UTENOS TRIKOTAŽAS AB

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS,
CONSOLIDATED ANNUAL REPORT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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Building a better working world

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Register of Legal Entities

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

Report on Financial Statements

We have audited the accompanying financial statements of AB Utenos trikotažas, a public limited liability company registered in the Republic of Lithuania (hereinafter the Company), and the consolidated financial statements of AB Utenos trikotažas and its subsidiaries (hereinafter the Group), which comprise the statements of financial position as of 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the Consolidated Annual Report for the year ended 31 December 2015 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2015.

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

Inga Gudinaitė
Auditor's licence
No. 000366

The audit was completed on 24 March 2016.

(All amounts are in EUR thousand, unless otherwise stated)

Statements of financial position

		Group		Company	
		31 December		31 December	
	Notes	2015	2014	2015	2014
ASSETS					
Non-current assets					
Intangible assets	6	752	866	29	16
Property, plant and equipment	7	7 460	7 925	5 659	5 597
Investment property	8	111	114	111	114
Investments into subsidiaries	9	-	-	1 499	1 499
Trade and other receivables		1	2	-	-
Receivables from subsidiaries	27	-	-	2 356	2 750
Deferred income tax asset	25	50	61	-	-
		8 374	**8 968**	**9 654**	**9 976**
Current assets					
Inventories	10	3 687	3 439	3 592	3 224
Trade receivables	11	1 109	1 306	827	1 017
Other receivables	12	305	216	129	146
Cash and cash equivalents	13	1 079	955	265	218
		6 180	**5 916**	**4 813**	**4 605**
Total assets		**14 554**	**14 884**	**14 467**	**14 581**

(All amounts are in EUR thousand, unless otherwise stated)

Statements of financial position (cont'd)

	Notes	Group 31 December 2015	Group 31 December 2014	Company 31 December 2015	Company 31 December 2014
EQUITY AND LIABILITIES					
Equity attributable to the share-holders of the Company					
Share capital	14	2 756	1 448	2 756	1 448
Revaluation surplus	15	3 241	3 318	1 793	1 855
Legal reserve	15	574	574	574	574
Reserve for acquisition of own shares	15	269	-	-	-
Foreign currency translation reserve	15	113	175	-	-
Cash flow hedge reserve	15	(42)	-	(42)	-
Accumulated retained earnings/ (losses)	15	(938)	(581)	(70)	(75)
		5 973	**4 934**	**5 011**	**3 802**
Non-controlling interest		**427**	**352**	**-**	**-**
Total equity		**6 400**	**5 286**	**5 011**	**3 802**
LIABILITIES					
Non-current liabilities					
Borrowings	16	3 617	1 036	3 617	1 036
Borrowings from subsidiaries	16, 27	-	-	1 922	1 820
Convertible bonds issued	17	-	3 045	-	3 045
Deferred income tax liabilities	25	351	424	193	227
Non-current portion of derivative financial instruments	15	28	-	28	-
Provisions for employee benefits	18	226	170	205	158
		4 222	**4 675**	**5 965**	**6 286**
Current liabilities					
Current portion of non-current borrowings	16	691	496	691	496
Current portion of derivative financial instruments	15	23	-	23	-
Convertible bonds issued	17	-	1 304	-	1 304
Trade payables		1 051	1 018	1 008	999
Payables to other related parties and subsidiaries	27	518	312	524	452
Income tax payable		10	124	4	32
Accrued expenses and other current liabilities	19	1 639	1 669	1 241	1 210
		3 932	**4 923**	**3 491**	**4 493**
Total liabilities		**8 154**	**9 598**	**9 456**	**10 779**
Total equity and liabilities		**14 554**	**14 884**	**14 467**	**14 581**

The notes on pages 12 to 67 form an integral part of these financial statements.

These financial statements were approved by General Manager and Financial Officer on 24 of March 2016.

