UTENOS TRIKOTAŽAS AB

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS,
CONSOLIDATED ANNUAL REPORT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

UTENOS TRIKOTAŽAS AB, company code 183709468, J. Basanavičiaus Str. 122, Utena, Lithuania

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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Statements of financial position

		Group		Company	
		31 December		31 December	
	Notes	2013	2012	2013	2012
ASSETS					
Non-current assets					
Intangible assets	6	3 352	3 530	71	135
Property, plant and equipment	7	33 343	22 247	21 543	14 996
Investment property	8	403	756	403	756
Investments into subsidiaries	9	-	-	5 175	5 175
Trade and other receivables		24	38	-	-
Receivables from subsidiaries	28	-	-	10 360	11 143
Deferred income tax asset	26	150	309	-	-
		37 272	**26 880**	**37 552**	**32 205**
Current assets					
Inventories	10	12 088	11 199	10 484	10 105
Trade receivables	11	4 282	5 410	2 809	4 127
Receivables from and prepayments to subsidiaries	28	-	-	-	4
Other receivables	12	880	682	387	133
Cash and cash equivalents	14	2 347	925	552	187
		19 597	**18 216**	**14 232**	**14 556**
Non-current assets held for resale	13	1 062	1 976	1 062	1 976
		20 659	**20 192**	**15 294**	**16 532**
Total assets		**57 931**	**47 072**	**52 846**	**48 737**

Statements of financial position (cont'd)

	Notes	Group 31 December 2013	Group 31 December 2012	Company 31 December 2013	Company 31 December 2012
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital	15	19 834	19 834	19 834	19 834
Revaluation reserve	16	12695	-	7 509	-
Legal reserve	16	1 983	1 983	1 983	1 983
Foreign currency translation reserve		2 141	1 852	-	-
Accumulated retained earnings/ (losses)	16	(18065)	(17 054)	(15 289)	(13 084)
		18 588	**6 615**	**14 037**	**8 733**
Non-controlling interest		**1 276**	**952**	**-**	**-**
Total equity		**19864**	**7 567**	**14 037**	**8 733**
LIABILITIES					
Non-current liabilities					
Non-current financial lease liabilities	17	-	5 926	-	5 926
Borrowings from subsidiaries	17, 28	-	-	6 284	5 450
Convertible bonds issued	18	12 932	11 141	12 932	11 141
Deferred income tax liabilities	26	2031	-	974	-
Provisions for employee benefits	19	444	421	403	387
		15 407	**17 488**	**20 593**	**22 904**
Current liabilities					
Current portion of non-current Borrowings	17	1 214	2 273	-	-
Current portion of non-current finance lease	17	7 392	4 708	7392	4 708
Trade payables		3 791	5 662	3 396	5 284
Payables to subsidiaries	28	-	-	100	88
Payables to other related parties	28	4 173	3 504	3 197	2 608
Income tax payable		148	-	-	-
Accrued expenses and other current liabilities	20	5942	5 870	4 131	4 412
		22 660	**22 017**	**18 216**	**17 100**
Total liabilities		**38067**	**39 505**	**38 809**	**40 004**
Total equity and liabilities		**57 931**	**47 072**	**52 846**	**48 737**

The notes on pages 12 to 72 form an integral part of these financial statements.
These financial statements were approved by General Manager and Chief Accountanton 2 of April 2014.

General Manager	Gintautas Bareika	
Chief Accountant	Reda Kučinskienė	

Statements of comprehensive income

		Group		Company	
		Year ended 31 December		Year ended 31 December	
	Notes	2013	2012	2013	2012
Sales	5	69 548	51 462	57 389	41 751
Cost of sales	21	(57 877)	(44 590)	(49 694)	(37 206)
Gross profit		**11 671**	**6 872**	**7 695**	**4 545**
Selling expenses	22	(2 814)	(2 848)	(2 411)	(2 454)
General and administrative expenses	22	(7082)	(6 455)	(6 018)	(7 954)
Other operating income	23	673	2 030	390	1 608
Other operating expenses	23	(118)	(253)	(13)	(118)
Operating profit (loss)		**2330**	**(654)**	**(357)**	**(4 373)**
Gain from financial activities	24	1 250	1 539	234	245
Loss from financial activities	24	(4 817)	(4 465)	(2 587)	(2 354)
Profit (losses) before tax		**(1 237)**	**(3 580)**	**(2 710)**	**(6 482)**
Income tax	26	92	23	374	152
Net profit (losses)		**(1 145)**	**(3 557)**	**(2 336)**	**(6 330)**
Profit (loss) attributable to:					
Equity shareholders of the Company	27	(1 272)	(3 614)	(2 336)	(6 330)
Non-controlling interest		127	57	-	-
		(1 145)	**(3 557)**	**(2 336)**	**(6 330)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation gain		292	304	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**292**	**304**	**-**	**-**
Other comprehensive income (loss)not to be reclassified to profit or loss in subsequent periods					
Revaluation of buildings		15581	-	8 988	-
Income tax effect		(2 431)	-	(1 348)	-
Net other comprehensive income (loss)not to be reclassified to profit or loss in subsequent periods		**13150**	**-**	**7 640**	**-**
Other comprehensive income (loss) for the year, net of tax		**13442**	**304**	**7 640**	**-**
Total comprehensive income (loss) for the year, net of tax		**12 297**	**(3 253)**	**5 304**	**(6 330)**

Statements of comprehensive income (cont'd)

Total comprehensive income (loss) attributable to:					
Equity holders of the Company		11973	(3 310)	5 304	(6 330)
Non-controlling interest		324	57	-	-
		12 297	**(3 253)**	**5 304**	**(6 330)**
Basic/dilutive earnings per share	27	(0.06)	(0.18)		

The notes on pages 12 to 72 form an integral part of these financial statements.

General Manager	Gintautas Bareika	
Chief Accountant	Reda Kučinskienė	

Statements of changes in equity

			Equity attributable to the equity holders of the Company					
Group	**Share capital**	**Foreign currency translation reserve**	**Legal reserve**	**Asset revaluation reserve**	**Accumulated retained earnings/ (losses)**	**Total**	**Non-controlling interest**	**Total equity**
Balance as of 31 December 2011	**19 834**	**1 548**	**1 983**	**-**	**(13 440)**	**9 925**	**895**	**10 820**
Total comprehensive income (loss)	-	304	-	-	(3 614)	(3 310)	57	(3 253)
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	-	12956	-	13 245	197	13442
Total comprehensive income	**-**	**289**	**-**	**12956**	**(1 272)**	**11973**	**324**	**12297**
Transfer of revaluation reserve to retained earnings	-	-	-	(261)	261	-	-	-
Balance as of 31 December 2013	**19 834**	**2 141**	**1 983**	**12 695**	**(18065)**	**18 588**	**1 276**	**19864**

Company	**Share capital**	**Legal reserve**	**Asset revaluation reserve**	**Accumulated retained earnings/ (losses)**	**Total equity**
Balance as of 31 December 2011	**19 834**	**1 983**	**-**	**(6 754)**	**15 063**
Total comprehensive income (loss)	-	-	-	(6 330)	(6 330)
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	**-**	**-**	**7 640**	(2 336)	**5 304**
Transfer of revaluation reserve to retained earnings	-	-	(131)	131	-
Balance as of 31 December 2013	**19 834**	**1 983**	**7 509**	**(15 289)**	**14 037**

The notes on pages 12 to 72 form an integral part of these financial statements.

General Manager	Gintautas Bareika	
Chief Accountant	Reda Kučinskienė	

Statements of cash flows

	Notes	Group Year ended 31 December		Company Year ended 31 December	
		2013	2012	2013	2012
Cash flows from operating activities					
Profit (loss) for the year		(1 145)	(3 557)	(2 336)	(6 330)
Adjustments for non-cash items:					
Depreciation and amortization		2 954	2 836	2 290	2 310
Impairment of accounts receivable from subsidiaries	4	-	-	1 307	3 500
Impairment of non-current assets	22	654	-	437	-
Gain (loss) on disposal of property, plant and equipment and investment property	23	225	(1 315)	-	(1 300)
Impairment and write-off of inventories		448	42	392	44
Impairment and write-off of accounts receivable		94	1	94	1
Provisions for employees benefits	19	39	184	35	193
Interest expense, net of interest income	24	2 501	2 340	2 352	2 316
Impairment of investments		-	26	-	-
Income tax (income) expense	26	(92)	(23)	(374)	(152)
Changes in working capital:					
(Increase) in inventories		(1 334)	(2 737)	(770)	(2 960)
Decrease (increase) in trade receivables		1 033	(1 061)	(83)	(926)
Decrease (increase) in receivables from subsidiaries		-	-	787	(1 515)
(Increase) decrease in other receivables and other current assets		(1 607)	284	(1 393)	(28)
(Decrease) increase in trade and other accounts payable		(1 202)	3 931	(1 287)	3 709
Increase in taxes payable and other current liabilities		2 327	1 784	1 069	1 700
Income tax paid		-	-	-	-
Cash generated from operating activities		**4 895**	**2 735**	**2 520**	**562**
Cash flows from investing activities					
Acquisition of property, plant and equipment		(255)	(389)	(558)	(223)
Acquisition of intangible assets		(36)	(67)	(36)	(67)
Proceeds from sale of property, plant and equipment		1 829	1 640	1 615	1 605
Investments in term deposits		-	1 646	-	-
Interest received		2	18	-	-
Net cash flows generated from investing activities		**1 540**	**2 848**	**1 021**	**1 315**

Statements of cash flows (cont'd)

	Notes	Group Year ended 31 December		Company Year ended 31 December	
		2013	2012	2013	2012
Cash flows from financing activities					
Proceeds from borrowings from subsidiaries	13	-	-	834	2 315
Repayment of borrowings and lease payments		(4301)	(4 936)	(3242)	(3 744)
Interest paid		(712)	(806)	(768)	(773)
Net cash flows to financing activities		**(5013)**	**(5 742)**	**(3 176)**	**(2 202)**
Net increase (decrease) in cash and cash equivalents		**1 422**	**(159)**	**365**	**(325)**
Cash and cash equivalents at the beginning of the year	14	**925**	**1 084**	**187**	**512**
Cash and cash equivalents at the end of the year	14	**2 347**	**925**	**552**	**187**

The notes on pages 12 to 72 form an integral part of these financial statements.

General Manager	Gintautas Bareika	
Chief Accountant	Reda Kučinskienė	

Notes to the financial statements

1. General information

UtenosTrikotažas 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 knitted articles.

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

As at 31 December 2013 and 2012 the shareholders of the Company were as follows:

	Number of shares held	Interest held (%)
UAB Koncernas SBA	10 140	51.12
Investment Fund Amber Trust	2 700	13.61
Investment Fund East Capital Asset	2 091	10.54
Other shareholders	4 903	24.73
	19 834	100.00

In 2013 the average number of employees of the Company was 691 (2012: 643).

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

	Registered address	Group's share (%) as at 31 December 2013 and 2012	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

In 2013 the average number of employees of the Group was 1 086 (2012: 1 031).

