeemed).

Finance lease liabilities – minimum lease payments:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Not later than 1 year	-	7 627	-	7 627
After 1 year but not later than 5 years	-	-	-	-
After 5 years	-	-	-	-
	-	7 627	-	7 627
Future finance lease charges	-	(235)	-	(235)
Present value of finance lease liabilities	-	7 392	-	7 392
Present value of finance lease liabilities:				
Not later than 1 year	-	7 392	-	7 392
After 1 year but not later than 5 years	-	-	-	-
After 5 years	-	-	-	-
	-	7 392	-	7 392

As at 29 December 2014 the Company and the Group fulfilled all obligations to Swedbank lizingas, UAB, accordingly no restrictive conditions as at 31 December 2014 were present.

18. Convertible bonds issued (cont'd)

Information about convertible bonds:

Date of issue of Bonds – 11 January 2010;
Bonds' ISIN code – LT1000450007;
Par value of one Bond – EUR 68 640;
Total par value of Bonds – EUR 3 432 000;
Discounted issue price of one Bond on the date of issue – EUR 32 574.32;
Total discounted issue price of Bonds on the date of issue – EUR 1 628 716;
Average profitability of a Bond before redemption – 15 percent interest per annum, calculated on the basis of the discounted issue price of the Bonds. For this purpose, the interest shall be calculated on a monthly basis;
Bonds currency – Euro;
Starting date of validity of Bonds – 12 January 2010;
Term of validity of Bonds – 5 years;
Redemption date (term) of Bonds – 12 January 2015;
Term for notifying the intended conversion of Bonds into the shares – from 12 January 2010 till 11 December 2014 (including).

Convertible bonds obligations:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
FR&R Invest AB	-	10 209	-	10 209
AmberTrust S.C.A., SICAF-SIF	2 133	-	2 133	-
KJK Fund, SICAF-SIF	948	-	948	-
FIREBIRD REPUBLICS FUND LTD	474	-	474	-
FIREBIRD AVRORA FUND LTI	237	-	237	-
UAB Koncernas „SBA“	11 226	2 723	11 226	2 723
Total convertible bonds obligations:	15 018	12 932	15 018	12 932

On 25 April 2014, Swedish company FR&R Invest AB sold 50 units of convertible bonds of the Company to the following shareholders of the Company:

UAB koncernas „SBA“ (number of acquired bonds: 34 units);
AmberTrust S.C.A., SICAF-SIF (number of acquired bonds: 9 units);
KJK Fund, SICAF-SIF (number of acquired bonds: 4 units);
FIREBIRD REPUBLICS FUND LTD (number of acquired bonds: 2 units);
FIREBIRD AVRORA FUND LTD (number of acquired bonds: 1 units).

On 12 January 2015, the Register of Legal Entities of the Republic of Lithuania registered a new wording of the Company's Articles of Association with regard to the increased Company's share capital. The share capital of the Company was increased by implementing the decisions of the Company's General Shareholders Meetings held on 03-12-2009, 26-03-2014 and pursuant to the convertible bonds (ISIN code LT1000450007) holders written requests to convert 19 units of these convertible bonds into 4 503 000 ordinary registered shares of the Company. The share capital of the Company indicated in the new wording of the Company's Articles of Association is equal to LTL 9 515 thousand and is divided into 9 503 000 ordinary registered shares with a nominal value of LTL 1 each.

On 12 January 2015, the Company has fully redeemed 31 (thirty one) units of convertible bonds (ISIN code LT1000450007) for the total redemption price of the bonds equal to EUR 2 127 840 and 16 units of convertible bonds (ISIN code LT1000450015) for the total redemption price of the bonds equal to EUR 917 520.

19. Provisions for employee benefits

	Group	Company
Balance as at 31 December 2013	633	582
Benefits earned	59	57
Interest costs	136	136
Actuarial (gain) loss	83	83
Reduction of costs due to cancelled labour contracts	(154)	(154)
Balance as at 31 December 2014	757	704

	Group	Company
Long term provisions for employee benefits as at 31 December 2014	585	544
Short term provisions for employee benefits as at 31 December 2014	172	160
Long term provisions for employee benefits as at 31 December 2013	444	403
Short term provisions for employee benefits as at 31 December 2013	189	179

Provisions for pension and jubilee benefits represent amounts calculated according to the collective agreements, which are in force in the Group and the Company. In The Company and its subsidiary Šatrija, AB each employee is entitled to a jubilee benefit and a 2 months salary payment when leaving the job at or after the start of pension period.

2014 provisions were calculated with the discount rate of 2.90 per cent and employee turnover rate of 10.46 per cent (in 2013: 4.85 per cent and 12.24 per cent, respectively). Average age till pension by the Group and the Company was respectively 21.67 and 22.23 years as at 31 December 2014 (2013: 19.99 and 19.17 years).

The sensitivity of the defined benefit obligation to the changes in assumption is set out below. The effects each plan of a change in assumptions are weighted proportionately to the total plan obligations to determine total impact for each assumption presented.

Impact on defined benefit obligation as at 31 December 2014					
		Group		Company	
	Change in as- sumption	Positive change in assumption	Negative change in as- sumption	Positive change in as- sumption	Negative change in assumption
Discount rate	0.5 %	Decrease by 2.0 %	Increase by 3.5 %	Decrease by 2.6 %	Increase by 2.8 %
Salary growth rate	0.5 %	Increase by 4.1 %	Decrease by 1.5 %	Increase by 3.5 %	Decrease by 2.0 %

Impact on defined benefit obligation as at 31 December 2013					
		Group		Company	
	Change in as- sumption	Positive change in assumption	Negative change in as- sumption	Positive change in as- sumption	Negative change in assumption
Discount rate	0.5 %	Decrease by 1.1 %	Increase by 3.3 %	Decrease by 1.9 %	Increase by 2.2 %
Salary growth rate	0.5 %	Increase by 2.7 %	Decrease by 0.3 %	Increase by 2.2 %	Decrease by 1.5 %

20. Accrued expenses and other current liabilities

	Group		Company	
	2014	2013	2014	2013
Accrual for vacation reserve	2 045	2 222	1 006	1 309
Wages, salaries and social security	1 260	1 437	1 056	1 002
Amounts payable for services and non-current assets	1 476	1 638	929	1 523
Bonuses for employees	-	150	-	-
Taxes payable, except for income tax	306	360	270	293
Other liabilities	673	135	913	4
	5 760	5 942	4 174	4 131

21. Cost of sales

	Group		Company	
	2014	2013	2014	2013
Wages and salaries and social security	22 508	23 992	16 207	17 110
Materials	19 885	21 068	17 813	19 241
Other overhead expenses	9 342	10 329	9 793	11 366
Depreciation and amortization	2 113	2 424	1 724	1 969
Cost of materials sold	116	64	17	8
	53 964	57 877	45 554	49 694

22. Selling general and administrative expenses

	Group		Company	
	2014	2013	2014	2013
Selling expenses				
Wages salaries and social security	1 180	1 059	932	829
Maintenance costs of retail outlets	103	89	23	-
Agency costs	563	431	563	431
Transportation costs	422	558	387	518
Advertising and marketing costs	387	199	379	189
Other selling expenses	667	478	632	444
Total selling expenses	3 322	2 814	2 916	2 411
General and administrative expenses				
Wages salaries and social security	2 506	2 502	1 700	1 690
Communications and consulting services	958	780	793	603
Taxes other than income tax	315	278	260	217
Depreciation and amortization	502	518	297	288
Security	316	337	145	144
Vehicles exploitation expenses	241	205	192	151
Provisions for employee benefits (Note 20)	-	35	-	35
Services of financial institutions	220	188	177	149
Travel expenses	93	101	79	77
Premises exploitation expenses	135	114	104	83
Representation expenses	193	111	180	85
Impairment and write-off (reversal) of inventories	156	445	155	392
Impairment and write-off (reversal) of accounts receivable	-	94	-	94
Impairment of accounts receivable from subsidiaries	-	-	1 279	1 307
Impairment (reversal) of non-current assets	(59)	654	-	437
Other	850	720	422	266
Total general and administrative expenses	6 426	7 082	5 783	6 018
	9 748	9 896	8 699	8 429

23. Other income and expenses

	Group		Company	
	2014	2013	2014	2013
Gain from disposal of non-current assets	750	225	567	-
Materials for sales	-	51	-	269
Rent income	61	328	61	66
Other income	486	69	194	55
Other income	1 297	673	822	390
Loss from disposal of non-current assets	(70)	-	(70)	-
Rent costs	(31)	(22)	(31)	(22)
Other expenses	(111)	(96)	(43)	9
Other expenses	(212)	(118)	(144)	(13)

24. Finance costs, net

	Group		Company	
	2014	2013	2014	2013
Net foreign exchange gain	304	1 248	67	37
Interest income	1	2	207	207
Income from financing activities	305	1 250	274	234
Interest expenses	(2 689)	(2 503)	(2 911)	(2 559)
Net foreign exchange (loss)	(2 873)*	(2 314)	(80)	(28)
Financial expenses	(5 562)	(4 817)	(2 991)	(2 587)

*Increase in net foreign exchange (loss) in 2014 is mainly related to a significant drop in the value of UAH against EUR, since 1 January 2014.