General Manager	Eimundas Mačiulis	
Chief Accountant	Reda Kučinskienė	

(All amounts are in EUR thousand, unless otherwise stated)

Statements of comprehensive income

		Group		Company	
		Year ended 31 December		Year ended 31 December	
	Notes	2015	2014	2015	2014
Sales	5	18 922	19 766	16 014	16 040
Cost of sales	20	(15 528)	(15 629)	(13 458)	(13 193)
Gross profit		**3 394**	**4 137**	**2 556**	**2 847**
Selling expenses	21	(1 341)	(962)	(1 238)	(845)
General and administrative expenses	21	(2 010)	(1 861)	(1 448)	(1 679)
Other operating income	22	266	376	70	238
Other operating expenses	22	(43)	(62)	(28)	(42)
Operating profit (losses)		**266**	**1 628**	**(88)**	**519**
Finance income	23	577	88	109	79
Finance costs	23	(1 101)	(1 611)	(200)	(866)
Profit (losses) before tax		**(258)**	**105**	**(179)**	**(268)**
Income tax	25	(3)	(54)	21	23
Net profit (losses)		**(261)**	**51**	**(158)**	**(245)**
Net profit (losses) attributable to:					
Equity shareholders of the Company		(268)	19	(158)	(245)
Non-controlling interest	27	7	32	-	-
		(261)	**51**	**(158)**	**(245)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation gain (loss)		(61)	(430)	-	-
Change in value of derivative financial instruments		(42)	-	(42)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(103)**	**(430)**	**(42)**	**-**

Continued on the next page

(All amounts are in EUR thousand, unless otherwise stated)

Statements of comprehensive income (cont'd)

		Group		Company	
		Year ended 31 December		Year ended 31 December	
	Notes	2015	2014	2015	2014
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods					
Actuarial gains (losses) from the pensions reserve		104	(23)	104	(23)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		**104**	**(23)**	**104**	**(23)**
Other comprehensive income (loss) for the year, net of tax		**1**	**(453)**	**62**	**(23)**
Total comprehensive income (loss) for the year, net of tax		**(260)**	**(402)**	**(96)**	**(268)**
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(268)	(449)	(96)	(268)
Non-controlling interest		8	47	-	-
		(260)	**(402)**	**(96)**	**(268)**
Basic/diluted earnings per share	26	(0,03)	0,01	-	-

The notes on pages 12 to 67 form an integral part of these financial statements.

General Manager	Eimundas Mačiulis
Chief Accountant	Reda Kučinskienė

(All amounts are in EUR thousand, unless otherwise stated)

Statements of changes in equity

Group

		Equity attributable to the equity holders of the Company									
	Notes	Share capital	Foreign currency translation reserve	Other reserves	Reserve for acquisition of own shares	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Total	Non-controlling interest	Total equity
Balance as of 31 December 2013		**5 744**	**620**	**-**	**-**	**574**	**3 677**	**(5 229)**	**5 386**	**370**	**5 756**
Net profit (loss) for the year		-	-	-	-	-	-	19	19	32	51
Other comprehensive income		-	(445)	-	-	-	-	(23)	(468)	15	(453)
Total comprehensive income (loss)		**-**	**(445)**	**-**	**-**	**-**	**-**	**(4)**	**(449)**	**47**	**(402)**
Decrease in subsidiary's share capital		-	-	-	-	-	-	-	-	(66)	(66)
Transfer of revaluation surplus to retained earnings		-	-	-	-	-	(359)	358	(1)	1	-
Decrease in share capital	2.14, 3.2	(4 296)	-	-	-	-	-	4 296	-	-	-
Balance as of 31 December 2014		**1 448**	**175**	**-**	**-**	**574**	**3 318**	**(579)**	**4 936**	**352**	**5 288**
Net profit (loss) for the year		-	-	-	-	-	-	(268)	(268)	7	(261)
Other comprehensive income		-	(62)	(42)	-	-	-	104	-	1	1
Total comprehensive income (loss)		**-**	**(62)**	**(42)**	**-**	**-**	**-**	**(164)**	**(268)**	**8**	**(260)**
Effect of share capital conversion to euro		3	-	-	-	-	-	(3)	-	-	-
Other increase in minority		-	-	-	-	-	-	-	-	67	67
Transfer of revaluation surplus to retained earnings		-	-	-	-	-	(77)	77	-	-	-
Reserve for acquisition of own shares	15	-	-	-	269	-	-	(269)	-	-	-
Increase in share capital	2.14, 3.2	1 305	-	-	-	-	-	-	1 305	-	1 305
Balance as of 31 December 2015		**2 756**	**113**	**(42)**	**269**	**574**	**3 241**	**(938)**	**5 973**	**427**	**6 400**