The Company's management authorised these financial statements on 2 April 2014. 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

During the year the Group and the Company has adopted the following IFRS amendments:

- Amendment to IAS 1 *Financial Statement Presentation* - Presentation of Items of Other Comprehensive Income (OCI). This amendment changes the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's and the Company's financial position or performance. Since the Group and the Company haveonly few OCI items, the impact on the presentation is considered to be minimal.
- Amendments to IAS 19 *Employee Benefits.* These amendments range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording.The amendments did not impact the financial statements of the Group and the Company, because the Group and the Company did not have material items or transactions addressed by these changes.
- Amendment to IFRS 7 *Financial Instruments: Disclosures* - Offsetting Financial Assets and Financial Liabilities. The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on the Group's and an entity's financial position. This amendment did not impact the financial statements of the Group and the Company, because the Group and the Company does not have netting arrangements.
- IFRS 13 *Fair Value Measurement.* The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The implementation of this standard did not have a material impact on the amounts recognised in these financial statements, however it resulted in additional disclosures (Note 3.3).
- IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*.This interpretation applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). This interpretation had no impact on the Group's and Company's financial statements, as the Group and the Company is not involved in mining activity.

2.1 Basis of preparation (cont'd)

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 at the date of authorisation of these financial statements for issue, but which are not yet effective:

Amendments to IAS 19 *Employee Benefits*(effective for financial years beginning on or after 1 July 2014,once endorsed by the EU)

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.

Amendment to IAS 27 *Separate Financial Statements* (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 Separate Financial Statements requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The implementation of this amendment will not have any impact on the financial statements of the Group and the Company.

Amendment to IAS 28 *Investments in Associates and Joint Ventures*(effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The implementation of this amendment will not have any impact on the financial statements of the Group and the Company.

Amendment to IAS 32 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities (effective for financial years beginning on or after 1 January 2014)

This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group and the Company haveno such financial instruments and therefore the implementation of this amendment will not have any impact on the financial statements of the Group and the Company.

Amendment to IAS 36 *Impairment of Assets*(effective for financial years beginning on or after 1 January 2014)

This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment will not have any impact on the financial position or performance of the Group and the Company, however may result in additional disclosures.

2.1 Basis of preparation (cont'd)

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective for financial years beginning on or after 1 January 2014)

The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment will not have any impact on the financial position or performance of the Group and the Company, since the Group and the Company do not apply hedge accounting.

IFRS 9 *Financial Instruments* (currently no effective date, the standard is not yet 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 implementation of this amendment will not have any significant impact on the financial statements of the Group and the Company.

IFRS 10 *Consolidated Financial Statements*(effective for financial years beginning on or after 1 January 2014)

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. The Group has control of all of its entities and all of its subsidiaries are being consolidated, therefore, the implementation of this standard will have no impact on the financial statements of the Group.

IFRS 11 *Joint Arrangements* (effective for financial years beginning on or after 1 January 2014)

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognise its relative share of assets, liabilities, revenues and expenses. The implementation of this standard will not have any impact on the financial statements of the Group and the Company, as the Group and the Company have no joint arragements.

IFRS 12 *Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2014)

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 also will be required such as disclosing the judgments made to determine control over another entity. The implementation of this standard will not have a material impact on the amounts recognised in the financial statements of the Group and the Company, however it will result in additional disclosures.

2.1 Basis of preparation (cont'd)

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 Group and the Company.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities(effective for financial years beginning on or after 1 January 2014)

The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this standard will not have any impact on the financial statements of the Group and the Company.

Improvements to IFRS (effective for financial years beginning on or after 1 July 2014, once endorsed by the EU)

In December 2013 IASB issued omnibus of necessary, but non-urgent amendments to the following standards:

- IFRS 1 *First-time adoption of IFRS*;
- 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;*
- IAS 40*Investment property*.

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.

IFRIC Interpretation 21Levies (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This interpretation addresses the accounting for levies imposed by governments.Liability to pay a levy is recognised 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 providedthey are endorsedby the EU.

2.2 Consolidation

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

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

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.

Investments in subsidiaries in the Company's stand-alone financial statements are carried at cost, less impairment.

Financial guarantees provided by the Company for the liabilities of the subsidiaries during the initial recognition are accounted at estimated fair value as the investment into subsidiaries and financial liability in statement of financial position. Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortization / repayment of the subsidiary's financial liability to the bank. If there is a possibility that the subsidiary may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

<u>Business combinations</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

2.2 Consolidation (cont'd)

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.

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 the entity operates (hereinafter 'the functional currency'). These financial statements are presented in the litas (LTL), which is the Company's functional and 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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

(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); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

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.

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.

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

Since 31 March 2013, the Group and the Company has changed its accounting policy for the measurement of buildings to the revaluation model (Note 2.26). 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 valuation by professional appraisers was performed on 31 March 2013.

Any increase in the value of buildings is recorded in the revaluation reserve, 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 reserve is transferred from the revaluation reserve 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 losess. 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.

2.6 Property, plant and equipment (cont'd)

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

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. 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 an 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 2.11.

(b) Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment. 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

<u>Financial assets</u>

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 2013 of the Group's subsidiaries that operate in Lithuania is taxable at a rate of 15 per cent (2012: 15 per cent), corporate income tax rate in Ukraine is 19 per cent.(2012 - 21 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.

In accordance with tax legislation of the Republic of Ukraine, starting from 2013 tax losses can be carriedforward by 25 per cent of taxable losses for an unlimited period. Since 2012taxable losses may be brought forward for an unlimited period.

2.18 Income tax (cont'd)

(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.

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 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. Re-measurements 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.

(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.

2.26 Change in accounting policy

The Group and the Company re-assessed its accounting for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. The Group and the Company has previously measured all property, plant and equipment using the cost model as set out in IAS 16.30, whereby after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 31 March 2013 the Group and the Company elected to change the method of accounting for buildings classified in property, plant and equipment, since the Group and the Company believes that revaluation model more effectively demonstrates the financial position of buildings.

After initial recognition, the Group and the Company uses the revaluation model, whereby buildings will be measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group and the Company applied the exemptions in IAS 8, which exempts this change in accounting policy from retrospective application and extensive disclosure requirements.

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	
Assets reported in the statements of financial position	**2013**	**2012**	**2013**	**2012**
Non-current amounts receivable from subsidiaries	-	-	6 221	7 288
Non-current trade and other receivables	24	38	-	-
Trade receivables	4 282	5 410	2 809	4 127
Amounts receivable from subsidiaries (Note 28)	-	-	-	4
Cash and cash equivalents	2 347	925	552	187
	6 653	6 373	9 582	11 606

	Group		Company	
Liabilities reported in the statements of financial position	**2013**	**2012**	**2013**	**2012**
Borrowings	8 606	12 907	7 392	10 634
Borrowings from subsidiaries	-	-	6 284	5 450
Convertible bonds issued	12 932	11 141	12 932	11 141
Trade payables	3 791	5 662	3 396	5 284
Amounts payable to subsidiaries	-	-	100	88
Amounts payable to other related parties	4 173	3 504	3 197	2 608
Accrued expenses and other current liabilities and other payables (Note 20)	1 773	1 807	1 527	1 541
	31 275	35 021	34 828	36 746

3.1 Financial risk factors (cont'd)

(a) Market risk

(i) Monetary assets and monetary liabilities foreign exchange risk

Group	**2013**		**2012**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	780	12 160	1 384	11 291
USD	3	31	-	43
UAH	393	1 054	543	222
SEK	-	1	-	4
EUR	6 150	24 539	4 967	27 760
	7 326	37 785	6 894	39 320

Company	**2013**		**2012**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	465	9 117	524	13 103
USD	-	31	-	43
UAH	8	-	9	-
SEK	-	1	-	4
EUR	13 414	29 291	14 962	26 603
	13 887	38 440	15 495	39 753

The Group and the Company operates internationally and carries out a significant part of it's transactions in euros. With effect from 2 February 2002, the litashas 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 Group analyses foreign exchange rate exposure regularly. The Group calculates the possible impact on profit or loss by revaluating balances of accounts receivable, accounts payable, borrowings using foreign exchange rate changed by reasonably possible shift.

The Ukrainian subsidiary incurred a foreign exchange loss amounting to LTL 1060 thousand during the year ended 31 December 2013 (2012: incurred a foreign exchange loss amounting to LTL 508 thousand) due to fluctuations in the official exchange rate of Ukrainian gryvnia (UAH) to EUR settled by the National Bank of Ukraine.

UAH weakening/ strengthening by 10 per cent against EUR (with all other variables remaining stable) as at 31 December 2013 would increase/reduce the Group's net profit by LTL 1 785 thousand (2012: 1883 LTL thousand) due to borrowings and accounts payable of its Ukrainian operations denominated in euros.

3.1 Financial risk factors (cont'd)

(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 2013 were denominated in LTL and EUR (2012: LTL and EUR) (Note 17).

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 133 thousand (2012: LTL 136 thousand) and LTL 108 thousand (2012: LTL 120 thousand), respectively, mainly as a result of higher/lower interest expense/income on borrowings and loans granted.

(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	
	2013	**2012**	**2013**	**2012**
Cash and cash equivalents at bank (Note 14)	2 339	906	546	177
Current loans and trade receivables (Notes 28 and 11)	4 282	5 410	2 809	4 131
Non-current loans granted and amounts receivable	24	38	10 360	11 143
Total	**6 645**	**6 354**	**13 715**	**15 451**

3.1 Financial risk factors (cont'd)

ii) Credit quality of financial assets

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

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	
	2013	**2012**	**2013**	**2012**
New trade customers (up to 12 months)	352	123	352	123
Current trade customers (more than 12 months) who duly fulfilled their obligations in the past	3 930	5 287	2 457	4 008
Total accounts receivable	**4 282**	**5 410**	**2 809**	**4 131**

b) Cash and cash equivalents, excluding cash on hand

	Group		Company	
	2013	**2012**	**2013**	**2012**
A and above *	2 183	899	534	172
No rating	156	13	12	10
Total	**2 339**	**912**	**546**	**182**

* Independent ratings established by Fitch agency.

3.1 Financial risk factors (cont'd)

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**	
	2013	**2012**	**2013**	**2012**
Not past due receivables	**3 571**	**4 708**	**2 198**	**3 475**
Past due not impaired				
Past due up to 30 days	663	629	564	587
Past due 31-60 days	7	53	7	49
Past due 61-180 days	28	12	28	12
Past due more than 181 days	13	8	12	8
Total past due not impaired	**711**	**702**	**611**	**656**
Overdue and provided for				
Past due more than 181 days	560	780	486	707
Impairment allowance for trade receivables	(560)	(780)	(486)	(707)
Total accounts receivable	**4 282**	**5 410**	**2 809**	**4 131**

The Company's non-current accounts receivable consist of amounts receivable and loans from subsidiary PAT MTF Mrija, which at 31 December 2013 before impairment allowances accounted to LTL 17 321 thousand, after allowances LTL 10 360 thousand. Receivables from PAT MTF Mrija as of 31 December 2012 before impairment allowances amounted to LTL 16 797 thousand, after allowances LTL 11 143 thousand. As at 31 December 2013 and 2012 these receivable amounts from subsidiary were past due for more than one year and there were impairment allowances made of LTL 6 961 thousand (in 2012 impairment allowances made of LTL 5 654 thousand).

The Group did not have material non-current receivables and loans granted as at 31 December 2013 and 2012.