25. Employee benefits

	Group		Company	
	2014	2013	2014	2013
Wages and salaries	19 952	20 967	14 396	14 995
Social security	6 242	6 586	4 443	4 434
	26 194	27 553	18 839	19 629

26. Income tax

Income tax expense comprised as follows:

	Group		Company	
	2014	2013	2014	2013
Current tax	(462)	(151)	(111)	-
Change in deferred tax	275	243	189	374
Income tax income (expense) recognised in the statement of comprehensive income	<u>(187)</u>	<u>92</u>	<u>78</u>	<u>374</u>

Reconciliation of the reported amount of income tax expense for the year to the amount of income tax that would be calculated applying the statutory income tax rate to profit before tax:

	Group		Company	
	2014	2013	2014	2013
Profit (losses) before tax	364	(1 237)	(907)	(2 710)
Income tax (expense) at a rate of 15%	(55)	185	136	407
Effect of different tax rates applicable to subsidiary in Ukraine	5	39	-	-
Unrecognised deferred tax assets	-	3	-	-
Change in valuation allowances for deferred tax asset	(1)	266	-	255
Expenses not deductible for tax purposes	(136)	(401)	(58)	(288)
Income tax income (expenses) reported in the statement of comprehensive income	<u>(187)</u>	<u>92</u>	<u>78</u>	<u>374</u>

In 2014, deferred income tax asset and liability relating to the entities operating in Lithuania were estimated using the tax rate of 15 per cent (15 per cent tax rates in 2013). Deferred income tax asset and liability relating to entity operating in Ukraine were estimated using the tax rate of 18 per cent (in 2013, 18 per cent).

26. Income tax (cont'd)

The movement in the Group's and the Company's deferred tax assets and deferred tax liabilities accounts (prior to and after offsetting the balances) during the period was as follows:

Group	31 December 2012	Recognised in profit/loss	Recognised in OCI	31 December 2013	Recognised in profit/loss	31 December 2014
Deferred tax assets						
Tax loss carry forward	1 392	(276)	-	1 116	(189)	927
Inventories	136	65	-	201	21	222
Receivables	58	(33)	-	25	(14)	11
Impairment of property, plant and equipment and investment property	116	(112)	-	4	-	4
Provisions for employee benefits	89	5	-	94	19	113
Goodwill	100	(15)	-	85	(15)	70
Accrued charges	141	31	-	172	(18)	154
Deferred tax assets before valuation allowance	2 032	(335)	-	1 697	(196)	501
Less: valuation allowance	(388)	266	-	(122)	(1)	(123)
Deferred tax assets, net	1 644	(69)	-	1 575	(197)	1 378
Deferred tax liabilities						
Depreciation of property, plant and equipment	(1 335)	150	-	(1 185)	309	(876)
Revaluation surplus	-	162	(2 433)	(2 271)	513	(1 758)
Deferred tax liabilities	(1 335)	312	(2 433)	(3 456)	822	(2 634)
Deferred tax, net	309	243	(2 433)	(1 881)	625	(1 256)

Presented in the statement of financial position as follows:*

	31 December 2013	31 December 2014
Deferred income tax asset	150	209
Deferred income tax liability	2 031	1 465

*Deferred income tax asset and liability are netted to the extent they relate to the same tax authority provided the taxation authority permits net settlement.

26. Income tax (cont'd)

Company	31 December 2012	Recognised in profit/loss	Recognised in OCI	31 December 2013	Recognised in profit/loss	31 December 2014
Deferred tax assets						
Tax loss carry forward	1 193	(77)	-	1 116	(259)	857
Inventories	126	59	-	185	23	208
Receivables	47	(33)	-	14	(14)	-
Impairment of property, plant and equipment and investment property	4	-	-	4	-	4
Provisions for employee benefits	82	5	-	87	19	106
Accrued charges	45	1	-	46	(11)	35
Deferred tax assets before valuation allowance	1 497	(45)	-	1 452	(242)	1 210
Less: valuation allowance	(255)	255	-	-	-	-
Deferred tax assets, net	1 242	210	-	1 452	(242)	1 210
Deferred tax liabilities						
Depreciation of property, plant and equipment	(1 242)	141	-	(1 101)	226	(875)
Revaluation surplus	-	23	(1 347)	(1 324)	204	(1 120)
Deferred tax liabilities	(1 242)	164	(1 347)	(2 425)	430	(1 995)
Deferred tax, net	-	374	(1 347)	(974)	188	(785)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

As at 31 December 2014 the Group's and the Company's tax losses to be carried forward against future taxable income amounted to LTL 16 820 thousand and LTL 5 714 thousand, respectively (2013: LTL 15 262 thousand and LTL 7 442 thousand, respectively). All tax losses of the Company may be carried forward for an unlimited term. Group tax losses amounting LTL 12 927 thousands may be carried forward up till 2015-2016 and remaining tax losses can be carried forward for an unlimited term. In accordance with tax legislation of the Republic of Ukraine, starting from 2012 tax losses can be carried forward by 25 per cent of taxable losses for an unlimited period.

As at 31 December 2014 the Group's company PAT MTF Mrija had tax losses of LTL 11 106 thousand (2013: LTL 7 820 thousand) on which no deferred tax assets were recognised due to uncertainties related to their realisation.

27. Basic/dilutive earnings per share

Profit (loss) per share reflect the Group's net profit/(loss), divided by the outstanding number of shares. Calculation of the profit/(loss) per share is presented below:

	Group	
	2014	2013
Profit (loss) attributable to the equity holders of the Group	66	(1 272)
Weighted average number of shares in issue (thousand)	5 000	19 834
Basic/dilutive earnings per share (in LTL)	0.01	(0.06)

Convertible bonds are not included into earnings per share calculation, as they were antidilutive.

28. Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group are as follows:

Related party	Description of relation
A. Martinkevičius	Ultimate controlling individual
UAB Koncernas SBA	Ultimate parent company, exercising control through majority of Board members
SBA group companies	UAB Koncernas SBA subsidiaries
Company's management	Directors, Board members and their family members

Besides related parties of the Group, subsidiaries of the Company are treated as related parties of the Company.

In the normal course of business the Company and the Group enter into transactions with their related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties, when such information is known to the Group/Company.

As at 31 December 2014 and 31 December 2013, the management of the Group and the Company had 0.002 per cent of shares of PAT MTF Mrija.

Material party -owned subsidiaries

Financial information of subsidiaries that have material non- controlling interests is provided below.

28. Related party transactions (cont'd)

Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operation	2014	2013
Gotija, UAB	Lithuania	9.50%	9.50%
Šatrija, AB	Lithuania	10.22%	10.22%
PAT MTF Mrija	Ukraine	1.05%	1.05%

Accumulated balances of non-controlling interest:

	2 014	2 013
Gotija, UAB	155	145
Šatrija, AB	1 275	1 090
PAT MTF Mrija	(123)	(97)

**Summarised statement of profit or loss for
2014:**

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Revenue	730	12 054	1 970
Cost of sales	(412)	(8 885)	(1 738)
Administrative expenses	(250)	(1 537)	(607)
Other operating income (expenses)	-	268	159
Finance costs income (expenses)	63	250	(7 994)
Profit before tax	131	2 150	(8 210)
Income tax	(20)	(335)	90
Profit for the year from continuing operations	111	1 815	(8 120)
Total comprehensive income	111	1 815	(8 120)
Attributable to non-controlling interests	11	185	(85)
Dividends paid to non-controlling interests	-	-	-

28. Related party transaction (cont'd)

Summarised statement of profit or loss for 2013:

Summarised statement of profit or loss for 2014:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Revenue	610	11 774	3 207
Cost of sales	(337)	(8 849)	(2 490)
Administrative expenses	(249)	(1 785)	(814)
Other operating income(expenses)	-	261	(165)
Finance costs	62	208	(1 040)
Profit before tax	86	1 609	(1 300)
Income tax	(13)	(289)	20
Profit for the year from continuing operations	73	1 320	(1 280)
Total comprehensive income	73	1 320	(1 280)
Attributable to non-controlling interests	7	135	(13)
Dividends paid to non-controlling interests	-	-	-

Material partly - owned subsidiaries continued

Summarised statement of financial position as at 31 December 2014:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Inventories and cash and bank balance (current)	1 681	3 803	397
Property, plant and equipment and other non-current financial assets(non-current)	-	10 657	4 856
Trade and other payables(current)	-	(233)	(3 940)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(45)	(1 749)	(13 016)
Total equity	1 636	12 478	(11 703)
Attributable to:			
Equity holders of parent	1 481	11 203	(11 580)
Non-controlling interest	155	1 275	(123)