(All amounts are in EUR thousand, unless otherwise stated)

Statements of changes in equity (cont'd)

Company	Notes	Share capital	Legal reserve	Other reserves	Revaluation surplus	Accumulated retained earnings/ (losses)	Total equity
Balance as of 31 December 2013		**5 744**	**574**	**-**	**2 174**	**(4 427)**	**4 065**
Net loss for the year		-	-	-	-	(240)	(240)
Other comprehensive income (loss)		-	-	-	-	(23)	(23)
Total comprehensive income (loss)		**-**	**-**	**-**	**-**	**(263)**	**(263)**
Transfer of revaluation surplus to retained earnings		-	-	-	(319)	319	-
Decrease in share capital	2.14, 3.2	(4 296)	-	-	-	4 296	-
Balance as of 31 December 2014		**1 448**	**574**	**-**	**1 855**	**(75)**	**3 802**
Net profit (loss) for the year		-	-	-	-	(158)	(158)
Other comprehensive income (loss)		-	-	(42)	-	104	62
Total comprehensive income (loss)		**-**	**-**	**(42)**	**-**	**(54)**	**(96)**
Effect of share capital conversion to euro		3	-	-	-	(3)	-
Transfer of revaluation surplus to retained earnings		-	-	-	(62)	62	-
Increase in share capital	2.14, 3.2	1 305	-	-	-	-	1 305
Balance as of 31 December 2015		**2 756**	**574**	**(42)**	**1 793**	**(70)**	**5 011**

The notes on pages 12 to 67 form an integral part of these financial statements.

General Manager	Eimundas Mačiulis		
Chief Accountant	Reda Kučinskienė		

(All amounts are in EUR thousand, unless otherwise stated)

Statements of cash flows

	Notes	Group Year ended 31 December 2015	Group Year ended 31 December 2014	Company Year ended 31 December 2015	Company Year ended 31 December 2014
Cash flows from operating activities					
Net (loss) profit for the year		(261)	51	(158)	(240)
Adjustments for non-cash items:					
Depreciation and amortization		767	765	586	591
Impairment of accounts receivable from subsidiaries	4, 21	-	-	-	370
(Reversal) of impairment of non-current assets	21	-	(17)	-	-
(Gain) on disposal of property, plant and equipment and investment property	21	(116)	(197)	(5)	(144)
Impairment and write-off of inventories	10	(7)	45	(21)	45
Impairment and write-off of accounts receivable		-	(3)	-	-
Provisions for employees benefits	18	166	36	155	35
Interest expense, net of interest income	23	118	779	99	783
Income tax (income) expense	25	3	54	(21)	(22)
Changes in working capital:					
(Increase) decrease in inventories		(242)	17	(348)	(233)
Decrease (increase) in trade receivables		197	(63)	190	(573)
Decrease in receivables from subsidiaries		-	-	394	251
(Increase) decrease in other receivables and other current assets		(89)	17	17	(28)
(Increase) decrease in trade and other accounts payable		592	(215)	(100)	(465)
Decrease (increase) in taxes payable and other current liabilities		(47)	(119)	183	(18)
Income tax (paid)		(11)	(49)	(8)	-
Net cash generated from operating activities		**1 070**	**1 101**	**963**	**352**
Cash flows from investing activities					
Acquisition of property, plant and equipment	7	(800)	(330)	(670)	(204)
Acquisition of intangible assets	6	(23)	(134)	(23)	-
Proceeds from sale of property, plant and equipment		255	783	33	699
Interest received		-	-	60	60
Net cash flows generated from (to) investing activities		**(568)**	**319**	**(600)**	**555**

(All amounts are in EUR thousand, unless otherwise stated)

Statements of cash flows (cont'd)