3.1 Financial risk factors(cont'd)

(c) Liquidity risk

The Group'sand 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 liabilities exceeded its current assets by 3 063 thousand LTL (by LTL 3 801 thousand as at 31 December 2012) and current liabilities exceeded its current assets, including non-current assets held for sale, by 2 001 thousand LTL (by LTL 1 825 thousand as at 31 December 2012). Group's liquidity (current assets / current liabilities) and quick ((current assets - inventory) / current liabilities) ratios as at 31 December 2013 were 0.86 and 0.33 respectively (0.83 and 0.32 as at 31 December 2012 respectively). Company's (AB Utenostrikotazas) current liabilities exceeded its current assets by 3 984 thousand as at 31 December 2013 (by LTL 2 544 thousand as at 31 December 2012) and current liabilities exceeded its current assets, including non-current assets held for sale, by 2 922 thousand as at 31 December 2013 (by LTL 568 thousand as at 31 December 2012). Company's liquidity (current assets / current liabilities) and quick ((current assets - inventory) / current liabilities) ratios as at 31 December 2013 were 0.78 and 0.21 respectively (0.85 and 0.26 as at 31 December 2012 respectively).

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. It might be that part of the Group's and the Company's trade payables which as at 31 December 2013 amounted to LTL 4 473 thousand andLTL 3 197thousand, respectively, will be paidlater than presented below. 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 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**

31 December 2012	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Borrowings from banks	172	2 307	-	2 479
Finance lease liabilities	369	4 775	6 119	11 263
Convertible bonds issued	-	-	15 018	15 018
Trade payables and other financial liabilities	10 961	-	-	10 961
	11 502	**7 082**	**21 137**	**39 721**

3.1 Financial risk factors(cont'd)

Company

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**

31 December 2012	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Finance lease liabilities	369	4 775	6 119	11 263
Convertible bonds issued	-	-	15 018	15 018
Borrowings from subsidiaries	-	-	5 538	5 538
Trade payables and other financial liabilities	6 522	-	-	6 522
	6 891	**4 775**	**26 675**	**38 341**

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**	
	2013	**2012**	**2013**	**2012**
Total borrowings and convertible bonds issued	21 538	24 048	26 608	27 225
Less: cash and cash equivalents	(2 347)	(925)	(552)	(187)
Net debt	19 191	23 123	26 056	27 038
Total equity	19 864	7 567	14 037	8 733
Total capital	39 055	30 690	40 093	35 771

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 2013, the Company and its subsidiariesregistered in Lithuaniacomplied with these requirements. As at 31 December 2012 the Company was not in compliance with this requirement, as its equity was less than 50 per cent of the authorized share capital. Increase of equity as at 31 December 2013 is due to asset revaluation reserve.

3.2 Capital management (cont'd)

Company's subsidiary'sŠatrija, AB retained earnings as at 31 December 2013 and 2012 were negative. 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:

a) transfer from reserves not used in the reporting financial year;
b) transfer from the legal reserve;
c) transfer from the share premium.

On the date of these financial statements there were no decisions made or actions taken concerning Šatrija, AB negative retained earnings, however the Management of the Group believes that Šatrija, AB will continue to operate profitably, and accordingly, the negative retained earnings will be covered.

The shareholders' equity of the subsidiary registered in Ukraine was negative as at 31 December 2013 and 31 December 2012. 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 2013 and 31 December 2012, the shareholders' equity of this subsidiary was less than the statutory minimal amount of authorised share capital. 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.

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 2.26 and Note 7).

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 2013 and 2012.

3.3 Fair value measurement (cont'd)

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 2013 and 2012.

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 Management's estimation, the fair value of the convertible bonds issued equals to LTL 14 029 thousand as at 31 December 2013 (LTL 13 111 thousand as at 31 December 2012) (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 assumptions

During the reporting year, the Group incurred net loss of LTL 1 145 thousand and the Company incurred a net loss of LTL 2 336 thousand (2012: the Group incurred loss of LTL 3557 thousand, Company incurred net loss of LTL 6330LTL thousand).

At the end of the reporting financial year, the Group's and the Company's current liabilities exceeded current assets by LTL 3 063 thousand and LTL 3 984 thousand, respectively (as at 31 December 2012 the Group's and the Company's current liabilities exceeded current assets by LTL 3 801 thousand and LTL 2 544 thousand, respectively). At the end of the reporting financial year, the Group's and the Company's current liabilities exceeded current assets, including non-current assets held for resale, by LTL 2 001 thousand and LTL 2 922 thousand, respectively (as at 31 December 2012 the Group's and the Company's current liabilities exceeded current assets, including non-current assets held for resale, by LTL 1 825 thousand and LTL 568 thousand, respectively).

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

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

Moreover, Company's outstanding bond obligations as of 31 December 2013 to Swedbank and SBA Koncernas (Parent Company) in the amounts of 10 209 LTL thousand and 2 723 LTL thousand respectively are with redemption date as of 12 January 2015. Company management believes that they will successfullyrestructure the outstanding bond obligations to the new debt and it would be no need to settle all outstandingamount on January 2015.

The Group's and the Company's financial statements have been prepared on a going concern basis, based on the assumption that the Group and the Company will continue their operation in the foreseeable future. Based on the assessment of the management, sufficient financial resources will be available to the Group or the Company to cover their current liabilities as they fall due. The management's assessment is based on the following considerations and plans, which would allow the Group and the Company to maintain sufficient cash flows to sustain its activities for at least 12 upcoming months:

In 2013, the Group generated positive EBITDA of LTL 5.5 million (excluding allowances made for intercompany receivables, allowances made because of change of real estate accounting principles). The Group's net result was negative and amounted to LTL 1 145 thousand net losses. The consolidated Group results (specifically financial activity) were negatively impacted by LTL 0.9 million is 2013 due to Ukraine currency exchange rate (UAH) fluctuation, which essentially had no effect on the Group's and the Company's cash flow in 2013.

In 2013, the Company incurred LTL 2.3 million of loss. Company results were negatively impacted by LTL 1.3 million (EUR 0.4 million) as additional write-offs were made for receivables from subsidiary PAT MTF Mrija, which essentially had no effect on the Group's and the Company's cash flow in 2013.

On 18 July 2013, the Company and SwedbankLizingas UAB enteredinto new agreements concerning the lease contracts. The parties revised the instalment schedules. The final settlement term of finance lease liabilities was not changed – as at30 September 2014. Despite the fact that finance lease liabilities totalling LTL 7 392 thousand matures in September of 2014, the Company management plans to extend the lease payment term of LTL 5 659 thousand for several years into the future.

On 29 January 2014, the subsidiary Company PAT MTF Mrija and FIDO bank entered into the new agreements concerning the loan.The total of LTL 1 214 The parties agreed the new final settlement term of the loan – 28 January 2015 and a new annual interest rate was agreed – 13 per cent.

In 2013, the Group's cash amount in Balance sheet has improved. As at 31 December 2013, the Group's and the Company's cash totalled LTL 2 347 thousand and LTL 552 thousand, respectively (925 and 187, respectively, as at 31 December 2012).

In the next financial year the Company and the Group will continue implementing costs and working capital management controlling measures as well as put efforts to pursue sale growth.

As disclosed in Note 3.1 it might be that part of the Group's and the Company's short term trade payables which as at 31 December 2013 amounted to LTL 4 173 thousand and LTL 3 197 thousand, respectively, will be paid later than the following twelve months period.

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

The Group will look for opportunities to sell the assets, which are not used in the main activities. The book values of such assets are: LTL 1 062 thousand in Lithuania and LTL 1 204 thousand in Ukraine.

(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 were 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 used in impairment testing, no impairment had been detected.

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

Investment in the subsidiary PATMTF Mrija and related goodwill

As at 31 December 2013 and 2012 investments 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.

Amounts receivable from subsidiary PAT MTF Mrija were tested for impairment jointly with investments into the subsidiary. As at 31 December 2013, receivables from PAT MTF Mrija before impairment allowances accounted to LTL 17 321 thousand, after allowances LTL 10 360 thousand.In 2013 additional allowances of LTL 1 307 thousand were made (in 2012 additional allowances of LTL 3 500 thousand were made and LTL 2 154 thousand before 2012).Receivables from PAT MTF Mrija as of 31 December 2012 before impairment allowances amounted to LTL 16 797 thousand, after allowances LTL 11 143 thousand.

As at 31 December 2013 and 2012 the recoverable amount of the 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.

Based on current industry situation and past experience, the Group's management included the following key inputs in the impairment test: increase in revenue from manufacturing activities of PAT MTF Mrijaby 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 21per cent (20.9 per cent in 2012) 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. 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.

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 post-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).

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.

Reduction in revenue growth from manufacturing activities starting from 2015to 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.

Decrease in growth rate used for extrapolation of cash flows beyond 5-year period by 4 percentage point (i.e. from 4 per cent to nil, with all other inputs remaining stable) would result in an additional impairment loss of amount receivable from subsidiary amounting to LTL 1.3 million as at 31 December 2013.

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

With regards to goodwill impairment test, after testing for impairment there was no impairment detected for the goodwill (Note 6) related to the investment to PAT MTF Mrija. If reasonably worsened inputs were used in impairment testing, no impairment had been detected.

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 amortization and allowance due to change in accounting policy) , 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.

5. Segmentinformation(cont'd)

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**	**-**	**5535**
Profit (loss) for the year	**(2 538)**	**1320**	**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)**	**38068**

5. Segment information (cont'd)

2012	**Production of knitted articles**	**Production of working clothes**	**Retail of knitted articles**	**Eliminations**	**Total**
External sales	42 582	8 264	616	-	51 462
Internal sales	304	37	-	(341)	-
Total revenue	**42 886**	**8 301**	**616**	**(341)**	**51 462**
Gross profit	**4 879**	**1 717**	**276**	**-**	**6 872**
EBITDA	**1 274**	**878**	**30**	**-**	**2 182**
Profit (loss) for the year	**(4 234)**	**610**	**67**	**-**	**(3 557)**
Depreciation and amortization	2 602	234	-	-	2 836
Impairment and write-off (reversal) of accounts receivable	1	-	-	-	1
Impairment and write-off (reversal) of inventories	44	(2)	-	-	42
Interest expenses	2 496	-	-	(138)	2 358
Income tax	(152)	129	-	-	(23)
Total segment assets	**40 415**	**10 716**	**1 483**	**(5 542)**	**47 072**
Total segment liabilities	**42 497**	**2 520**	**30**	**(5 542)**	**39 505**

	2013	**2012**	**2011**
EBITDA	**5535**	**2 182**	**7 185**
Depreciation and amortization	(2 954)	(2 836)	(3 179)
Allowance as a result of change in buildings accounting policy	(251)	-	-
Operating (loss) profit	**2 330**	**(654)**	**4 006**
Interest expenses	(2 503)	(2 358)	(2 608)
Other finance cost, net	(1 064)	(568)	233
Profit (loss) for the year before income tax	**(1 237)**	**(3 580)**	**1 631**

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

5. Segment information (cont'd)

The Group's and the Company's revenue from one customer exceeding 6 per cent of total sales in 2013 and 2012 was as follows:

Customer	Region	Group Percentage of total sales (%)		Company Percentage of total sales (%)	
		2013	2012	2013	2012
Customer 1	Western Europe	14	13	17	10
Customer 2	Western Europe	14	14	17	20
Customer 3	Western Europe	7	6	8	7
Customer 4	Western Europe	6	8	7	10

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

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

2012	Western Europe	Lithuania	Other regions	Total
Sales of the Group	40 804	8 367	2 291	51 462

The majority of Group sales were performed to Western Europe customers. In 2013 22 per cent of total sales wasto Swedish customers (2012: 23 per cent) and 20 per cent - to German customers (2012: 24 per cent).