28. Related party transaction (cont'd)

Summarised statement of financial position as at 31 December 2013:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Inventories and cash and bank balance (current)	307	4 326	840
Property, plant and equipment and other non-current financial assets(non-current)	1 250	9 681	8 812
Trade and other payables(current)	(32)	(3 106)	(13 473)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)		(238)	(5 436)
Total equity	1 525	10 663	(9 257)
Attributable to:			
Equity holders of parent	1 380	9 573	(9 160)
Non-controlling interest	145	1 090	(97)

Summarised cash flow information for year ending 31 December 2014:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Operating	36	1 335	1 213
Investing	62	(648)	298
Financing	-	-	(1 548)
Net increase/(decrease) in cash equivalents	98	687	(37)

Summarised cash flow information for year ending 31 December 2013:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Operating	(40)	1 587	1 034
Investing	62	(688)	579
Financing	-	-	(1 478)
Net increase/(decrease) in cash equivalents	22	899	135

Related party transactions are disclosed below:

	Group		Company	
	2014	2013	2014	2013
<i>Sales of goods and services</i>				
Subsidiaries of the Company	-	-	494	466
SBA group companies	3	58	-	1
Ultimate parent company	64	14	3	12
	67	72	497	479

28. Related party transaction (cont'd)

	Group		Company	
	2014	2013	2014	2013
<i>Interest income</i>				
Subsidiaries of the Company	-	-	207	207
	-	-	207	207

	Group		Company	
	2014	2013	2014	2013
<i>Interest expenses</i>				
Ultimate parent company	1 297	377	1 297	377
Subsidiaries of the Company	-	-	314	271
	1 297	377	1 611	648

	Group		Company	
	2014	2013	2014	2013
<i>Purchases of goods and services</i>				
Subsidiaries of the Company	-	-	2 113	2 976
<i>SBA group companies:</i>				
Ultimate parent company	1 885	560	1 884	493
Other related parties	23	21	16	19
	1 908	581	4 013	3 488

	Group		Company	
	2014	2013	2014	2013
<i>Acquisition of property, plant and equipment</i>				
Subsidiaries of the Company	-	-	-	403
	-	-	-	403

28. Related-party transactions (cont'd)

	Group		Company	
	31 De-	31 De-	31 De-	31 De-
	cember	cember	cember	cember
	2014	2013	2014	2013
Amounts receivable (including prepayments and loans)				
Accounts receivable from subsidiaries, gross*	-	-	8 215	8 400
Impairment allowances made	-	-	(6 762)	(5 483)
Accounts receivable from subsidiaries, net	-	-	1 453	2 917
Prepayments to subsidiaries	-	-	4 530	4 139
Loans granted including interest receivable from subsidiaries, gross**	-	-	4 990	4 782
Impairment allowances made	-	-	(1 478)	(1 478)
Loans granted including interest receivable from subsidiaries, net	-	-	3 512	3 304
SBA group companies	-	-	-	-
	-	-	9 495	10 360

* In 2014 and 2013 the accounts receivable consists only of accounts receivable from PAT MTF Mrija.

** In 2014 and 2013 the amount stands for loan granted including interest receivable from PAT MTF Mrija with fixed annual interest rate of 6 per cent.

Interest rates established for loans granted to related parties by the Company are based on the market interest rates set for similar borrowings, therefore, the carrying amount of loans granted to related parties is approximately equal to their fair value.

Interest rates on loans granted to related parties by the Company are as follows:

	2014	2013
Loans granted to related parties as at 31 December	6%	6%

	Group		Company	
	2014	2013	2014	2013
Current and non-current payables				
Subsidiaries of the Company	-	-	6 777	6 385
SBA group companies				
Other related parties	97	140	96	140
Ultimate parent company	12 288	4 033	12 279	3 057
	12 385	4 173	19 152	9 582
	Group	Company	2014	2013
	2014	2013	2014	2013
Convertible bonds issued				
Ultimate parent company	3 792	2 723	3 792	2 723
	3 792	2 723	3 792	2 723

28. Related-party transactions (cont'd)

The Company has the borrowing of EUR 1 458 thousand from the subsidiary Šatrija AB (the same amount in 2013). In 2013 the loan was extended to the 15 of January 2015. During 2014 the loan was extended to the 15th of January 2016.

The Company has the borrowing of EUR 362 thousand from the subsidiary Gotija, UAB (the same amount in 2013). In 2013 the loan was extended to the 15 of January 2015. During 2014 the loan was extended to the 15 of January 2016.

	Group		Company	
	2014	2013	2014	2013
Key management compensation including social security costs				
Remuneration of management	1 581	1 559	917	967
	1 581	1 559	917	967

Key management includes general director, functional directors and chief accountant.

In 2014 and 2013 the management of the Group and the Company did not receive any loans, guarantees; any other payments or property transfers were not made or accrued. Remuneration of management comprise base salary and related social security costs.

Guarantees issued on behalf of related parties are disclosed in Note 29.

29. Contingent liabilities and commitments

Guarantees issued

The Group has not issued any guarantees to secure the fulfilment of obligations of other parties.

The Company has an agreement with bank, based on which the Company issued a guarantee for the amount of LTL 1 214 thousand as at 31 December 2013 on behalf of its subsidiary PAT MTF Mrija to secure the repayment of borrowings. The Company management believes that PAT MTF Mrija will timely settle the liabilities to the bank, so no additional allowances, related to this guarantee, were made in 2013 Company's financial statements. Guarantee agreement was terminated in 2014.

The Company has an agreement with Swedbank, based on which the Bank issued a guarantee for the Company amounting LTL 932 thousand as at 31 December 2014.

On 19 February 2015, the Company and Swedbank AB terminated guarantee agreement described above.

Other

As at 31 December 2014 and 2013 the Group and the Company had no material commitments for acquisition of property, plant and equipment or intangible assets.

30. Post balance sheet events

1 January 2015 is the day of introduction of EUR in the Republic of Lithuania. Therefore as at this day all balances of the Company will be converted from LTL to EUR with the exchange rate of LTL 3.4528 for 1 EUR.

As at 26 November 2014, the Company and DNB Bankas AB entered into a long-term loan agreement according to which the Company will be granted a loan of LTL 16 000 275 (EUR 4 634 000). The loan term – 5 (five) years. The funds were used to refinance the Company's financial liabilities in respect of Swedbank Lizingas UAB (Note 17) and the remaining part of the credit facility was used in 2015 to fulfil the Company's settlement obligations in respect of the convertible bonds holders as described below.

As at 12 January 2015, the Register of Legal Entities of the Republic of Lithuania registered a new version of the Company's Articles of Association with regard to the increased Company's share capital. The share capital of the Company was increased by implementing the decisions of the Company's General Shareholders Meetings held on 03-12-2009, 26-03-2014 and pursuant to the convertible bonds (ISIN code LT1000450007) holders written requests to convert 19 units of these convertible bonds into 4 503 000 ordinary registered shares of the Company. The share capital of the Company indicated in the new wording of the Company's Articles of Association is equal to LTL 9 515 468 (EUR 2 755 870) and is divided into 9 503 000 ordinary registered shares with a nominal value of LTL 1 each (EUR 0.29 each).

As at 12 January 2015, the Company has fully redeemed 31 units of convertible bonds (ISIN code LT1000450007) for the total redemption price of the bonds equal to LTL 7 347 006 (EUR 2 127 840) and 16 units of convertible bonds (ISIN code LT1000450015) for the total redemption price of the bonds equal to LTL 3 168 013 (EUR 917 520).

As at 14 January 2015, the procedure of the increase of Company's share capital was completed and Company's ordinary registered shares' (ISIN code LT0000109324) issue registration account was amended: issue was increased to 9 503 000 ordinary registered shares of LTL 1 (EUR 0.29) par value each (the previously registered issue of ordinary registered shares which amounted to 5 000 000 ordinary registered shares was merged with a new issue of 4 503 000 ordinary registered shares).

On 20 February 2015 the Company have pledged buildings, property, plant and equipment and inventories with a net book value amounting LTL 23 927 thousand (EUR 6 930 thousand).



UTENOS TRIKOTAŽAS AB
CONSOLIDATED ANNUAL REPORT
For 12 months period
ENDED 31 DECEMBER 2014

1. Reporting period covered by the Annual Report

The Annual Report covers the period from 1 January 2014 to 31 December 2014.

All amounts in the Annual Report presented as at 31 December 2014, unless otherwise stated. Further in this report Utenos Trikotažas AB can be referred to as the Company or the Issuer.

2. Issuer and its contact data

Company name	Utenos Trikotažas AB
Authorised share capital	LTL 5 000 000
Address	J. Basanavičiaus g. 122, Utena
Telephone	(389) 51 445
Fax	(389) 69 358
E-mail	utenos.trikotazas@ut.lt
Website	www.utenostrikotazas.lt
Legal and organisation form	Legal entity, public company
Date and place of incorporation	Registered with the Register of Legal Entities of Utena District on 6 December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 September 1998.
Registration code	BJ 98-257
Code of the Register of Legal Entities	183709468

3. Nature of the Issuer's operations

Utenos Trikotažas AB operates in the field of textile industry. The Company's principal activity is production of knit-wear and textile articles.