	Notes	Group Year ended 31 December 2015	Group Year ended 31 December 2014	Company Year ended 31 December 2015	Company Year ended 31 December 2014
Cash flows from financing activities					
Proceeds from borrowings from subsidiaries	16	-	-	102	-
Proceeds from borrowings	16	3 265	1 918	3 265	1 918
Repayment of borrowings and financial lease payments		(489)	(2 888)	(489)	(2 527)
Interest paid		(118)	(175)	(158)	(240)
Repurchase of bonds	3.2, 17	(3 045)	-	(3 045)	-
Derivative financial instruments		9	-	9	-
Net cash flows to financing activities		**(378)**	**(1 145)**	**(316)**	**(849)**
Net increase in cash and cash equivalents		**124**	**275**	**47**	**58**
Cash and cash equivalents at the beginning of the year	13	**955**	**680**	**218**	**160**
Cash and cash equivalents at the end of the year	13	**1 079**	**955**	**265**	**218**
Non- cash financial and investing activity					
Increase in share capital by converting bonds	3.2	1 305	-	1 305	-

The notes on pages 12 to 67 form an integral part of these financial statements.

General Manager	Eimundas Mačiulis	
Chief Accountant	Reda Kučinskienė	

(All amounts are in EUR thousand unless otherwise stated)

Notes to the financial statements

1. General information

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

Basanavičiaus Str. 122,
Utena,
Lithuania

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

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

As at 31 December 2015 and 2014 the shareholders of the Company were as follows:

	2015		2014	
	Number of shares held	**Interest held (%)**	**Number of shares held**	**Interest held (%)**
UAB Koncernas SBA	5 874	61.81	2 556	51.12
Investment Fund "Amber Trust"	1 347	14.18	681	13.61
Investment Fund "East Capital Asset"	527	5.55	527	10.54
Investment Fund ,"KJK Fund"	572	6.02	276	5.52
Other shareholders	1 183	12.44	960	19.21
	9 503	**100.00**	**5 000**	**100.00**

In 2015 the average number of employees of the Company was 776 (2014: 740).

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

	Registered address	Group's share (%) as at 31 December 2015 and 2014	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 2015 the average number of employees of the Group was 1 148 (2014: 1 143).

The Company's management authorised these financial statements on 24 March 2016. 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 and derivatives accounted at fair value.

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

The following new and/or amended IFRSs have been adopted by the Group/Company as of 1 January 2015:

- Annual Improvements to IFRSs 2011 – 2013 Cycle
- IFRIC Interpretation 21: Levies

Annual Improvements to IFRSs 2011 – 2013 Cycle is a collection of amendments to the following IFRSs:

- **IFRS 3 *Business Combinations*:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 *Fair value Measurement:*** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- **IAS 40 *Investment property*:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

IFRIC Interpretation 21 Levies
This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs.

The implementation of these amendments had no effect on the financial statements of the Group and the Company.

Standards issued but not yet effective

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

Amendments to IAS 1 *Presentation of financial statements: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016)

The amendments to IAS 1 further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

2.1 Basis of preparation (cont'd)

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments improve information provided to users of financial statements about an entity's financing activities. Entities are required to disclose changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, for example, by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The implementation of these amendments will not have any impact on the financial position or performance of the Group and the Company but may result in changes in disclosures.

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

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

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

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

Amendments to IAS 27 *Equity method in separate financial statements* (effective for financial years beginning on or after 1 January 2016)

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

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 01.01.2018, once endorsed by the EU)

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement, impairment and hedge accounting. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

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

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

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (endorsement deferred indefinitely)

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

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses* (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments clarify how to account for deferred tax assets for unrealized losses on debt instruments measured at fair value. The implementation of these amendments will not have any impact on the financial position or performance of the Group and the Company.

2.1 Basis of preparation (cont'd)

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

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The implementation of these amendments will not have any impact on the financial position or performance of the Group and the Company, because the Group and the Company do not have joint companies or joint ventures.

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

IFRS 14 provides first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The implementation of these amendments will not have any impact on the financial position or performance of the Group and the Company.

IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

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

IFRS 16 *Leases* (effective for financial years beginning on or after 1 January 2019, once endorsed by the EU)

IFRS 16 replaces IAS 17 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting is substantially unchanged. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

Improvements to IFRSs

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

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

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

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

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

2.1 Basis of preparation (cont'd)

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

2.2 Consolidation

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

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

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

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed in a business combination. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

(c) Group companies

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

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

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

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

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

2.5 Derivative financial instruments

The Group and the Company engages in swap contract for interest rate risk management purposes. Derivative financial instruments are initially recognized at fair value. Subsequent to initial recognition and measurement, outstanding swaps are carried in the statement of financial position at the fair value. Fair value is derived from using the discounted cash flow method which is based on directly observable inputs (level 2 in fair value hierarchy). The estimated fair values of these contracts are reported on a gross basis as financial assets for instruments having a positive fair value, and financial liabilities for instruments with a negative fair value.

Gain or loss from changes in the fair value of outstanding forward contracts, swaps and other financial instruments, which are not classified as hedging instruments, are recognized in the statement of comprehensive income as they arise.

2.6 Hedge accounting

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction. The Group and the Company uses cash flow hedge.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially in other comprehensive income and the ineffective portion is recognized in the statement of comprehensive income (profit or loss). The gains or losses on effective cash flow hedges recognized initially in equity are either transferred to the statement of comprehensive income (profit or loss) in the period in which the hedged transaction impacts the statement of comprehensive income or included in the initial measurement of the cost of the related asset or liability.

For hedges, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the statement of comprehensive income (profit or loss) for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognized in equity remains in equity until the forecasted transaction occurs. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the statement of comprehensive income (profit or loss).

Group and the Company has entered into interest swap agreement with a purpose to hedge itself against a possible fluctuation/increase of EURIBOR on the loan taken from a bank (Note 16).

2.7 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 2.10). 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).

(All amounts are in EUR thousand unless otherwise stated)

2.8 Property, plant and equipment

Buildings are stated at revalued amounts less accumulated depreciation and impairment losses. Revaluation of buildings is performed periodically to ensure that the carrying value of buildings does not significantly differ from fair value at the balance sheet date. The latest valuation by professional appraisers was performed on 31 March 2013. As of 31 December 2015, the Management of the Group and the Company considered if there are any indications that the fair value of the revalued assets might differ materially from their carrying amounts, which would require an updated revaluation of the buildings as of 31 December 2015 and concluded that there are no such indications. Therefore, no valuation was performed in 2015.

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

The 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.

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 2.10). 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 in relation to acquisition of qualifying assets are capitalized. Other borrowing costs are expensed in profit and loss.

2.8 Property, plant and equipment (cont'd)

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.

2.9 Investment property

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

Investment property is stated at historical cost, less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognized 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 operating 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 2.10). Impairment of investment property as well as reversals for the year are included into general and 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.

2.10 Impairment of non-financial assets

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

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

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

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

2.11 Financial assets

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

(a) Loans and receivables

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

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

(b) Investments in subsidiaries

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

2.12 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.

2.13 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.

2.14 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.

2.14 Share capital (cont'd)

(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.

2.15 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 accumulated amount of translation reserve 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.

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.

2.16 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.

2.17 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 2.8).

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.

2.18 Derecognition of financial assets and liabilities

Financial assets

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

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

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

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.

2.19 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.

2.20 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 2015 of the Group's subsidiaries that operate in Lithuania is taxable at a rate of 15 per cent (2014: 15 per cent), corporate income tax rate in Ukraine is 18 per cent (2014 -18 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 carried forward for an unlimited period. Starting from 1 January 2014 the tax loss carry forward that is deducted cannot exceed 70 per cent of the taxable profit of the current financial year. 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 2012 the tax loss carry forward that is deducted cannot exceed 25 per cent of the taxable profit of the current financial year.

2.20 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.

2.21 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 2.9).

2.22 Employee benefits

(a) Social security contributions

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

(b) Bonus plans

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

(c) Non-current employee benefits

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

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

Employee benefit obligations are calculated based on actuarial assumptions, using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasuments 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.