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 8787 thousand as at 31 December 2013 (LTL 5 166 thousand as at 31 December 2012)

6. Intangible assets

	Group				Company
	Goodwill, related to PAT MTF Mrija	**Goodwill, related to Šatrija AB**	**Other intangible assets**	**Total**	**Other intangible assets**
Cost:					
Balance as at 31 December 2011	**2 061**	**1 522**	**3 738**	**7 321**	**3 211**
Additions	-	-	67	67	67
Foreign currency translation differences	(59)	-	(5)	(64)	-
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**
Amortization and impairment:					
Balance as at 31 December 2011	**-**	**129**	**3 372**	**3 501**	**2 846**
Charge for the year	-	-	297	297	297
Foreign currency translation differences	-	-	(4)	(4)	-
Balance as at 31 December 2012	**-**	**129**	**3 665**	**3 794**	**3 143**
Charge for the year	-	-	100	100	100
Foreign currency translation differences	-	-	-	-	-
Balance as at 31 December 2013	**-**	**129**	**3 765**	**3 894**	**3 243**
Net book value as at 31 December 2011	**2 061**	**1 393**	**366**	**3 820**	**365**
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**

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 2013, the acquisition cost of intangible assets of the Group and the Company that were fully amortised but still in use amounted to LTL 3540 thousand and LTL 3033 thousand, respectively (LTL 2 413 thousand and LTL 1 899 thousand, respectively as at 31 December 2012).

6. Intangible assets (cont'd)

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

As at 31 December 2013 and 2012 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 2013 and 2012.

As at 31 December 2013 and 2012, the most important and most sensitive assumptions in the carrying value of the goodwill are the discount rate and revenuegrowth. Reasonable change in these assumptions would not result in an impairment of goodwill as at 31 December 2013 and 2012.

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

7. Property, plant and equipment

Group

	Land	Buildings	Structures	Vehicles and other property, plant and equipment	Construction in progress	Total
Cost or revalued amount:						
Balance as at 31 December 2011	**15**	**14 239**	**1 034**	**80 502**	**39**	**95 829**
Additions	-	67	-	322	-	389
Disposals and write-offs	-	(441)	(4)	(1 056)	-	(1 501)
Foreign currency translation differences	-	(84)	(13)	(252)	(1)	(350)
Reclassification	-	-	-	28	(28)	-
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)	-	15330	-	-	-	15330
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**
Accumulated depreciation:						
Balance as at 31 December 2011	**-**	**6 503**	**718**	**63 607**	**-**	**70 828**
Charge for the year	-	253	43	2 354	-	2 650
Disposals and write-offs	-	(180)	(2)	(999)	-	(1 181)
Foreign currency translation differences	-	(28)	(10)	(169)	-	(207)
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**
Impairment						
Balance as at 31 December 2011	-	30	-	-	-	30
Balance as at 31 December 2012	-	30	-	-	-	30
Balance as at 31 December 2013	-	44	-	-	-	44
Net book value as at 31 December 2011	**15**	**7 706**	**316**	**16 895**	**39**	**24 971**
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**

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

Company	**Land**	**Buildings**	**Structures**	**Vehicles and other property, plant and equipment**	**Constructi-on in progress**	**Total**
Costor revalued amount:						
Balance as at 31 December 2011	**15**	**7 457**	**571**	**65 825**	**28**	**73 896**
Additions	-	-	-	223	-	223
Reclassification		-	-	28	(28)	-
Disposals and write-offs	-	(265)	-	(814)	-	(1 079)
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**
Accumulated depreciation:						
Balance as at 31 December 2011	**-**	**3 141**	**424**	**53 269**	**-**	**56 834**
Charge for the year	-	91	31	1 979	-	2 101
Disposals and write-offs	-	(147)	-	(774)	-	(921)
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**
Impairment:						
Balance as at 31 December 2011	-	30	-	-	-	30
Balance as at 31 December 2012	-	30	-	-	-	30
Balance as at 31 December 2013	-	30	-	-	-	30
Net book value as at 31 December 2011	**15**	**4 286**	**147**	**12 556**	**28**	**17 032**
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**

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

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 2 906 thousand and LTL 2 205 thousand, respectively in 2013 (2012: LTL 2 650 thousand and LTL 2 101 thousand, respectively). The respective amounts of LTL 2 424 thousand and LTL 1 969 thousand in 2013 (2012: LTL 2 358 thousand and LTL 1 887 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 39 416 thousand and LTL 28 671 thousand, respectively, were fully depreciated as at 31 December 2013 (2012: LTL 37 135 thousand and LTL 26328 thousand, respectively), but were still in use.

Property, plant and equipment of the Group and the Company with the acquisition cost of LTL 4 207 thousand and LTL 93 thousand, respectively, were idle as at 31 December 2013 (2012: LTL 6 326 thousand and LTL 1 976 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 (2012: LTL 22867 thousand and LTL 17 375 thousand, respectively) 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.

As disclosed in Note 2.26, from 31 March 2013, the Group and the Company has changed its accounting policy for the measurement of buildings to the revaluation model.

If buildings were measured using the cost model, the carrying amounts would be as follows:

	Group 31 December 2013	**Company 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 comparative 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 are based on valuations performed by UAB Centro kubas (Lithuania) and certified valuerAleksandrTidir (Ukraine)accredited independent valuers.

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

Significant directly or indirectly observable valuation input:

	Group	**Company**
Price per square meter (LTL)	Range	Range
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.

Below is the split of buildings according the category at fair value of the Group and the Company as at 31 December 2013.

	Group	**Company**
Administration buildings	2 613	1 938
Manufacturing and warehouse buildings	17 946	9 880
Shop premises	203	203
Net book value as at 31 December 2013	20 762	12 021

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

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
Cost or revalued amount– capitalised finance lease				
Buildings	15 946	7 058	15 946	7 058
Reclassification from investment property	474	-	474	-
Vehicles and other property, plant and equipment	43 237	43 237	43 237	43 237
Accumulated depreciation				
Buildings	(3 283)	(3 050)	(3 283)	(3 050)
Reclassification from investment property	(137)	-	(137)	-
Vehicles and other property, plant and equipment	(35 781)	(34 268)	(35 781)	(34 268)
Net book value as at 31 December				
Buildings	13 000	4 008	13 000	4 008
Vehicles and other property, plant and equipment	7 456	8 969	7 456	8 969

8. Investment property

	Group	Company
Cost:		
Balance as at 31 December 2011	**4 338**	**4 338**
Disposals	**(272)**	**(272)**
Reclassifications to non current asset held for sale (Note 13)	(2 831)	(2 831)
Balance as at 31 December 2012	**1 235**	**1 235**
Reclassification tonon current assets buildings group	(599)	(599)
Balance as at 31 December 2013	**636**	**636**
Accumulated depreciation:		
Balance as at 31 December 2011	**1 369**	**1 369**
Charge for the year	90	90
Disposals and write-offs	(125)	(125)
Reclassification to non current asset held for sale (Note 13)	(855)	(855)
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**
Impairment		
Balance as at 1 January 2011	**-**	**-**
Balance as at 31 December 2012	**-**	**-**
Balance as at 31 December 2013	**-**	**-**
Net book value as at 31 December 2011	**2 969**	**2 969**
Net book value as at 31 December 2012	**756**	**756**
Net book value as at 31 December 2013	**403**	**403**

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 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	
	2013	**2012**	**2013**	**2012**
Cost – capitalised finance lease				
Investment property	636	1 109	636	1 109
Accumulated depreciation				
Investment property	(233)	(353)	(233)	(353)
Impairment loss for investment property	-	-	-	-
Investment property reversal of impairment	-	-	-	-
Net book value as at 31 December	**403**	**756**	**403**	**756**

The fair value of the investment property approximates its net book value as at 31 December 2013 and as at 31 December 2012. The fair value of investment property as at 31 December 2013 and as at 31 December 2012 was estimated by management using market price per square meter of similar premises in similar locations identified by independent property valuators. The Group's and the Company's investment property fair value was estimated under the second level of fair value hierarchy.

Investment property rental income

	Group		Company	
	2013	**2012**	**2013**	**2012**
During 1 year	36	41	36	41
After 1 year but not later than 5 years	45	86	45	86
After 5 years	-	-	-	-
	81	127	81	127

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:

	2013	2012
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 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 at 31 December 2012: LTL 4 935 thousand) (Note 17).

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

10. Inventories

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Raw materials	5 895	4 919	3 937	3 398
Work in progress	3 602	4 069	3 243	3 879
Finished goods	4 728	3 866	4 535	3 667
Goods for resale	231	267	-	-
	14 456	13 121	11 715	10 944
Write-down to net realisable value:				
Opening balance	(1 922)	(1 875)	(839)	(796)
Change	(446)	(47)	(392)	(43)
Closing balance	(2 368)	(1 922)	(1 231)	(839)
	12 088	11 199	10 484	10 105

The acquisition cost of the Group's and the Company's inventories accounted for at net realizable value as at 31 December 2013 amounted to LTL 3937 thousand and LTL 2801 thousand, respectively (2012: LTL 2 792 thousand and LTL 1 709 thousand, respectively). Changes in impairment allowance for inventories during 2013 and 2012 were recorded within the Group's and the Company's general and administrative expenses.

All inventories of the Company as at 31 December 2013 and 2012were pledged to the lease company as collateral for the finance lease. (Note 17).

11. Trade receivables

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade receivables, gross	4 842	6 190	3 296	4 834
Allowance for trade receivables:				
Opening balance	(780)	(780)	(707)	(707)
Additional accumulated over the years	(94)	-	(94)	-
Written -off	314	-	315	-
Closing balance	(560)	(780)	(486)	(707)
	4 282	5 410	2 809	4 127

Changes in impairment allowance for doubtful trade receivables during 2013 and 2012 were recorded within the Group's and the Company's general and administrative expenses.

12. Other accounts receivable

	Group		Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Taxes receivable, except for prepaid income tax	520	443	167	5
Prepayments and other current assets	360	239	220	128
	880	682	387	133

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 reclassified to asset held for sale, belonging to the production of knitted articles segment. The Company is intensively searching for the buyer for thisproperty and expects to dispose it in 2014.

As at 31 of December 2012 the Company's building with a net book value of LTL 1 976 thousand was reclassified to asset held for sale. On the 26 of August, 2013 the Company sold this building.

14. Cash and cash equivalents

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Cash on hand	8	13	6	5
Cash at bank	2 339	912	546	182
	2 347	925	552	187

In 2013 and 2012, 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). As at 31 December 2013 and 2012, the Group and the Company had no restrictions on the use of cash and cash equivalents.

15. Share capital

As at 31 December 2013 and 2012, the share capital comprised 19 834 442 ordinary registered shares with par value of LTL 1 each. As at 31 December 2013 and 2012, all the shares were fully paid.

The subsidiaries did not hold any shares of the Company as at 31 December 2013 and 2012. The Company did not hold its own shares as at 31 December 2013 and 2012.

16. Other reserves and retained earnings (deficit)

Revaluation reserve

Revaluation reserve 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 2013 and 2012 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.

Foreign currency translation reserve

The foreign currency translation reserve is used for translation differences arising on consolidation of financial statements of foreign subsidiaries (Note 2.21.).

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

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:

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

As at the date of these financial statements, the Management of the Company was not informed about the actions of the shareholders of the Company related to this matter.

17. Borrowings

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Current				
Current portion of non-current bank borrowings	1 214	2 273	-	-
Finance lease liabilities	7 392	4 708	7 392	4 708
	8 606	6 981	7 392	4 708
Non–current				
Borrowings from subsidiaries	-	-	6 284	5 450
Finance lease liabilities	-	5 926	-	5 926
	-	5 926	6 284	11 376
Total borrowings	8 606	12 907	13 676	16 084

In 2013 and 2012, the bank borrowings were secured by property plant and equipment (Note 7).