The Company's profile of activities:

- production of knit-wear and textile articles;
- production of mass-consumption goods which is closely related to principal activities;
- retail and wholesale trade in own production and production of other companies in local and foreign markets;
- rendering of services to natural and legal persons.

4. Agreements with intermediaries of securities' public turnover

On 25 September 2005, the Issuer concluded a service agreement with the Department of Safe Custody Services of SEB Vilniaus Bankas AB, address Gedimino pr. 12, LT-01103 Vilnius. Under this agreement the accounting of the Issuer's securities is handled.

On 25 April 2007, the Issuer concluded an agreement with OMX Exchanges Ltd. on the system of service provision, disclosure and communication of information.

5. Key performance indicators of the Group

UT group sales, profit, price per share for the last 5 years:

Revenue (LTL'000)	68 248	69 548	51 462	61 172	70 711	61172
Profit for the year (LTL'000)	177	(1 145)	(3 557)	1 776	3 683	1776
Price per share	2.103	0.912	0.687	0.777	1.309	0.777
Dividend per share	-	-	-	-	-	-

Financial ratios

	Group			Company		
	2014	2013	2012	2014	2013	2012
Revenue (LTL'000)	68 248	69 548	51 462	55 385	57 389	41 751
Operating profit (loss) (LTL'000)	5 621	2 330	(654)	1 810	(357)	(4 373)
Operating profit (loss) margin (%)	8.2	3.4	(1.3)	3.3	(0.6)	(10.5)
Profit (loss) before tax (LTL'000)	364	(1 237)	(3 580)	(907)	(2 710)	(6 482)
Profit (loss) before tax, margin (%)	0.5	(1.8)	(7.0)	(1.6)	(4.7)	(15.5)
Net profit (loss) for the year (LTL'000)	177	(1 145)	(3 557)	(829)	(2 336)	(6 330)
Net profit (loss) for the year margin (%)	0.3	(1.6)	(6.9)	(1.5)	(4.1)	(15.2)
Number of shares, (thousand)	5 000	19 834	19 834	5 000	19 834	19 834

Relative ratios

	Group			Company		
	2014. 12.31	2013. 12.31	2012. 12.31	2014. 12.31	2013. 12.31	2012. 12.31
Return on capital employed (%)	3.5	(5.8)	(17.9)	(16.6)	(11.8)	(31.9)
Return on assets (%)	0.3	(2.0)	(7.6)	(1.6)	(4.4)	(13.0)
Return on shareholders' equity (%)	1.0	(5.8)	(47.0)	(6.3)	(16.6)	(72.5)
Debt ratio (%)	64.6	65.7	83.9	73.9	73.4	82.1
Debt-to-equity ratio (%)	181.6	191.6	522.1	280.0	276.5	458.1
Liquidity ratio (%)	120.2	91.2	91.7	102.5	84.0	96.7
Equity to assets ratio (%)	35.5	34.3	16.1	26.1	26.6	17.9

Operating figures

	Group			Company		
	2014	2013	2012	2014	2013	2012
Manufactured items units	2 863	3 192	2 730	1 881	2 060	1 787
Average number of employees	1 157	1 086	1 031	754	691	643

Ratios related with the share price

	2014	2013	2012
P/E	159.32	(14.21)	(3.77)
EPS	0.01	(0.06)	(0.18)
EV/EBITDA	3.33	6.73	16.84
EV/EBIT	9.15	29.44	(30.07)

6. Information about trade in the Issuer's securities in regulated markets

The Company's shares are listed on the Official List of the National Stock Exchange, as well on the Baltic List of the Lithuanian, Latvian and Estonian stock market. 5 000 000 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is LTL 1.

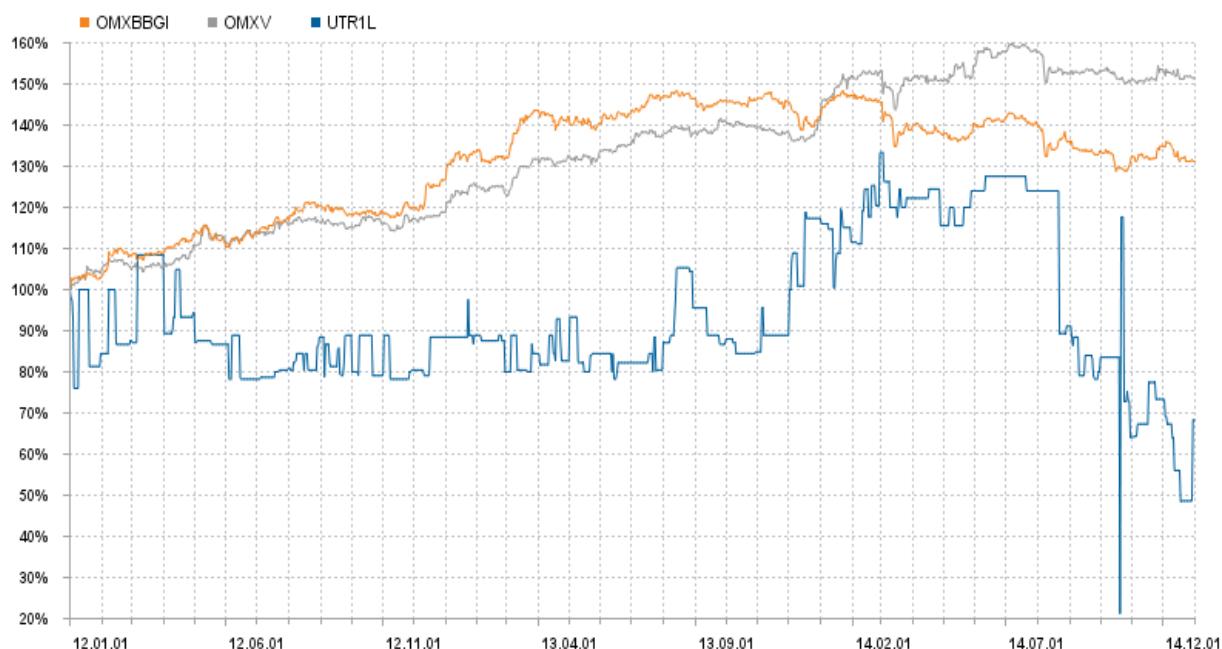
7. Information regarding the price of shares and their dynamics

AB „Utenos trikotažas“ share price dynamics, 2012-2014 (LTL):



Price ratios	2014	2013	2012
Open price, LTL	0.912	0.687	0.760
High price, LTL	3.625	0.922	0.843
Low price, LTL	0.608	0.608	0.590
Last price, LTL	2.103	0.912	0.687
Traded volume	190 822	206 885	119 656
Turnover, million LTL	0.20	0.14	0.08
Capitalisation, million LTL	10.51	18.08	13.63

**AB „Utenos trikotažas“, OMX Baltic Benchmark GI and OMX Vilnius
Index dynamics, 2012-2014**



Index/ Equity	31.12.2014	31.12.2013	31.12.2012	31.12.2014/ 31.12.2013, change, %
OMX Baltic Benchmark GI	566.56	613.50	546.98	(7.65)↓
OMX Vilnius	452.42	421.6	355.08	7.31↑
UTR1L	0.609 EUR	0.264 EUR	0.199 EUR	130,7↑

8. Dividend policy

Dividends are not been planned for the year 2014.

9. Objective overview of the Company's financial position, performance and development, description of its exposure to key risks and contingencies

Positive results for 2014 were generated by consistently implemented strategic orientation towards innovative fabrics and higher added value manufacturing. After revising the key performance indicators, the number orders was reduced in order to better satisfy the needs of strategically important, higher profitability clients.

Investments in the development and production of new and innovative materials – a strategy that the company has been systematically implementing in recent years enabled us to find new markets and partners. Production of wool, initiation of production of the materials composed of wool and silk, as well as merino wool products of fine microns is a new and growing market segment of AB „Utenos trikotažas“. It allows the company to raise sales, while ensuring a greater corporate profitability. The idea of online trade in the company's branded products has surpassed expectations, i.e. online sales at www.utenostrikotazas.lt, <http://www.aboutwear.com> are getting a considerable momentum in both the Lithuanian and the European markets.

Consolidated Annual Report for 2014

Our own ABOUT brand is also being successfully developed further. The first ABOUT shop in Vilnius which opened in November 2014, together with the already working website <http://www.aboutwear.com> allowed to increase the sales of this trademark by 76 % in comparison with the Q4 of 2013, and by 60 % when compared to last year.