2.23 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 sales of sewing services is recognized when service is provided. At the year-end revenues from customer specific sewing orders in progress are recognized by the reference to the stage of completion.

2.23 Revenue recognition (cont'd)

(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 2.21).

2.24 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.

2.25 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.

2.26 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.

2.27 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.

(All amounts are in EUR thousand unless otherwise stated)

3. Financial risk management

3.1 Financial risk factors

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

Financial instruments by classes

	Group		Company	
	31 December		31 December	
Assets reported in the statements of financial position	**2015**	**2014**	**2015**	**2014**
Non-current amounts receivable from subsidiaries	-	-	1 353	1 460
Non-current trade and other receivables	1	2	-	-
Trade receivables	1 109	1 306	827	1 017
Cash and cash equivalents (Note 13)	1 079	955	265	218
	2 189	2 263	2 445	2 695

	Group		Company	
	31 December		31 December	
Liabilities reported in the statements of financial position	**2015**	**2014**	**2015**	**2014**
Borrowings	4 308	1 532	4 308	1 532
Borrowings from subsidiaries	-	-	1 922	1 820
Convertible bonds issued	-	4 349	-	4 349
Trade payables	1 051	1 018	1 008	999
Amounts payable to subsidiaries	-	-	17	143
Amounts payable to other related parties	518	312	507	309
Accrued expenses and other current liabilities and other payables (Note 19)	400	622	384	533
Derivative financial instrument	51	-	51	-
	6 328	7 833	8 197	9 685

(All amounts are in EUR thousand unless otherwise stated)

3.1 Financial risk factors (cont'd)

(a) Market risk

(i) Monetary assets and monetary liabilities foreign exchange risk

Group	2015 31 December		2014 31 December	
	Assets	Liabilities	Assets	Liabilities
LTL	-	-	489	2 624
USD	48	10	50	19
GBP	-	1	-	3
UAH	39	3	101	172
EUR	2 102	6 314	1 621	6 633
	2 189	**6 328**	**2 261**	**9 451**

Company	2015 31 December		2014 31 December	
	Assets	Liabilities	Assets	Liabilities
LTL	-	-	130	2 058
USD	48	11	50	19
GBP	1	1	-	3
UAH	1	-	1	-
EUR	2 395	8 185	2 513	8 444
	2 445	**8 197**	**2 694**	**10 524**

The Group and the Company operates internationally and carries out a significant part of it's transactions in euros. Therefore, the management believes that entities operating in Lithuania are not exposed to significant currency exchange risk.

The Ukrainian subsidiary incurred a foreign exchange loss amounting to EUR 1 916 thousand during the year ended 31 December 2015 (2014: incurred a foreign exchange loss amounting to EUR 2 652 thousand) due to fluctuations in the official exchange rate of Ukrainian gryvnia (UAH) to EUR set by the National Bank of Ukraine.

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

(All amounts are in EUR thousand unless otherwise stated)

3.1 Financial risk factors (cont'd)

From the beginning of the year 2014 due to the geo-political situation in Ukraine and significant drop in the value of UAH against EUR, the Management of the Group and the Company re-designated loan granted, related interests and other long term receivables as a part of net investment in Mrija PAT MTF, considering that the repayment of these amounts is not expected for the foreseeable future. Accordingly gains (losses) arising from foreign exchange related to the monetary items considered to be part of net investment into foreign operation are accounted in Group's consolidated financial statements through other comprehensive income (loss) in 2014 and 2015.

Amount of monetary items attributed to net investment amounts to EUR 3.5 million as of 31 December 2015 and 2014 and foreign currency exchange difference related to this amount for the year 2015 comprises EUR 1.7 million (EUR 1.9 million in 2014), the difference is accounted in the Group's consolidated financial statements through other comprehensive income.

Other comprehensive income (loss) from foreign currency translation included in the consolidated statement of changes in equity in other comprehensive income attributable to the equity holders of the Company:

	31 December 2015	31 December 2014
Foreign currency exchange difference on monetary items attributed to net investments	1 740	1 912
Foreign currency translation reserve on other items	(1 802)	(2 357)
Other comprehensive income, net	**(62)**	**(445)**

Other comprehensive income (loss) from foreign currency translation included in the consolidated statement of changes in equity in other comprehensive income attributable to non-controlling intererest was not material.