The fulfilment of finance lease liabilities is 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.

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

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
EUR	8 606	12 907	13 676	16 084

17. Borrowings (cont'd)

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

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Long-term borrowings from subsidiaries	-	-	4.99	4.97
Long-term bank borrowings	13.00	11.00	-	-
Finance lease liabilities	4.77	5.03	4.77	5.03

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	
Interest changes	**31 December 2013**	**31 December 2012**	**31 December 2013**	**31 December 2012**
Every 6 months or more	8 606	12 907	7 392	10 634
Every 12 months	-	-	6 284	5 450
	8 606	12 907	13 676	16 084

As at 31 December 2013 and 2012 the Company committed to comply with the following financial ratios during the entire validity period of the contracts:
1) Group's financial ratios:
a) DSCR (debt service coverage ratio) not lower than 1.2;
b) debt to EBITDA ratio not higher than 4;
2) Company's financial ratios:
a) equity-to-total assets ratio not lower than 0.3;
b) debt to EBITDA ratio not higher than 4;

As at 31 December 2012, the Company was not in compliance with restrictive conditions stipulated in loan and lease agreements with the leasing company. As at 28 December 2012 the Company received confirmation from the leasing company that despite this breach of covenant, no measures provided in the agreements are taken.

As at 31 December 2013, the Company was not in compliance with onerestrictive condition (companies' total equity to total assets ratio) stipulated in loan and lease agreements with theleasing 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)

Finance lease liabilities – minimum lease payments:

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Not later than 1 year	7 627	5 145	7 627	5 145
After 1 year but not later than 5 years	-	6 119	-	6 119
After 5 years	-	-	-	-
	7 627	11 264	7 627	11 264
Future finance lease charges	(235)	(630)	(235)	(630)
Present value of finance lease liabilities	7 392	10 634	7 392	10 634
Present value of finance lease liabilities:				
Not later than 1 year	7 392	4 708	7 392	4 708
After 1 year but not later than 5 years	-	5 926	-	5 926
After 5 years	-	-	-	-
	7 392	10 634	7 392	10 634

18. Convertible bonds issued

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Convertible bonds issued to the bank	10 209	8 795	10 209	8 795
Convertible bonds issued to UAB Koncernas SBA	2 723	2 346	2 723	2 346
	12 932	11 141	12 932	11 141

18. Convertible bonds issued (cont'd)

On 11 January 2010, an agreement on convertible bonds was entered into by the Company and Swedbank AB. Based on the 3 December 2009 decision of the extraordinary general shareholder meeting it was resolved to issue 50 units of convertible bonds with the nominal value in total of LTL 11 850 thousand (equivalent in EUR 3 432 thousand) by restructuring a part of the Company's finance lease liabilities to the finance lease company.

Based on the convertible bond agreement the Company is obliged to redeem bonds or exchange them for the shares of the Company under the terms and conditions established in the agreement. A nominal value of one bond is LTL 237 thousand (equivalent in EUR 69 thousand); a discounted value of one bond issued is LTL 112 thousand (equivalent in EUR 36 thousand); the bond bears interest at 15%. The maturity term of bonds is 5 years; the maturity date is 12 January 2015. If Swedbank AB chooses to convert the bonds into the shares, it has to submit a written request to the Company from 12 January 2010 till 11 December 2014 inclusive and the convertible bonds shall be exchanged into the shares of the Company on the redemption day. The maximum number of the shares for which the issued convertible bonds might be converted at the end of the conversion period – 11 850 thousand shares with the nominal value LTL 1.

„Swedbank", AB on 15th of December 2011 disposed all convertible bonds of the Company to company FR&R Invest AB , which is registered in Sweden and is related party to the bank.

In addition, an agreement on convertible bonds was entered into by the Company and the ultimate parent company Koncernas SBA UAB on 11 January 2010. Based on the 3 December 2009 decision of the extraordinary general shareholder meeting it was resolved to issue 16 units of convertible bonds with the nominal value in total of LTL 3 166 thousand (equivalent in EUR 917 thousand) by restructuring the Company's financial liabilities to the ultimate parent company.

Based on the convertible bond agreement the Company is obliged to redeem bonds or exchange them for the shares of the Company under the terms and conditions established in the agreement. A nominal value of one bond is LTL 198 thousand (equivalent in EUR 57 thousand); a discounted value of one bond issue is LTL 94 thousand (equivalent in EUR 27 thousand); yield of the bond is 15 per cent of annual interest. The maturity term of bonds is 5 years; the maturity date is 12 January 2015. If Koncernas SBA UAB chooses to convert the bonds into the shares, it has to submit a written request to the Company as from 12 January 2010 till 11 December 2014 inclusive and the convertible bonds shall be exchanged into the shares of the Company on the redemption day. The maximum number of the shares for which the issued convertible bonds might be converted at the end of the conversion period – 3 168 thousand shares with the nominal value LTL 1.

Convertible bonds were issued after the restructuring of finance lease liabilities and amounts payable to SBA Koncernas UAB. The Company measured the liability and equity components of this compound financial instrument. During the measurement it was determined that the equity component is close to zero, therefore the total value of the compound financial instrument was attributed to the liability component.

As at 26 March 2014 extraordinary General shareholders meeting of the Company held, per which, decided:

1. To make the Amendment to the issue terms and conditions of non-public issue of convertible bonds (ISIN code LT1000450007) adopted in the extraordinary general meeting of the shareholders of the Company as of 3 December 2009 and to determine the order of the Amendment enforcement. A more detailed information concerning decisions of extraordinary general shareholder's meeting might be found on the Companies internet site (www.ut.lt) investors relations-public announcements section.
2. To authorize the head of the Company Mr. Gintautas Bareika to perform all actions related to the fulfilment of the resolutions of the General Meeting of the Shareholders.

As at 31 March 2014 the Company publically announced about ability to acquire re-issued convertible bonds of the Company according to conditions set in the announcement..A more detailed information concerning this public announcement might be found on Companies internet site (www.ut.lt) investors relations-public announcements section.

19. Provisions for employee benefits

	Group	Company
Balance as at 31 December 2012	**594**	**548**
Benefits earned	45	48
Interest costs	51	54
Actuarial (gain) loss	(23)	(27)
Reversed costs due to cancelled labour contracts	(34)	(41)
Balance as at 31 December 2013	**633**	**582**
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
Long term provisions for employee benefits as at 31 December 2012	421	387
Short term provisions for employee benefits as at 31 December 2012	173	161

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 it's 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.

2013 provisions were calculated with the discount rate of 4.85 per cent and employee turnover rate of 12.24 per cent (in 2012: 4.72 per cent and 11.14 per cent, respectively). Average age till pension by the Group and the Company was respectively 19.99 and 19.17 years as at 31 December 2013 (2012: 19.03 and 17.72 years).

20. Accruedexpensesandother currentliabilities

	Group		Company	
	2013	**2012**	**2013**	**2012**
Accrual for vacation reserve	2 222	1 975	1 309	1 266
Wages, salaries and social security	1 437	1 743	1 002	1 398
Amounts payable for services and non-current assets	1 638	1 485	1 523	1 377
Bonuses for employees	150	70	-	-
Taxes payable, except for income tax	360	275	293	207
Other liabilities	135	322	4	164
	5 942	5 870	4 131	4 412

21. Cost of sales

	Group		Company	
	2013	**2012**	**2013**	**2012**
Wages and salaries and social security	23 992	20 388	17 110	14 823
Materials	21 068	14 030	19 241	13 970
Other overhead expenses	10 329	7 747	11 366	6 500
Depreciation and amortization	2 424	2 358	1 969	1 887
Cost of materials sold	64	67	8	26
	57 877	44 590	49 694	37 206

22. Selling general and administrative expenses

	Group		Company	
	2013	**2012**	**2013**	**2012**
Selling expenses				
Wages salaries and social security	1 059	1 282	829	1 054
Maintenance costs of retail outlets	89	90	-	-
Agency costs	431	477	431	452
Transportation costs	558	399	518	381
Advertising and marketing costs	199	116	189	101
Other selling expenses	478	484	444	466
Total selling expenses	**2 814**	**2 848**	**2 411**	**2 454**
General and administrative expenses				
Wages salaries and social security	2 502	2 635	1 690	1 761
Communications and consulting services	780	1 005	603	758
Taxes other than income tax	278	378	217	320
Depreciation and amortization	518	390	288	316
Security	337	314	144	120
Vehicles exploitation expenses	205	195	151	150
Provisions for employee benefits (Note 20)	35	184	35	193
Services of financial institutions	188	152	149	102
Travel expenses	101	133	77	104
Premises exploitation expenses	114	128	83	89
Representation expenses	111	100	85	69
Impairment and write-off (reversal) of inventories	445	42	392	44
Impairment of financial assets	-	26	-	-
Impairment and write-off (reversal) of accounts receivable	94	-	94	-
Impairment of accounts receivable from subsidiaries	-	-	1 307	3 500
Impairment (reversal) of non-current assets	654	(1)	437	(1)
Other	720	774	266	429
Total general and administrative expenses	**7082**	**6 455**	**6 018**	**7 954**
	9 896	**9 303**	**8 429**	**10 408**

23. Other income and expenses

	Group		Company	
	2013	**2012**	**2013**	**2012**
Gain from disposal of non-current assets	225	1 315	-	1 300
Materials for sales	51	-	269	-
Rent income	328	546	66	225
Other income	69	169	55	83
Other income	**673**	**2 030**	**390**	**1 608**
Rent costs	(22)	(116)	(22)	(116)
Other expenses	(96)	(137)	9	(2)
Other expenses	**(118)**	**(253)**	**(13)**	**(118)**

24. Finance costs, net

	Group		Company	
	2013	**2012**	**2013**	**2012**
Net foreign exchange gain	1 248	1 521	37	37
Interest income	2	18	207	208
Income from financing activities	**1 250**	**1 539**	**234**	**245**
Interest expenses	(2 503)	(2 358)	(2 559)	(2 316)
Net foreign exchange (loss)	(2 314)	(2 107)	(28)	(38)
Financial expenses	**(4 817)**	**(4 465)**	**(2 587)**	**(2 354)**

25. Employee benefits

	Group		Company	
	2013	**2012**	**2013**	**2012**
Wages and salaries	20967	18 505	14 995	13 476
Social security	6586	5 800	4 434	4 165
	27553	24 305	19629	17 641

26. Income tax

Income tax expense comprised as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
Current tax	(151)	-	-	-
Change in deferred tax	243	23	374	152
Income tax income (expense)recognised in the statement of comprehensive income	92	23	374	152

26. Income tax (cont'd)

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	
	2013	2012	2013	2012
Profit (losses) before tax	(1 237)	(3 580)	(2 710)	(6 482)
Income tax (expense) at a rate of 15%	185	537	407	972
Effect of different tax rates applicable to subsidiary in Ukraine	39	70	-	-
Unrecognised deferred tax assets	3	185	-	-
Change in valuation allowances for deferred tax asset	266	(388)	255	(255)
Expenses not deductible for tax purposes	(401)	(381)	(288)	(565)
Income tax income(expenses) reported in income statement	**92**	**23**	**374**	**152**

In 2013, 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 2012). Deferred income tax asset and liability relating to entity operating in Ukraine were estimated using the tax rate of 18 per cent (in 2012 21 per cent).