Revenue (LTL '000)

	2014	2013	Change	2012
AB „Utenos trikotažas“	55 385	57 389	(3.5%)	41 751
AB „Šatrija“	12 054	11 774	2.4%	8 301
PAT „MTF Mrija“	1 972	3 208	(38.5%)	2 888
UAB „Gotija“	727	610	19.2%	616
Elimination of intercompany transactions	(1 890)	(3 433)	(44.9%)	(2 094)
	68 248	69 548	(1.9%)	51 462

EBITDA (LTL '000)

	2014	2013	Change	2012
AB „Utenos trikotažas“	7 270	3 390	114.5%	1 436
AB „Šatrija“	2 198	1 912	15.0%	878
PAT „MTF Mrija“	(1 272)	209	(708.6%)	(162)
UAB „Gotija“	68	24	183.3%	30
	8 264	5 535	49.3%	2 182

Trade

	Group			Company		
Revenue (LTL '000)	2014	2013	Change	2014	2013	Change
Western Europe	54 262	57 570	(5.7%)	42 973	46 199	(7.0%)
Lithuania	7 708	6 529	18.1%	7 103	5 947	19.4%
Other regions	6 278	5 449	15.2%	5 309	5 243	1.3%
	68 248	69 548	(1.9%)	55 385	57 389	(3.5%)

In 2014, total sales of goods and services of the Company amounted to LTL 55.4 million. Trade volume decreased by LTL 2.0 million or by 3.5 per cent as compared to 2013. The Company's exports to Western Europe and other countries accounted for 87.2 per cent, whereas sales in Lithuania accounted for 12.8 per cent of total production.

In 2014, total sales of goods and services of Utenos Trikotažas AB group (hereinafter “the Group”) amounted to LTL 68.2 million. The Group's exports accounted for 88.7 per cent, whereas sales in Lithuania accounted for 11.3 per cent of total production.

Lithuania

In 2014, the Company sold 418.1 thousand knit-wear items in Lithuania totalling to LTL 7.1 million. The sales in Lithuania increased by LTL 1.2 million or 19.4 per cent.

In 2014, the Group's sales in Lithuania amounted to LTL 7.7 million, which is more by LTL 1.2 million as compared to 2013.

Export

In 2014, the Company exported 2.2 million knit-wear items totalling to LTL 48.3 million. The Company's exports decreased by LTL 3.2 million or 6.5 per cent comparing to 2013. Large retail chains from Western Europe remained as the major customers of the Company.

In 2014, the Group's exports to Western Europe and other regions amounted to LTL 60.5 million, which is less by LTL 2.5 million compared to 2013.

Production

In 2014, the Company produced 1.9 million knit-wear items. The Company's subcontractors (including the subsidiary in Ukraine) produced 1.1 million knit-wear items or 37.7 per cent of total production volume. In 2014, Šatrija AB produced 0.12 million sewn items. In 2014, PAT MTF Mrija produced 0.9 million items.

Production (units '000)

	2014	2013	Change
AB „Utenos trikotažas“	1 881	2 060	(8.7%)
AB „Šatrija“	118	147	(19.7%)
PAT „MTF Mrija“	864	985	(12.3%)
UAB „Gotija“	-	-	
	2 863	3 192	(10.3%)

Investments

In 2014, the Group's investments in new equipment and new technologies amounted to LTL 1 591 thousand;
 In 2014, the Company's investments in new equipment and technologies amounted to LTL 691 thousand, including transactions within the Group.
 In 2014, Šatrija AB invested LTL 899 thousand.
 In 2014, PAT MTF Mrija invested LTL 1 thousand.
 In 2014, Gotija UAB had no investments.

Risk factors related to the Issuer's operations

Key risk factors related to operations of Utenos Trikotažas AB include:

- Overall economic situation of Lithuania;
- Foreign currency fluctuations;
- Amendments to laws and legal acts of the Republic of Lithuania;
- Changes in accounting and tax regulations.

Economic factors. The Company's operations are dependent on state politics, political and economic developments in Lithuania and in the World (which effect Lithuania). The Company and the Group use instruments ensuring that production is sold to reliable customers. The Company's and the Group's policy focuses on maintaining adequate amount of cash and cash equivalents or maintaining funding by keeping adequate credit lines available with the purpose of implementing commitments provided for in their strategic plans.

The Company continues to improve the management system according to EN ISO 9001, EN ISO 14001, SA 8000 and other relevant requirements.

Social risk factors. The Company focuses attention on improvement of working conditions, training of personnel, and qualification development.

Technical and technological risk factors. The condition of the Company's major facilities is good and does not pose any risk to operations. Utenos Trikotažas AB regularly invests in renovation of facilities and introduction of the latest technologies.

Ecological risk factors. The environment management system meeting the requirements of ISO 14001 has been introduced at the Company. Key environmental strategic objectives include:

- Reduction of environmental pollution through efficient and economical use of raw materials and energy resources;
- Reduction in waste volume, improvement of management of waste and chemical materials, reduction of use of dangerous chemical substances in the production process.

10. References to and additional explanations of data presented in the financial statements

All 2014 and 2013 financial data presented in this Annual Report is calculated based on the financial information presented in the Group's financial statements for the year 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the EU. These financial statements were audited by the auditor assigned under established procedure.

11. Main features of the Group's internal control and risk management systems related to the preparation of the consolidated financial statements

The consolidated financial statements of Utenos Trikotažas Group are prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU. The principles of internal control organisation and accounting are consistently applied to all companies of Utenos Trikotažas Group. In preparing the consolidated financial statements all inter-company transactions and balances are eliminated.

Internal controls in Utenos Trikotažas AB includes control procedures over processes related to sales and manufacturing of production, supply, financial reports preparation.

12. Social responsibility

AB „Utenos trikotažas“ in order to implement the development of corporate social responsibility in partnership with business, social and international partners in 23 May 2006 certified for international social responsibility standard SA 8000 (recertified in 2009).

SA 8000 standard objectives:

- Ensure social welfare of workers and employees;
- Improve social responsibility not only inside the Company, but also encourage subcontractors;
- Demonstrate to the Western partners that AB „Utenos trikotažas“ managers of all levels treat their workers civilized and the Company had implemented core human rights conventions and directives.

AB „Utenos trikotažas“ management ensured that wages paid shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.

Social responsibility (SA 8000) standard demands:

- The work for children under 16 years must not be practiced;
- Forced labor, verbal abuse or physical punishment must be avoided; working conditions must be healthy and safe;
- Discrimination based on nationality, race, religion, sex, sexual orientation, membership in organizations or political affiliation, age or disability must be prevented; employing, dismissing or retiring must not become a cause to work successfully, feel happy and needed.
- Equal pay for equal work and same opportunities for learning and promotions for men and women;
- People should work under well-defined working time schedules (work start, work end, lunch break and rest breaks); overtime work or work on rest days or holidays must be provided in the collective agreement or harmonized with workers' representatives – Council of Trade Unions.
- Payment and additions for work done must be clear to employees and all this must be harmonized in the collective agreement or with workers' representatives – Council of Trade Unions.

13. Information about the Company's own share acquisitions

No own shares were acquired by Company during the current accounting period.

14. Significant events subsequent to the end of the previous financial year

On 31 January 2014, announcement of the sales figures for the fourth quarter of 2013.

On 28 February 2014, announcement of unaudited interim consolidated financial statements of 2013.

On 4 March 2014, the extraordinary general meeting of shareholders of the Company was convened.

On 26 March 2014, decisions of the extraordinary general shareholders meeting of the Company were announced.

On 31 March 2014, announcement about the possibility to acquire convertible bonds of „Utenos trikotažas“ AB by a pre-emptive right.

On 8 April 2014, the general meeting of shareholders of Utenos Trikotažas AB was convened.

On 8 April 2014, draft decisions of the Annual General Meeting of Shareholders and explanation concerning the corrections made in financial statements for 2013 were announced.

On 25 April 2014, announcement about the disposal of convertible bonds of AB „Utenos trikotažas“.

On 30 April 2014, decisions of the general shareholder meeting were announced.

On 30 April 2014, announcement of the sales figures for the first quarter of 2014.

On 30 May 2014, announcement of the performance results for the first quarter of 2014.

On 31 July 2014, announcement of the sales figures for the second quarter of 2014.

On 21 August 2014, the extraordinary general meeting of shareholders of the Company was convened.

On 29 August 2014, announcement of the consolidated interim report and the financial statements for a six-month period of 2014.
 On 12 September 2014, decisions of the extraordinary general shareholders meeting of the Company were announced.
 On 20 October 2014, announcement regarding registration of reduced share capital and amendment of shares' issue registration account.
 On 31 October 2014, announcement of the sales figures of the third quarter of 2014.
 On 26 November 2014, announcement of the financial statements for the 9-month period.
 On 27 November 2014, announcement regarding the written requests of the convertible bonds holders and signing of the loan agreement.
 On 31 December 2014, announcement of publishing terms of the interim reports and audited consolidated report in 2015.
 On 13 January 2015, announcement regarding registration of increased share capital and redemption of convertible bonds.
 On 15 January 2015, announcement regarding processing of accounting records of AB "Utenos trikotažas".
 On 26 January 2015, notification about disposal of voting rights.
 On 30 January 2015, announcement of the sales figures for the fourth quarter of 2014.
 On 30 January 2015, amount of voting rights in AB "Utenos trikotažas".
 On 27 February 2015, announcement of unaudited interim consolidated financial statements of 2014.

15. The Company's operating plans and objectives

In 2015, the Company plans to actively expand sales of ecological products and to develop the co-operation with customers demanding higher quality and sophisticated technology, to maintain close relationship with longstanding business customers.