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

	Change in UAH rate related to EUR	Effect on profit before tax	Effect on pre-tax equity (excludes the impact from the change in result)
2015	+ 5 %	Decrease by 5 %	Decrease by 5%
	- 5%	Increase by 5 %	Increase by 5%
2014	+ 5 %	Decrease by 7 %	Decrease by 5%
	- 5%	Increase by 7 %	Increase by 5%

(ii) Cash flow interest rate risk

Borrowings with variable interest rates expose the Company and the Group to cash flow interest rate risk. Borrowings with variable interest rates of the Company and the Group in 2015 and 2014 were denominated in EUR.

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

Based on the simulations performed, the impact of a 0.5 percentage point increase/decrease in interest rates on the Company's and the Group's net result would be an increase/decrease at maximum of EUR 25 thousand (2014: EUR 17 thousand) and EUR 20 thousand (2014: EUR 8 thousand), respectively, mainly as a result of higher/lower interest expense/income on borrowings and loans granted.

(All amounts are in EUR thousand unless otherwise stated)

3.1 Financial risk factors (cont'd)

(b) Credit Risk

(i) Maximum exposure to credit risk

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

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

	Group 31 December		Company 31 December	
	2015	**2014**	**2015**	**2014**
Cash and cash equivalents (Note 13)	1 079	955	265	218
Current loans and trade receivables (Notes 11, 16 and 27)	1 109	1 306	827	1 017
Non-current loans granted and amounts receivable	1	2	1 353	1 460
Total	**2 189**	**2 263**	**2 445**	**2 695**

ii) Credit quality of financial assets

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

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

The credit quality of financial assets that are neither past due nor impaired can be assessed considering historical data on their performance as independent credit ratings are not available.

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

	Group 31 December		Company 31 December	
	2015	**2014**	**2015**	**2014**
New trade customers (up to 12 months)	72	94	72	94
Current trade customers (more than 12 months) who duly fulfilled their obligations in the past	1 037	1 212	755	923
Total accounts receivable	**1 109**	**1 306**	**827**	**1 017**

(All amounts are in EUR thousand unless otherwise stated)

3.1 Financial risk factors (cont'd)

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

	Group 31 December		Company 31 December	
	2015	2014	2015	2014
A+ and above *	1 054	900	252	193
No rating	12	31	2	2
Total	**1 066**	**931**	**254**	**195**

* Independent ratings established by Fitch agency.

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.

	Group 31 December		Company 31 December	
	2015	2014	2015	2014
Not past due receivables	**879**	**756**	**615**	**522**
Past due not impaired				
Past due up to 30 days	202	504	186	448
Past due 31-60 days	3	29	1	29
Past due 61-180 days	20	16	20	16
Past due more than 181 days	5	1	5	-
Total past due not impaired	**230**	**550**	**212**	**495**
Overdue and impaired				
Past due more than 181 days	115	134	94	113
Impairment allowance for trade receivables	(115)	(134)	(94)	(113)
Total accounts receivable after impairment	**1 109**	**1 306**	**827**	**1 017**

The Company's non-current accounts receivable consist of amounts receivable and loans receivable from subsidiary PAT MTF Mrija, which at 31 December 2015 before impairment allowances amounted to EUR 4 743 thousand, after allowances EUR 2 357 thousand. Receivables from PAT MTF Mrija as of 31 December 2014 before impairment allowances amounted to EUR 5 136 thousand, after allowances EUR 2 750 thousand.

As at 31 December 2015 and 2014 these receivable amounts from subsidiary were past due for more than one year and there were impairment allowances made of EUR 2 386 thousand.

The Group did not have material non-current receivables and loans granted as at 31 December 2015 and 2014.