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 2011	Recognised in income statement	31 December 2012	Recognised in income statement	31 Decem-ber2013
Deferred tax assets					
Tax loss carry forward	1 150	242	1 392	(276)	1 116
Inventories	119	17	136	65	201
Receivables	47	11	58	(33)	25
Impairment of property, plant and equipment and investment property	4	112	116	(112)	4
Provisions foremployee benefits	61	28	89	5	94
Goodwill	115	(15)	100	(15)	85
Accrued charges	110	31	141	31	172
Deferred tax assets before valuation allowance	1 606	426	2 032	(335)	1 697
Less: valuation allowance	-	(388)	(388)	266	(122)
Deferred tax assets, net	1 606	38	1 644	(69)	1 575
Deferred tax liabilities					
Depreciation of property, plant and equipment	(1 320)	(15)	(1 335)	150	(1 185)
Revaluation reserve *	-	-	-	(2 271)*	(2 271)
Deferred tax liabilities	(1 320)	(15)	(1 335)	(2 121)	(3 456)
Deferred tax, net	286	23	309	(2 190)	(1 881)

*Except for revaluation reserve amount, which is recognised in equity.

26. Income tax (cont'd)

Company	31 December2011	Recognised in income statement	31 December2012	Recognised in income statement	31 December2013
Deferred tax assets					
Tax loss carry forward	826	367	1 193	(77)	1 116
Inventories	119	7	126	59	185
Receivables	47	-	47	(33)	14
Impairment of property, plant and equipment and investment property	4	-	4	-	4
Provisions for employee benefits	53	29	82	5	87
Accrued charges	30	15	45	1	46
Deferred tax assets before valuation allowance	1 079	418	1 497	(45)	1 452
Less: valuation allowance	-	(255)	(255)	255	-
Deferred tax assets, net	1 079	163	1 242	210	1 452
Deferred tax liabilities					
Depreciation of property, plant and equipment	(1 231)	(11)	(1 242)	141	(1 101)
Revaluation reserve *	-	-	-	(1 324)	(1 324)
Deferred tax liabilities	(1 231)	(11)	(1 242)	(1 183)	(2 425)
Deferred tax, net	(152)	152	-	(973)	(974)

*Except for revaluation reserve amount, which is recognised in equity.

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 2013 the Group's and the Company's tax losses to be carried forward against future taxable income amounted to LTL 15 262 thousand and LTL 7 442 thousand, respectively (2012: LTL 16 631 thousand and LTL 7 953 thousand, respectively). All tax losses of the Company may be carried forward for an unlimited term. Group tax losses amounting LTL 6 182 thousands may be carried forward up till 2014-2015 and remaining tax losses can be carried forward for an unlimited term.Up until 2012, only 25 per cent of the accrued tax losses of Company's subsidiary PAT MTF Mrija could have been carried forward.

As at 31 December 2013 the Group's company PAT MTF Mrija had tax losses of LTL 7 820 thousand (2012: LTL 7 352 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	
	2013	**2012**
Loss attributable to the equity holders of the Group	(1 272)	(3 614)
Weighted average number of shares in issue (thousand)	19 834	19 834
Basic/dilutive earnings per share (in LTL)	(0.06)	(0.18)

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

The Company issued convertible bonds (Note 18). If the convertible bond holders exercise the conversion option, UAB Koncernas SBA would own less than 51 per cent of the share capital of the Company. The conversion option was not exercised as at 31 December 2013.

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 2013 and 31 December 2012, the management of the Group and the Company had 0.002 per cent of shares of PAT MTF Mrija.

The Group's and the Company's related-party transactions in 2013 and 2012 were as follows:

28. Related-party transactions (cont'd)

	Group		Company	
	2013	**2012**	**2013**	**2012**
Sales of goods and services				
Subsidiaries of the Company	-	-	466	943
SBA group companies	58	211	1	25
Ultimate parent company	14	15	12	12
	72	226	479	980

	Group		Company	
	2012	**2011**	**2013**	**2012**
Interest income				
Subsidiaries of the Company	-	-	207	207
	-	-	207	207

	Group		Company	
	2013	**2012**	**2013**	**2012**
Interest expenses				
Ultimate parent company	377	325	377	325
Subsidiaries of the Company	-	-	271	138
	377	325	648	463

	Group		Company	
	2013	**2012**	**2013**	**2012**
Purchases of goods and services				
Subsidiaries of the Company	-	-	2 976	1 117
SBA group companies	-	-	-	-
Ultimate parent company	560	870	493	712
Other related parties	21	15	19	14
	581	885	3 488	1 843

	Group		Company	
	2013	**2012**	**2013**	**2012**
Acquisition of property, plant and equipment				
Subsidiaries of the Company	-	-	403	7
	-	-	403	7

28. Related-party transactions (cont'd)

	Group		Company	
	31 December 2013	**31 December 2012**	**31 December 2013**	**31 December 2012**
Amounts receivable (including prepayments and loans)				
Accounts receivable from subsidiaries, gross*	-	-	8 400	8 367
Impairment allowances made	-	-	(5 483)	(4 176)
Accounts receivable from subsidiaries, net	-	-	2 917	4 191
Prepayments to subsidiaries	-	-	4 139	3 858
Loans granted including interest receivable from subsidiaries, gross**	-	-	4 782	4 579
Impairment allowances made	-	-	(1 478)	(1 478)
Loans granted including interest receivable from subsidiaries, net	-	-	3 304	3 101
SBA group companies	-	-	-	-
	-	-	10 360	11 147

* In 2013 and 2012 the accounts receivable consists only of accounts receivable from PAT MTF Mrija.

** In 2013 and 2012 the amount stands for loan granted including interest receivable from PAT MTF Mrija, with maturity of 30 November 2015, with fixed annual interest rate of 6 per cent.

Interest rates established for loans granted to related parties by the Companyare 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:

	2013	**2012**
Loans granted to related parties as at 31 December	6%	6 %

	Group		Company	
	2013	**2012**	**2013**	**2012**
Current and non-current payables				
Subsidiaries of the Company	-	-	6 385	5 538
SBA group companies	-	12	-	12
Other related parties	140	135	140	134
Ultimate parent company	4 033	3 357	3 057	2 462
	4 173	3 504	9 582	8 146

	Group		Company	
	2013	**2012**	**2013**	**2012**
Convertible bonds issued				
Ultimate parent company	2 723	2 346	2 723	2 346
	2 723	2 346	2 723	2 346

28. Related-party transactions (cont'd)

On 31 December 2012 the total amount of the loan received by Company from subsidiary Šatrija, AB wasEUR 1 216 thousand. On 31 December 2013 the additional agreement to the loan contract had been signed between the Company and a subsidiary Šatrija AB which extended the loan amount for EUR 242 thousand. The total amount of the loan EUR 1 458 thousand. The final settlement term of the loan is 15 January 2015.

The Company has the borrowing of EUR 362 thousand from the subsidiary Gotija, UAB (the same amount in 2012 and 2013). In 2013 the loan was extendedto the 15th of January 2015.

	Group		Company	
	2013	**2012**	**2013**	**2012**
Key management compensation including social security costs				
Remuneration of management	1 559	1 705	967	982
	1 559	1 705	967	982

Key management includes general director, functional directors and chief accountant.
In 2013 and 2012 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

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 (LTL 2 273 thousand as at 31 December 2012) 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 2012 and 2013 Company's financial statements.

Off balance sheet commitments
As at 31 December 2013 and 2012 the Group and the Company had no material commitments for acquisition of property, plant and equipment or intangible assets.

30. Post balance sheet events

On 29 January 2014, the subsidiary Company PAT MTF Mrija and FIDO bank entered into the new agreements concerning the loan. The parties agreed the new final settlement term of the loan – 28 January 2015 and a new annual interest rate was agreed – 13 per cent.

Subsequent to 31 December 2013, the economic and political uncertainty in Ukraine increased significantly. Furthermore, between 1 January 2014 and 21 April 2014, the Ukrainian Hryvnia devalued to major foreign currencies by approximately 27 per cent, and the National Bank of Ukraine imposed certain restrictions on purchase of foreign currencies at the inter-bank market. International rating agencies have downgraded sovereign debt ratings for Ukraine. The combination of the above events has resulted in a deterioration of liquidity and much tighter credit conditions where credit is available.

Company management believes that events in Ukraine would not have any material impact on Subsidiary PAT MTF Mrija operations, but high fluctuations in local Ukrainian currency might have significant non-monetary impact on financial activity on statement of comprehensive income.

As at 26 March 2014 extraordinary General shareholders meeting of the Company held, per which, decided:

1. To make the Amendment to the issue terms and conditions of non-public issue of convertible bonds (ISIN code LT1000450007) adopted in the extraordinary general meeting of the shareholders of the Company as of 3 December 2009 and to determine the order of the Amendment enforcement. A more detailed information concerning decisions of extraordinary general shareholder's meeting might be found on the Companies internet site (www.ut.lt) investors relations-public announcements section.
3. To authorize the head of the Company Mr. Gintautas Bareika to perform all actions related to the fulfilment of the resolutions of the General Meeting of the Shareholders.

As at 31 March 2014 the Company publically announced about ability to acquire re-issued convertible bonds of the Company according to conditions set in the announcement..A more detailed information concerning this public announcement might be found on Companies internet site (www.ut.lt) investors relations-public announcements section..

UTENOS TRIKOTAŽAS AB

CONSOLIDATED ANNUAL REPORT
For 12 months period
ENDED 31 DECEMBER 2013

1. Reporting period covered by the Annual Report

The Annual Report covers the period from 1 January 2013 to 31 December 2013.
All amounts in the Annual Report presented as at 31 December 2013, unless otherwise stated. Further in this report UtenosTrikotažas AB can be referred to as the Company or the Issuer.

2. Issuer and its contact data

Company name	**UtenosTrikotažas AB**
Authorised share capital	LTL 19 834 442
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	BĮ 98-257
Code of the Register of Legal Entities	183709468

3. Nature of the Issuer's operations

UtenosTrikotažas 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 productionand 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 VilniausBankas 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:

	2013	2012	2011	2010 adjusted	2009 adjusted
Revenue (LTL'000)	69 548	51 462	61172	70711	70336
Profit for the year(LTL'000)	(1 145)	(3 557)	1776	3683	2 463
Price per share	0.912	0.687	0.777	1.309	1.140
Dividend per share	-	-	-	-	-

Financial ratios

	Group			Company		
	2013	2012	2011	2013	2012	2011
Revenue (LTL'000)	69548	51 462	61172	57 389	41 751	51396
Operating profit (loss) (LTL'000)	2 330	(654)	4 006	(357)	(4 373)	(5291)
Operating profit (loss) margin(%)	3.4%	(1.3)	6.5	(0.6)	(10.5)	(10.3)
Profit (loss) before tax (LTL'000)	(1 237)	(3 580)	1 631	(2 710)	(6 482)	(7446)
Profit (loss) before tax, margin (%)	(1.8)	(7.0)	(2.7)	(4.7)	(15.5)	(14.5)
Profit (loss) for the year (LTL'000)	(1 145)	(3 557)	1776	(2 336)	(6 330)	(7654)
Profit (loss) for the year margin (%)	(1.6)	(6.9)	2.9	(4.1)	(15.2)	(14.9)
Number of shares, (thousand)	19 834	19 834	19834	19 834	19 834	19834