Key objectives for 2015:

- Development of sales to clients demanding ecological, high quality and value added products.
- Development of Branded product lines sales in Western Europe, Lithuania and per internet.
- Development of fabric sales.
- Focused and systematic approach to the development of innovative fabrics.
- Manufacturing efficiency improvement.

16. Structure of the Issuer's authorised share capital

As at 31 December 2014, the Company's authorised share capital was comprised of 5 000 000 ordinary registered shares with a nominal value of LTL 1 each.

Utenos Trikotažas AB authorised share capital according to types of shares:

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Percentage in the authorised share capital (%)
Ordinary registered shares	5 000 000	1	5 000 000	100.00

All shares of Utenos Trikotažas AB are fully paid.

All shares of the Company are ordinary registered shares of one class granting equal rights to their holders (shareholders). An ordinary registered share grants the following property rights to its holder (shareholder):

1. to receive a part of the Company's profit (dividend);
2. to receive a part of assets of the Company in liquidation;
3. to receive shares without payment if the authorised capital is increased out of the Company's funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting of Shareholders decides to withdraw the pre-emption right in the manner prescribed by the Lithuanian Law on Companies in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;

5. to lend to the Company in the manner prescribed by law; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
6. to transfer all or part of the shares into the ownership of other persons;
7. to force other shareholders to sell their shares to them or to force other shareholders to buy their shares from them in cases and manner prescribed by the Law on the Law on Securities Market;
8. other property rights established by laws.

An ordinary registered share grants the following non-property rights to its holder (shareholder):

1. to attend the General Meetings of Shareholders;
2. to vote at General Meetings of Shareholders according to voting rights carried by their shares; One ordinary registered share carries one vote;
3. to receive information on the Company specified by laws;
4. to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed by laws or these Articles of Association as well as in other cases laid down by laws;
5. other non-property rights established by laws.

17. Restrictions on disposal of securities

There are no restrictions.

18. Shareholders

As at 31 December 2014, the total number of shareholders of Utenos Trikotažas AB was 1 049.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 31 December 2014.

Names of shareholders	Company codes	Country	Registration address	Number of ordinary registered shares held	Share in the authorised capital (%)	Share of votes held (%)
UAB Koncernas „SBA”	132206739	Lithuania	Laisvės pr.3, Vilnius	2 556	51.12	51.12
AmberTrust S.C.A.(SCA) SICAV-SIF	B 87145	Luxembourg	412F, routed'Esch L-1030	681	13.61	13.61
EastCapital AssetManagement	556564-5370	Sweden	Kungsgatan 30, Box 1364, Stockholm	527	10.54	10.54
KJK Fund SICAV-SIF	B 86729	Luxembourg	412F, routed'Esch L-1030	276	5.52	5.52
Other shareholders	-	-	-	960	19.21	19.21

The consolidated group (hereinafter “the Group”) consists of the Company and the following subsidiaries:

	Registered address	Group's share (%) as of 31 December 2014 and 2013	Activity
Šatrija AB	Vilniaus Str. 5, Raseiniai	89.78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	90.50	Retail trade
PAT MTF Mrija	Motroso Str. 13, Mukačiov, Ukraine	98.95	Production of knitted articles

19. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

20. All restrictions regarding voting rights

There are no restrictions.

21. All mutual agreements between shareholders of which the Issuer is aware and due to which restrictions on transfer of securities and/or voting rights may be imposed

There are no such agreements.

22. Personnel

Average number of employees of the Group, by companies:

	2014.12.31	2013.12.31	Change, +/-
AB „Utenos trikotažas“	754	691	9.1%
AB „Šatrija“	220	185	18.9%
PAT „MTF Mrija“	179	206	(13.1%)
UAB „Gotija“	4	4	0.0%
	1 157	1 086	6.5%

Employees related costs (thousand LTL) distribution, by companies:

	2014	2013	Change (%)
AB „Utenos trikotažas“	18 839	19 629	(4.0)
AB „Šatrija“	5 814	5 897	(1.4)
PAT „MTF Mrija“	1 412	1 928	(26.8)
UAB „Gotija“	128	99	29.6
	26 193	27 553	(4.94)

The average monthly wages of employees before taxes:

	Group			Company		
	2014	2013	Change, %	2014	2013	Change, %
Workers group						
Managers	4 063	4 376	(7.15%)	3 938	4 173	(5.6)
Specialists	2 265	2 317	(2.24%)	2 452	2 363	3.8
Workers	1 332	1 367	(2.56)%	1 532	1 566	(2.2)
	1 564	1 588	(1.51%)	1 826	1 823	0.2

The Company's employee distribution by education (according to 31 December, 2014):

Group of employees	Total	Employee distribution by education					
		Higher education	Non-higher professional education	Vocational education	Secondary	Basic	Higher non-university
Managers	41	23	13	1	-	-	4
Specialists	110	61	18	2	2	2	25
Workers	603	8	169	152	191	45	38
	754	92	200	155	193	47	67

23. Management of the Group companies

Company name	Managers
AB „Utenos trikotažas“	Gintautas Bareika
AB „Šatrija“	Giedrius Grondskis
PAT „MTF Mrija“	Tatjana Roshchina
UAB „Gotija“	Zita Davtartienė

24. Management incentives

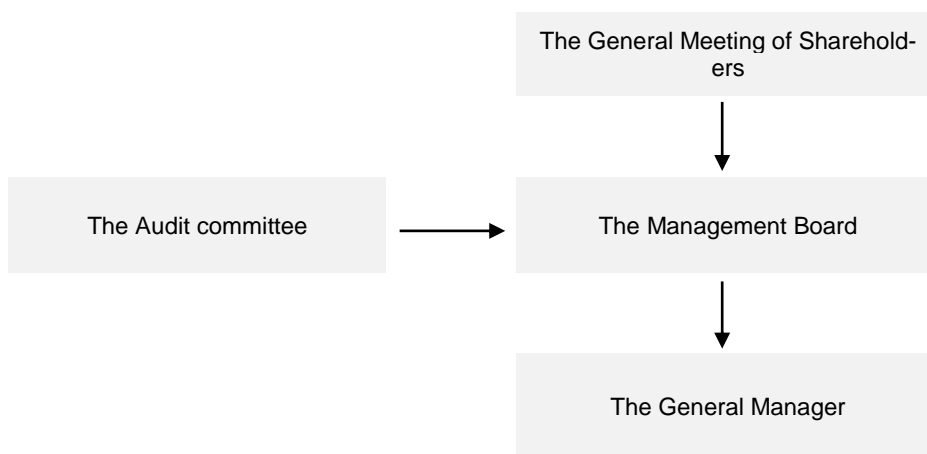
Management incentives are assigned by the decision of the Board taking into account the objectives met.

25. Amendment procedure of the Issuer's Articles of Association

The Articles of Association of the Company shall be amended by the decision of the General Meeting of Shareholders adopted in the manner prescribed by laws, except in cases specified in the Lithuanian Law on Companies. Following the decision by the General Meeting of Shareholders to amend the Company's Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders. Amendments to the Articles of Association were made on 17 December 2009.

26. Issuer's management bodies

The management bodies of the Company are listed below:



The Articles of Association of Utenos Trikotažas AB stipulate that the Company shall have the following bodies: the General Meeting of Shareholders, the Board and the General Manager. The Supervisory Board shall not be set up at the Company.

The Company's Board shall be granted all powers stipulated in the Company's Articles of Association including powers assigned to it by laws. The Board shall deal with deliberation of collegial issues and decision making.

The Board shall deliberate and approve the Company's operating strategy, management structure and job descriptions of employees. The Board shall elect and remove from office the Company Manager, fix his salary and set other terms of the employment contract. The Board shall specify information classified as the Company's commercial secret. The Board shall analyse and assess the Company's draft annual and consolidated financial statements and proposed profit (loss) appropriation and shall submit them to the General Meeting of Shareholders. The Board shall pass other decisions assigned within its powers by legal acts, by the Company's Articles of Association and by the decisions of the General Meeting of Shareholders. The Board shall have a responsibility of convening and arranging the General Meetings of Shareholders in due time. The Board of Utenos Trikotažas AB shall be composed of 4 members elected for the period of 4 years.

The Board members of Utenos Trikotažas AB Algirdas Šabūnas, Gintautas Rudis, Robertas Beržinskas and Vytautas Vaškys were elected during the General Meeting of Shareholders on 30 April 2013 for the period until 30 April 2017.

The Audit committee consists of 3 (three) members with at least one independent member. The Audit committee members by the submission of the Board are being appointed and withdrawn by the General Meeting of Shareholders. The members of the Committee are elected for the term of 4 (four) years.

In 2014 the Audit committee held 1 meeting (on 31 March 2014) and 1 meeting after the end of 2014 financial year (on 31 March 2015). During the meetings The Audit Committee considered the questions which fall under it's competency.

The shareholders meeting held on 29 April 2009 confirmed composition of AB „Utenos trikotažas“ audit committee and operating policies. The shareholders meeting held on 30 April 2013 elected Audit committee members: Jolanta Grašienė, Giedrius Grondskis, independent auditor Genadijus Makušėvas.

Genadijus Makušėvas (b. 1959)

AB „Utenos trikotažas“ independent auditor from 26 April 2007, re-elected for four years term 30 April 2013.

Education: Vilnius University, Financial Accounting (1980).

Workingplace: UAB „Grant Thornton Rimess“ General Manager, auditor.

Participation in the management of other companies: Chairman of the Board of UAB „Grant Thornton Rimess“; Member of the Board of Association of Lithuanian accounting companies, Member of the Presidium of Lithuanian Chamber of Auditors.

Jolanta Grašienė (b. 1976)

AB „Utenos trikotažas“ audit committee member from 26 April 2007, re-elected for four years term 30 April 2013.

Education: Kaunas University of Technology, Bachelor degree in Business Administration (1997); Baltic Management Institute, International Executive MBA (2009).

Working place: UAB Koncernas „SBA“, Finance Director.

Participation in the management of other companies: Member of the Board in UAB "SBA" Baldų kompanija, ZAO "Novomebel".

Giedrius Grondskis (b. 1973)

AB „Utenos trikotažas“ audit committee member from 26 April 2007, re-elected for four years term 30 April 2013.

Education: Kaunas University of Technology, Master degree in Management.

Working place: General Manager of AB „Šatrija“.

Do not participate in management of other companies.

The Duties of the Audit Committee:

1. To observe the process of preparation of the Company's financial reports;
2. To review the systems of internal control, risk management and internal audit, if it exists in the Company;
3. To observe the process of external audit;
4. To observe how the external auditor or audit company follows the principles of independence and objectivity;
5. To provide the Board of the Company with written recommendations regarding the selection, appointment and recall of an external audit company.
6. To immediately inform the Managing Director of the company about information provided by the audit company to audit committee about audit related problematic issues especially when significant control defects related to financial statements occur.

Audit committee rights:

- To get complete information and (or) documents (their copies) needed for the audit committee to perform their duties. On the audit committee request Administration of the Company must provide the information and (or) documents (their copies) to the Audit committee per 3 working days.

- To get complete information on details of accounting, financial and other operations of the company. On the audit committee request Administration of the Company as well as on its own initiative must inform the audit committee of the methods used to account for significant and (or) 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 off shores and (or) activities carried out through special purpose vehicles (organizations), for the purpose to clarify the justification of such operations.

Audit committee members may be remunerated for their operations. Remunerations and the payment terms are determined by the submission of the board by the General shareholders meeting.

27. Members of the collegial bodies, the Company Manager, the Finance Manager

As at 31 December 2014:

Position	Name, surname	Number of the Issuer's shares held	Beginning of the term of office	End of the term of office
Board				
Chairman of the Board	Algirdas Šabūnas	-	2013.04.30	2017.04.30
Member of the Board	Gintautas Rudis	28	2013.04.30	2017.04.30
Member of the Board	Robertas Beržinskas	-	2013.04.30	2017.04.30
Member of the Board	Vytautas Vaškys	3	2013.04.30	2017.04.30
Head of Administration and the Chief Financial Officer				
General Manager	Gintautas Bareika	-	2011.08.16	-
Finance Director	Andrej Grobov	-	2015.02.03	-
Finance Director	Saulius Rakauskis	-	2011.03.28	2015.01.29
The Audit committee				
The independent auditor	Genadijus Makuševs	-	2013.04.30	2017.04.30
Member of the audit committee	Jolanta Grašienė	3	2013.04.30	2017.04.30
Member of the audit committee	Giedrius Grondskis	-	2013.04.30	2017.04.30

Company did not have information of any significant indirect share holdings during the reporting period.

Information about board members:

Algirdas Šabūnas (b. 1974)

AB „Utenos trikotažas“ chairman of the Board from 26 April 2007, re-elected for four years term on 30 April 2013. As the chairman of the Board was re-elected on 8 May 2013.

Education: University of Vytautas Didysis, Master degree in Finance and Banking, doctoral degree in Social Sciences.

Working place: UAB Koncernas „SBA“, vice-president.

Participation in the management of other companies:

UAB „Klaipėdos baldų prekyba“, the chairman of the board
 AB „Šatrija“, the chairman of the board
 UAB Koncernas „SBA“, the board member
 UAB „PIĮ Grupė“, the board member
 AB "Kauno baldai" the chairman of the board

Gintautas Rudis (b. 1963)

AB „Utenos trikotažas“ board member from 29 January 2008, re-elected for four years term on 30 April 2013.

Education: Kaunas University of Technology, Master degree in Management.

Working place: UAB „Enteco Baltic“, CEO.

Participation in the management of other companies:

UAB Koncernas „SBA“, the board member
 UAB „PIĮ Grupė“, the board member
 AB „Šatrija“, the board member

AB „Kauno baldai“, the chairman of the supervisory board
AB „Šilutės baldai“, the supervisory board.
UAB "Euromodus" the chairman of the board

Robertas Beržinskas (b.1970)

AB „Utenos trikotažas“ board member from 13 July 2007 re-elected for four years term on 30 April 2013.

Education: Vilnius University of technology, Master degree in Business Management.

Working place: private capital Amber Trust and Amber Trust II advisor.

Participation in the management of other companies:

UAB "Amber Pasta", the board member
JSC Rīgas dzirnavnieks, the board member
Balti Veski (Estonia), the supervisory board.
Baltic Mill (Lithuania), the board member

Vytautas Vaškys (b. 1967)

AB „Utenos trikotažas“ board member from 29 April 2009, re-elected for four years term on 30 April 2013.

Education: Kaunas University of technology, Master degree in International Management and Business Administration (EMBA).

Working place: UAB Koncernas „SBA“, business risks director.

Participation in the management of other companies:

UAB „Enteco Baltic“, the chairman of the board
UAB „PIJ Grupė“, the board member
UAB „SBA Baldų Kompanija“, the board member
UAB „Klaipėdos baldų prekyba“, the board member
AB „Šatrija“, the board member
PAT „Mrija“, the supervisory board member
UAB" BEI Capital", director
UAB" Euromodus", the board member
AB "Kauno baldai", the board member
ZAO" Novo mebel", the board member

In 2014, no loans, guarantees, sponsorships were issued and no assets were disposed to members of the Company's Board and Administration. In 2014, the aggregate remuneration of the Company General Manager and the Finance Director amounted to LTL 400 thousand.

The Company has concluded no agreements with members of bodies or employees that would define their compensation in case of their resignation or dismissal without a sound reason or in case of termination of their employment as a result of the change in the control of the Company.

28. Information about significant agreements

The Company has concluded no significant agreements in which the Company is a party to and which would come into effect, change or terminate as a result of the change in the control of the Company.

29. Information about the compliance with the Governance Code

Utenos Trikotažas AB confirms its substantial compliance with the principles of the Governance Code approved by the Vilnius Stock Exchange for the companies listed on the regulated market.

30. Information about transactions with related parties

Results of transactions with related parties performed in 2014 are disclosed in the notes to the financial statements of AB Utenos Trikotažas for the period ended as at 31 December 2014.

31. Data on publicly announced information

The Company announces information on significant events (as well as other information required by laws) through the system of information disclosure and communication Globe Newswire. Publicly announced information is also available on the Company's website at www.utenostrikotazas.lt and on the website of the Vilnius Stock Exchange at www.baltic.omxgroup.com.

32. Company's auditor

Draft decision presented for the voting:

To extend the agreement for the audit services for the year 2014 with the audit company UAB "Ernst & Young Baltic" (company code 110878442). To approve the annual remuneration for the audit services not bigger than LTL 54.600 excl. VAT.

33. General information on the Group of companies

33.1. Companies that constitute the Group, their contact data and principle activities

Company name	Šatrija AB
Legal form	Public company
Date and place of incorporation	1955m. Vilniaus 5, 4400 Raseiniai
Company code	172285032
Address	Vilniaus 5, 4400 Raseiniai
Telephone	8 (428) 70611
Fax	8 (428) 70611
E-mail	raseiniai@satrija.lt
Website	www.satrija.lt
Principal activities	Sewing of clothes

Company name	PAT Mukačevska Trikotažnaja Fabrika Mrija
Legal form	Open public company
Date and place of incorporation	1971m. Matrosova 13, 89600 Mukačevo, Ukraine
Company code	00307253
Address	Matrosova 13, 89600 Mukačevo, Ukraine
Telephone	+ 380 (3131) 52780
Fax	+380 (3131) 52780
E-mail	mriya@mk.ukrtel.net
Website	www.mriyamukachevo.com
Principal activities	Production of knit-wear articles

Company name	Gotija UAB
Legal form	Private company
Date and place of incorporation	1994m. Laisvės al. 33, Kaunas
Company code	134181619
Address	Laisvės al. 33, Kaunas
Telephone	8 (37) 205879
Fax	8 (37) 205879
E-mail	gotija@ut.lt
Website	None
Principal activities	Retail trade in clothes

33.2. Trade in securities of the Group companies in regulated markets

Subsidiaries Šatrija AB, PAT MTF Mrija, Gotija UAB do not trade in securities in regulated markets.