Relative ratios

	Group			Company		
	2013. 12.31	2012. 12.31	2011. 12.31	2013. 12.31	2012. 12.31	2011. 12.31
Return on capital employed (%)	(5.8)	(17.9)	9.0	(11.8)	(31.9)	(38.6)
Return on assets (%)	(2.0)	(7.6)	3.7	(4.4)	(13.0)	(15.5)
Return on shareholders' equity(%)	(5.8)	(47.0)	16.4	(16.6)	(72.5)	(50.8)
Debt ratio (%)	65.7	83.9	77.5	73.4	82.1	69.6
Debt-to-equity ratio (%)	191.6	522.1	345.1	276.5	458.1	228.6
Liquidity ratio (%)	91.2	91.7	87.6	84.0	96.7	89.2
Equity to assets ratio (%)	34.3	16.1	22.5	26.6	17.9	30.4

Operating figures

	Group			Company		
	2013	2012	2011	2013	2012	2011
Manufactured items	3 192	2 730	3376	2 060	1 787	1985
Average number of employees	1 086	1 031	1204	691	643	706

Ratios related with the share price

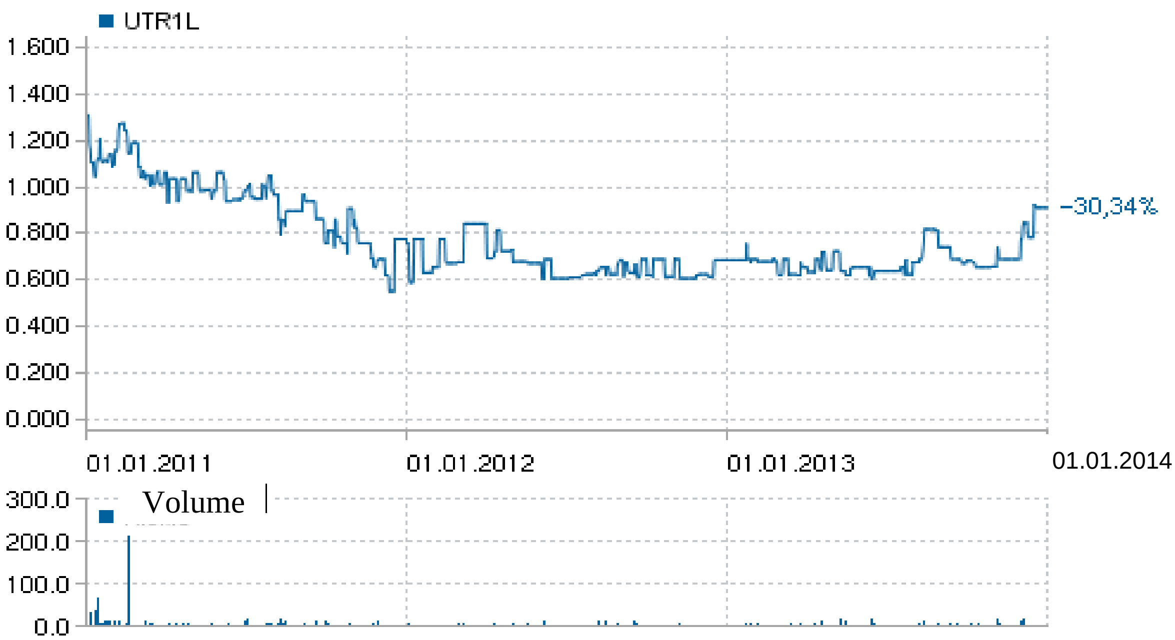
	2013	2012	2011
P/E	(14.21)	(3.77)	9.52
EPS	(0.06)	(0.18)	0.08
EV/EBITDA	6.73	16.84	5.82
EV/EBIT	29.44	(30.07)	9.86

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. 19834442 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is LTL 1.

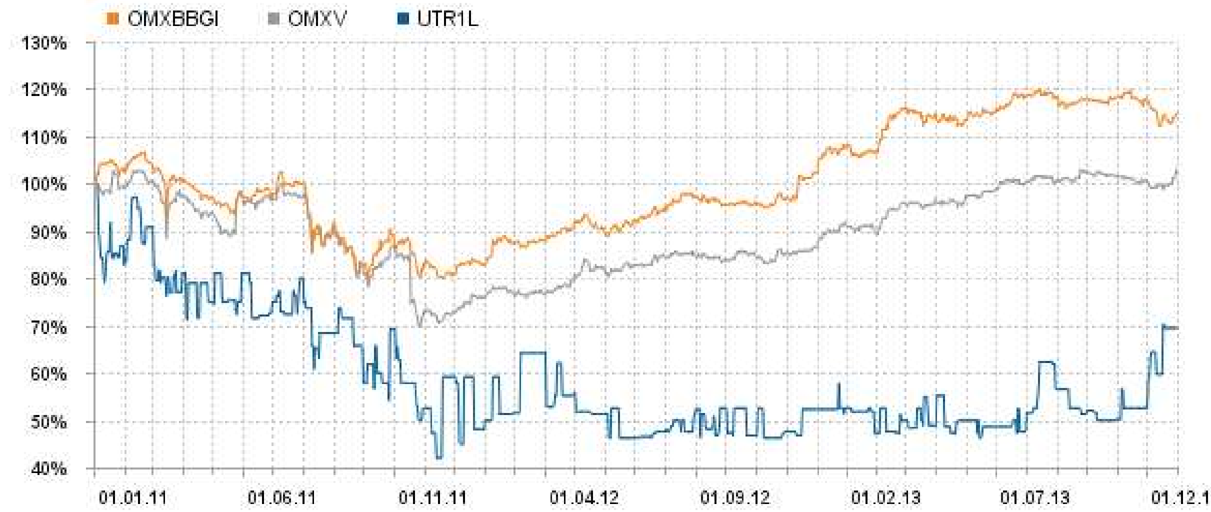
7. Information regarding the price of shares and their dynamics

AB ,,Utenostrikotažas" share price dynamics, 2011-2013 (LTL):



Price ratios	2013	2012	2011
Open price, LTL	0.687	0.760	1.309
High price, LTL	0.922	0.843	1.274
Low price, LTL	0.608	0.590	0.552
Last price, LTL	0.912	0.687	0.777
Traded volume	206 885	119 656	781 069
Turnover, million LTL	0.14	0.08	0.81
Capitalisation, million LTL	18.08	13.63	15.41

AB „Utenostrikotažas", OMX BalticBenchmark GI and OMX Vilnius Index dynamics, 2011-2013



Index/ Equity	31.12.2013	31.12.2012	31.01.2011	31.12.2013/ 31.12.2012 change, %
OMX BalticBenchmark GI	613.50	546.98	431.94	12.16↑
OMX Vilnius	421.6	355.08	298.78	18.73↑
UTR1L	0.26 EUR	0.20 EUR	0.23 EUR	32.66↑

8. Dividend policy

Dividends are not been planned for the year 2013.

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

Persistent pursuit for new customers, entering of new markets helped the Company to achieve the revenue growth in 2013. The results were positively impacted by increasing sales of garments from wool, wool-silk, viscose-linen, which had been introduced in our production only last year. Functional thermal collections dedicated for sport and leisurewear also compose a significant proportion in our sales.

2013 year results were driven by the consistent strategic orientation towards new markets, new clients as well as research and development of the progressive innovative fabrics. All this allowed to significantly increase the operating profitability in the second half of the year at the same time discontinuing some less profitable orders. Newly introduced high added-value brand ABOUT Baltic Underwear (awarded by the gold medal of the Lithuanian Product of the Year 2013) was perceived well by consumers and contributed to the company's image as a modern, well-equipped, high quality manufacturer in the Central and Eastern Europe

Revenue (LTL '000)

	2013	2012	Change	2011
AB ,,Utenostrikotažas“	57 389	41 751	37.5%	51 396
AB ,,Šatrija“	11 774	8 301	41.8%	8 642
PAT ,,MTF Mrija“	3 208	2 888	11.1%	3 517
UAB ,,Gotija“	610	616	(1.0%)	585
Elimination of intercompany transactions	(3 433)	(2 094)	63.9%	(2 968)
	69 548	**51 462**	**35.1%**	**61 172**

EBITDA (LTL '000)

	2013	2012	Change	2011
AB ,,Utenostrikotažas“	3 390	1 436	136.1%	4 785
AB ,,Šatrija“	1 912	878	117.8%	1 395
PAT ,,MTF Mrija“	209	(162)	(229.0%)	984
UAB ,,Gotija“	24	30	(20.0%)	21
	5 535	**2 182**	**153.7%**	**7 185**

Trade

	Group			Company		
Revenue (LTL '000)	2013	2012	Change	2013	2012	Change
Western Europe	57 570	40 804	41.1%	46 199	33 385	38.4%
Lithuania	6 529	8 367	(22.0%)	5 947	7 432	(20.0%)
Other regions	5 449	2 291	137.8%	5 243	934	461.3%
	69 548	**51 462**	**35.1%**	**57 389**	**41 751**	**37.5%**

In 2013, total sales of goods and services of the Company amounted to LTL 57.4 million. Trade volume increased by LTL 15.6 million or by 37.5 per cent as compared to 2012. The Company's exports to Western Europe and other countries accounted for 89.6 per cent, whereas sales in Lithuania accounted for 10.4 per cent of total production.

In 2013, total sales of goods and services of UtenosTrikotažas AB group (hereinafter “the Group”) amounted to LTL 69.5 million. The Group‘s exports accounted for 90.6 per cent, whereas sales in Lithuania accounted for 9.4 per cent of total production.

Lithuania

In 2013, the Company sold 383 thousand knit-wear items in Lithuania totalling to LTL 5.9million. The sales in Lithuania decreased by LTL 1.5 million or 20per cent.

In 2013, the Group‘s sales in Lithuania amounted to LTL 6.5million, which is less by LTL 1.2million as compared to 2012.

Export

In 2013, the Company exported 2.6million knit-wear items totalling to LTL 51.4million. The Company’s exports increased by LTL17.1 million or 33 per cent comparing to 2012.Large retail chains from Western Europe remained as the major customers of the Company.

In 2013, the Group‘s exports to Western Europe and other regions amounted to LTL 63.0 million, which is more by LTL 19.9 million compared to 2012.

Production

In 2013, the Company produced 2.1 million knit-wear items. The Company‘s subcontractors (including the subsidiary in Ukraine) produced 1.5 million knit-wear items or 46.6 per cent of total production volume.In 2013, Šatrija AB produced 0.15 million sewn items.In 2013, PAT ,,MTFMrija“ produced 1 million items.

Production (units '000)	2013	2012	Change
AB ,,Utenostrikotažas“	2 060	1 787	15.3%
AB ,,Šatrija“	147	186	(21.1%)
PAT ,,MTF Mrija“	985	757	30.1%
UAB ,,Gotija“	-	-	
	3 192	**2 730**	**16.9%**

Investments

In 2013, the Group‘s investments in new equipment and new technologies amounted to LTL 291 thousand;
In 2013, the Company‘s investments in new equipment and technologies amounted to LTL 596 thousand, including transactions within the Group.
In 2013, Šatrija AB invested LTL63 thousand.
In 2013, PAT MTF Mrija invested LTL 37 thousand.
In 2013, Gotija UAB had made no investments.

Risk factors related to the Issuer’s operations

Key risk factors related to operations of UtenosTrikotažas 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. UtenosTrikotažas 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 2013 and 2012 financial data presented in this Annual Report is calculatedbased on the financial information presented in the Group's financial statements for the year 2013, prepared in accordance with the International Financial Reporting Standards as adopted by theEU. 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 UtenosTrikotažas 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 UtenosTrikotažas Group. In preparing the consolidated financial statements all inter-company transactions and balances are eliminated.

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

12.Social responsibility

AB ,,Utenostrikotažas" 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 ,,Utenostrikotažas" managers of all levels treat their workers civilized and the Company had implemented core human rights conventions and directives.