34. Information on harmful transactions in which the issuer is a party.

There were no harmful transactions (those that are not in line with issuer's goals, not under usual market terms, harmful to the shareholders' or stakeholders' interests, etc.) made in the name of the issuer that had or potentially could have negative effects in the future on the issuer's activities or business results. There were also no transactions where a conflict of interest was present between issuer's management's, controlling shareholders' or other related parties' obligations to the issuer and their private interests.

General Manager Gintautas Bareika



9 April 2015

APPENDIX TO THE ANNUAL REPORT
UTENOS TRIKOTAŽAS AB DISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2014

Utenos Trikotažas AB (hereinafter “the Company”) following paragraph 3 of Article 21 of the Law of the Republic of Lithuania on Public Trading in Securities and item 20.5 of the Trading Rules of the Vilnius Stock Exchange, discloses its compliance with the Governance Code, approved by the VSE for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES/NO/ NOT AP- PLICA- BLE	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	Relevant matters are made public in the Company's internet site www.utenostrikotazas.lt and on the website of the Stock Exchange.
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	Every year the Company's board approves the plans of operation containing the description of the Company's development strategy for 2-3 upcoming years. All bodies of the Company are familiarised with the strategic objectives and the ways of their implementation as set forth in the plans of operation. The Company has implemented a motivation system, which ensures direct link between the strategic objectives and personal performance of individual employees.
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.	Yes	This recommendation is implemented by the board, audit committee and chief executive officer (the supervisory board has not been set up).
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company has a collective employment contract in place. The board every quarter review employee related social questions.

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.	No	The supervisory board has not been set up, however, the general meeting of shareholders has elected the board. The Company's chief executive officer and the chairman of the board is not one and the same person.
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 functions described in the recommendation are fulfilled at the Company by a collegial management body – the board.
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	Only one collegial body has been set up the Board.
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	No comments.
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.	Yes	The Company's board is composed of 4 members. The Company's chief executive officer and the chairman of the board is not one and the same person.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Not applicable	There are no non-executive directors and the supervisory board.

2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Company is in compliance with this recommendation. The Company has not set up the supervisory board, and the chairman of the board has never been in the past and currently is not the Company's chief executive officer.
--	-----	---

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.

3.1. 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	A collegial management body is set up in accordance with the requirements of the Lithuanian Law on Companies, and the shareholders are notified of candidates to become members of the Company's collegial management body.
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	This information on candidates to the board was disclosed to the shareholders together with the notification on convening the general meeting of shareholders (in accordance with the requirements of the Lithuanian Law on Companies), which involved the election of members to the board, and the agenda of the general meeting of shareholders.
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	Information published about the board members in the annual report: education, occupation, participation in the management of the other companies
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition 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.	Yes	The members of the Company's management bodies are actively involved in a wide range of areas in other companies, which enables them to ensure an adequate competence in respect of their current functions.

<p>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.</p>	<p>Yes</p>	<p>Newly appointed members by collegial body are acquainted with their duties, the company's organization and operations.</p>
<p>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 independent members.</p>	<p>No</p>	<p>During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far.</p>
<p>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:</p> <ol style="list-style-type: none"> 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 1Part 1); 	<p>No</p>	<p>3 out of 4 members of the Management Board work in the companies related with the controlling shareholder.</p>

<p>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;</p> <p>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;</p> <p>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;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>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.</p>	<p>No</p>	
<p>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.</p>	<p>No</p>	<p>During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far.</p>
<p>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.</p>	<p>No</p>	<p>During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far.</p>

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	During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far.
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. The general shareholders' meeting should approve the amount of such remuneration.	No	During the whole practice of the Company no remunerations to the members of a collegial body for their work and participation in the meetings of the collegial body were paid.

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring 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	No comments.
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	No comments.
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	The board members responsibly carries duties of collegial body.

4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Company's Articles of Association define the procedure of co-operation between a collegial body and the shareholders in accordance with the Lithuanian Law on Companies.
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.	No	During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far.
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, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.	Yes	The Company's employees are not a members of the board.
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.	No	During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far. The rights and duties of the audit committee are provided in the audit committee's regulations, confirmed during shareholder meeting 30 April 2013.

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 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 Audit Committee acts in accordance with the approved regulations of the Audit Committee.
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.	No	The Audit committee is composed of 3 members (one of them is independent).
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	Yes. The Audit Committee acts in accordance with the approved regulations of the Audit Committee. The annual report does not include committee's reports.
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.	Yes	Yes. The audit committee has the right to invite the Company's Manager, members of the Board, the Chief Financier, other employees responsible for finances, as well as external auditors to attend its meetings.

<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ol style="list-style-type: none"> 1) 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; 2) 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; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. <p>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.</p>	<p>No</p>	<p>There is no Nomination Committee.</p>
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ol style="list-style-type: none"> 1) 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; 2) 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; 3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 4) 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); 5) 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 	<p>No</p>	<p>There is no Remuneration Committee.</p>

<p>by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.</p> <p>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:</p> <ol style="list-style-type: none"> 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) 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. <p>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.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ol style="list-style-type: none"> 1) 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); 2) 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; 3) 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; 4) 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; 5) 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 	<p>Yes</p>	<p>The Audit Committee performs functions that are stipulated in the regulations of the Audit Committee.</p>

<p>services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>		
<p>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.</p>		

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	No comments.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The board meetings are held at least once in a quarter or more often, if necessary.
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	No comments.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Not applicable	Not applicable, since only the board has been set up.

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 Company's authorised share capital consists of ordinary registered shares that grant the same rights to all their holders.
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's authorised share capital consists of ordinary registered shares that grant the same rights to all their holders.
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.	No	The Company is in compliance with the Law on Companies and its Articles of Association.
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. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	No comments.
6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company 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 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	The Company is in compliance with the Law on Companies and its Articles of Association.
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	No comments.

<p>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 in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	<p>No</p>	<p>The Company has no technical possibilities to use modern technologies in voting process during the general meetings of shareholders, and the shareholders have never requested so far to use modern technologies in voting process during the general meetings of shareholders.</p>
--	-----------	--

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.

<p>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.</p>	<p>Yes</p>	<p>No comments.</p>
<p>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.</p>	<p>Yes</p>	
<p>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.</p>	<p>Yes</p>	
<p>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.</p>	<p>Yes</p>	<p>No comments.</p>

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). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company's remuneration policy is approved by the board.
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 remuneration statement is neither prepared nor made public in a form as set forth herein.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	The remuneration statement is neither prepared nor made public in a form as set forth herein.
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 remuneration statement is neither prepared nor made public in a form as set forth herein.
8.5. 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	Information is not disclosed.
8.6. 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 remuneration statement is neither prepared nor made public in a form as set forth herein.

<p>8.7. 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 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.7.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) 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; 4) 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; 5) 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; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ol style="list-style-type: none"> 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) 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; 3) 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; 4) All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.7.3. The following supplementary pension schemes-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) 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. <p>8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements 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.</p>	<p>No</p>	<p>The remuneration statement is neither prepared nor made public in a form as set forth herein.</p>
---	-----------	--

<p>8.8. 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.</p>	<p>Not applicable</p>	
<p>8.9. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ol style="list-style-type: none"> 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) 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. 	<p>Not applicable</p>	
<p>8.10. 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.</p>	<p>Not applicable</p>	<p>The Company neither has nor applies any share-based schemes anticipating remuneration of directors in shares, share options, etc.</p>
<p>8.11. Provisions of Articles 8.8 and 8.9 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.</p>	<p>Not applicable</p>	
<p>8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, 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.</p>	<p>Not applicable</p>	

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 Company has a collective employment contract in place. The chairman of the workers Trade union is invited to join monthly production meetings and other major management discussions of the Company.
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.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		

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.

<p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. <p>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.</p> <p>10.2. It is recommended 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.</p> <p>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.</p> <p>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.</p>	<p>Yes</p>	<p>All information, except for certain items (see the note below), is disclosed in the Company's annual prospectus-reports, and posted on the websites of the Company and the Vilnius Stock Exchange.</p> <p>Note:</p> <p>The following information mentioned in paragraph 4 of recommendation item 10.1 is disclosed: members of the Company's supervisory and management bodies, chief executive officer of the Company (remuneration is not disclosed).</p> <p>Information mentioned in recommendation item 10.3 is not disclosed.</p>
--	------------	---

<p>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.</p>	<p>Yes</p>	<p>Information is posted on the websites of the Vilnius Stock Exchange and the Company.</p>
<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient 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.</p>	<p>Yes</p>	<p>Information is posted on the websites of the Vilnius Stock Exchange and the Company.</p>
<p>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.</p>	<p>Yes</p>	<p>This information is available on the websites of the Stock Exchange and the Company</p>

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 statements and report 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	
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 Company is in compliance with this recommendation, where the Company's board proposes a candidate firm of auditors to the general meeting of shareholders.
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	