AB „Utenostrikotažas" 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

Noown 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 2013, announcement of publishing terms of the interim reports and audited consolidated report in 2013.
On 31 January 2013, announcement of the sales figures for the fourth quarter of 2012.
On 28 February 2013, announcement of unaudited interim consolidated financial statements of 2012 .
On 8 April 2013, the general meeting of shareholders of UtenosTrikotažas AB was convened.
On 19 April 2013, notification about additions to the agenda of Ordinary General Meeting of Shareholders.

On 30 April 2013, announcement of the sales figures for the first quarter of 2013.
On 30 April 2013, decisions of the general shareholder meeting were announced.
On 31 May 2013, announcement of the performance results for the first quarter of 2013.
On 31 July 2013, announcement of the sales figures for the second quarter of 2013.
On 31 August 2013, announcement of the consolidated interim report and the financial statements for a six-month period of 2013.
On 31 October 2013, announcement of the sales figures of the third quarter of 2013.
On 29 November 2013, announcement of the financial statements for the 9-month period.
On 31 December 2013, announcement of publishing terms of the preliminary reports and audited consolidated report in 2014.
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 ,,Utenostrikotažas" AB by a pre-emptive right

15. The Company's operating plans and objectives

In 2014, 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.

Note: the Company‘s operating plan for 2014 was approved at the Board‘s meeting held on 5February 2014, Minutes No. 1.

Key objectives for 2014:

- Development of sales to clients demanding ecological, high quality and value added products.
- Development of Branded product lines sales in East markets (Russia), 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 2013, the Company's authorised share capital was comprised of 19834442 ordinary registered shares with a nominal value of LTL 1 each.

UtenosTrikotažasAB 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	19834442	1	19834442	100.00

All shares of UtenosTrikotažas 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 2013, the total number of shareholders ofUtenosTrikotažas AB was 1 065.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 31 December 2013.

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	10 140	51.12	51.12
AmberTrust S.C.A.(SCA) SICAV-SIF	B 87145	Luxembourg	412F, routed'Esch L-1030	2 700	13.61	13.61
EastCapital AssetManagement	556564-5370	Sweden	Kungsgatan 30, Box 1364, Stocholm	2 091	10.54	10.54
KJK Fund SICAV-SIF	B 86729	Luxembourg	412F, routed'Esch L-1030	1 095	5.52	5.52
Other shareholders	-	-	-	3 808	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 2013 and 2012	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:

	2013.12.31	2012.12.31	Change, +/-
AB ,,Utenostrikotažas"	691	643	48
AB ,,Šatrija"	185	180	5
PAT ,,MTF Mrija"	206	204	2
UAB ,,Gotija"	4	4	-
	1 086	**1 031**	**55**

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

	2013	**2012**	**Change (%)**
AB ,,Utenostrikotažas"	19 629	17 641	11.3
AB ,,Šatrija"	5 897	5 072	16.3
PAT ,,MTF Mrija"	1 928	1 448	33.1
UAB ,,Gotija"	99	144	(31.3)
	27 553	**24 305**	**13.4**

The average monthly wages of employees before taxes:

	Group			Company		
Workers group	2013	2012	Change (%)	2013	2012	Change (%)
Managers	4 376	3 706	18,1%	4 173	3 499	19,3%
Specialists	2 217	2 061	7,6%	2 363	2 214	6,8%
The workers	1 367	1 167	17,1%	1 566	1 411	11,0%
	1 588	**1 393**	**14,0%**	**1 823**	**1 678**	**8,6%**

The employee distribution by education (according to 31 December, 2013):

Group of employees	Total	Employee distribution by education					
		Higher education	Non-higher professional education	Vocational education	Secondary	Basic	Higher non-university
Managers	40	23	11	1	1	-	4
Specialists	105	61	22	1	1	1	19
Workers	595	8	170	149	198	44	26
	740	**92**	**203**	**151**	**200**	**45**	**49**

23. Management of the Group companies

Company name	Managers
AB ,,Utenostrikotažas“	Gintautas Bareika
AB ,,Šatrija“	GiedriusGrondskis
PAT ,,MTF Mrija”	TatjanaRoshchina
UAB ,,Gotija“	ZitaDavtartienė

24. Management incentives

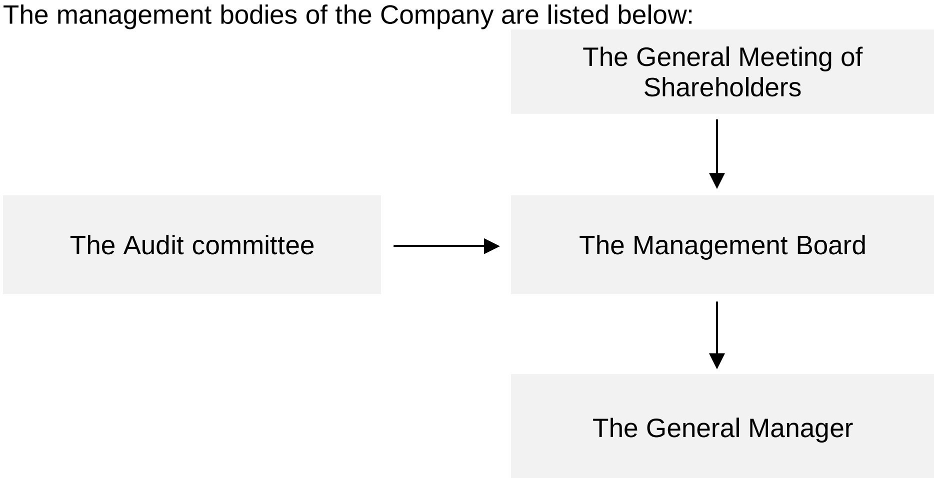
Management incentives are assigned by the decision of the Board taking into account the objectives met.

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 UtenosTrikotažas 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 UtenosTrikotažas AB shall be composed of 4 members elected for the period of 4 years.

The Board members of UtenosTrikotažas AB AlgirdasŠabūnas, Gintautas Rudis, RobertasBeržinskas 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 2013 the Audit committee held 2 meetings (on 12 April 2013 and on 5 December 2013) and 1 meeting after the end of 2013 financial year (on 31 March 2014). 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 „Utenostrikotažas“ audit committee and operating policies.The shareholders meeting held on 30 April 2013 elected Audit committee members: JolantaGrašienė, GiedriusGrondskis, independent auditor GenadijusMakuševas.

GenadijusMakuševas (b. 1959)
AB „Utenostrikotažas“ 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.

JolantaGrašienė(b. 1976)
AB „Utenostrikotažas“ auditcommittee 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).

Workingplace: UAB Koncernas „SBA“, Business Control Director.

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

GiedriusGrondskis(b. 1973)
AB „Utenostrikotažas“ 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.

Workingplace: General Manager of AB "Šatrija".

Do not participate in management ofother 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 offshores 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 2013:

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	AlgirdasŠabūnas	-	2013.04.30	2017.04.30
Member of the Board	Gintautas Rudis	111	2013.04.30	2017.04.30
Member of the Board	RobertasBeržinskas	-	2013.04.30	2017.04.30
Member of the Board	VytautasVaškys	10	2013.04.30	2017.04.30
Head of Administration and the Chief Financial Officer				
General Manager	Gintautas Bareika	-	2011.08.16	-
Finance Director	Saulius Rakauskis	-	2011.03.28	-
The Audit committee				
The independent auditor	GenadijusMakuševas	-	2013.04.30	2017.04.30
Of the audit committee	JolantaGrašienė	12	2013.04.30	2017.04.30
Of the audit committee	GiedriusGrondskis	-	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:

<u>Algirdas Šabūnas (b. 1974)</u>
AB „Utenostrikotažas“ 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.

Workingplace: UAB Koncernas „SBA“, finance vice-president.

Participation in the management of other companies:
UAB „Klaipėdosbaldųprekyba“, the chairman of the board
AB „Šatrija“, the chairman of the board
UAB Koncernas „SBA“, the board member
UAB „PIĮ Grupė“,the board member

<u>Gintautas Rudis (b. 1963)</u>
AB „Utenostrikotažas“ 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.

Workingplace: UAB „EntecoBaltic“, 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 „Kaunobaldai“, the chairman of the supervisory board
AB „Šilutėsbaldai“, the supervisory board.

<u>RobertasBeržinskas (b.1970)</u>
AB „Utenostrikotažas“ 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.

<u>VytautasVaškys (b. 1967)</u>
AB „Utenostrikotažas“ 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 „PIĮ Grupė“, the board member
UAB „SBA BaldųKompanija“, the board member
UAB „Klaipėdosbaldųprekyba“, the board member
AB „Šatrija“, the board member
PAT „Mrija“, the supervisory board member

In 2013, no loans, guarantees, sponsorships were issued and no assets were disposed to members of the Company’s Board and Administration. In 2013, the aggregate remuneration of the Company General Manager and the Finance Director amounted to LTL 388.2 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

UtenosTrikotažas 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 2013 are disclosed in the notes to the financial statements of AB UtenosTrikotažas for the period ended as at 31 December 2013.

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 GlobeNewswire. 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

The Ordinary shareholders meeting of the Company on 30 of April 2013 decided:

To elect the audit company UAB "Ernst & Young Baltic" (company code 110878442) as the Company's audit enterprise for2013. To approve the annual remuneration for the audit services LTL 56 200 excl. VAT.
To conclude the agreement with UAB "Ernst & Young Baltic" for the audit services for the years 2013, with the provided possibility in the agreement, upon the decision of AB "Utenostrikotažas" general shareholder meeting.

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 2 April 2014

APPENDIX TO THE ANNUAL REPORT

UTENOS TRIKOTAŽAS ABDISCLOSURE CONCERNING THE COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON THE REGULATED MARKET IN 2013

UtenosTrikotažas 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 APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	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.
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.

3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	Newly appointed members by collegial body are acquainted with their duties, the company's organization and operations.
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.	No	During the whole practice of the Company, the independence of the board members has not been subject to any assessments so far.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1Part 1);	No	3 out of 4 members of the Management Board work in the companies related with the controlling shareholder.

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

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 noremunerations 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 committeeis 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.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 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. 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.	No	There is no Nomination Committee.

4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 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	No	There is no Remuneration Committee.

defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 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. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 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 services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and	Yes	The Audit Committee performs functions that are stipulated in the regulations of the Audit Committee.

responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	A collegial body – the board – does not carry out any assessment of its activities. The board assesses the Company's annual performance.

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.

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.	No	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.

Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	No comments.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	No comments.

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.
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. 8.7.1. The following remuneration and/or emoluments-related information should be disclosed: 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. 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: 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. 8.7.3. The following supplementary pension schemes-related information should be disclosed: 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. 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	No	The remuneration statement is neither prepared nor made public in a form as set forth herein.

company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.8. 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.	Not applicable	The Company neither has nor applies any share-based schemes anticipating remuneration of directors in shares, share options, etc.
8.9. The following issues should be subject to approval by the shareholders' annual general meeting: 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.	Not applicable	
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.	Not applicable	
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.	Not applicable	

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.	Not applicable	

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.		
10.1. The company should disclose information on: 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. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list. 10.2. It is recommended 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. 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. 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.	Yes	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. Note: 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). Information mentioned in recommendation item 10.3 is not disclosed.

10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	Information is posted on the websites of the Vilnius Stock Exchange and the Company.
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.	Yes	Information is posted on the websites of the Vilnius Stock Exchange and the Company.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	This information is available on the websites of the Stock Exchange and the Company

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	