(All amounts are in EUR thousand unless otherwise stated)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk

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

Group's current assets exceeded its current liabilities by 2 248 thousand EUR as of 31 December 2015 (current assets exceeded current liabilities by EUR 993 thousand as at 31 December 2014). Group's liquidity (current assets / current liabilities) and quick ((current assets - inventory) / current liabilities) ratios as at 31 December 2015 were 1.57 and 0.63 respectively (1.21 and 0.50 as at 31 December 2014 respectively). Company's (AB Utenos trikotazas) current assets exceeded its current liabilities by 1 322 thousand as at 31 December 2015 (current assets exceeded current liabilities by EUR 112 thousand as at 31 December 2014). Company's liquidity (current assets / current liabilities) and quick ((current assets - inventory) / current liabilities) ratios as at 31 December 2015 were 1.38 and 0.35 respectively (1.03 and 0.31 as at 31 December 2014 respectively).

On 12 January 2015 the Company has repurchased 47 units of convertible bonds for the amount EUR 3 045 thousand.

On 22 June 2015 Utenos trikotažas AB and DNB Bank signed an agreement according to which an amount of credit granted was increased by EUR 630 thousand for investments into equipment in 2015. During 2015 loan of EUR 220 thousand was utilised.

On 26 November 2014 the Company and AB DNB entered into a long-term loan agreement according to which the Company was granted a loan of EUR 4 634 thousand. The loan term – 5 years. The fund were used to re-finance the Company's financial liabilities in respect of Swedbank lizingas UAB and to fulfil the Company's set-tlement obligations in respect of the convertible bonds holders (i.e. to pay the redemption price of the convertible bonds to be redeemed).

The table below summarises the Group's and the Company's financial liabilities. The financial liabilities are classified into relevant maturity groupings based on the remaining period to the contractual maturity date.
The amounts disclosed in the table are contractual undiscounted cash flows. Fair value of 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 2015	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Borrowings from banks including future interest	-	763	3 755	4 517
Trade payables and other financial liabilities	1 992	-	28	2 020
	1 992	763	3 783	6 537

31 December 2014	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Borrowings from banks including future interest	-	580	1 089	1 669
Convertible bonds issued	1 304	-	3 203	4 507
Trade payables and other financial liabilities	1 950	-	-	1 950
	3 254	**580**	**4 292**	**8 126**

3.1 Financial risk factors (cont'd)

Company

31 December 2015	Up to 3 months	3-12 months	1-5 years	Total
Borrowings from Banks including future interest	-	763	3 755	4 517
Borrowings from subsidiaries	-	-	2 070	2 070
Trade payables and other financial liabilities	1 939	-	28	1 967
	1 939	**763**	**5 853**	**8 554**

31 December 2014	Up to 3 months	3-12 months	1-5 years	Total
Borrowings from Banks and lease payments	-	580	1 089	1 669
Convertible bonds issued	1 304	-	3 203	4 507
Borrowings from subsidiaries	-	-	1 963	1 963
Trade payables and other financial liabilities	1 838	-	-	1 838
	3 142	**580**	**6 255**	**9 977**

Going concern assumption

During the year 2015, the Group incurred net loss of EUR 261 thousand and the Company incurred a net loss of EUR 158 thousand (2014: the Group earned net profit of EUR 51 thousand, Company incurred net loss of 240 EUR thousand).

At the end of the reporting financial year, the Group's and the Company's current assets exceeded current liabilities by EUR 2 248 thousand and EUR 1 322 thousand, respectively (as at 31 December 2014 the Group's and the Company's current assets exceeded current liabilities by EUR 993 thousand and EUR 112 thousand, respectively).

There are no significant uncertainties about the Company's and the Group's ability to continue as a going concern as at 31 December 2015.

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 31 December		Company 31 December	
	2015	2014	2015	2014
Total borrowings and convertible bonds issued	4 308	5 882	6 230	7 702
Less: cash and cash equivalents	(1 079)	(955)	(265)	(218)
Net debt	3 229	4 927	5 965	7 484
Total equity	6 400	5 286	5 011	3 802
Total capital	**9 629**	**10 213**	**10 976**	**11 286**

3.2 Capital management (cont'd)

Utenos trikotazas AB

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public company must be not less than EUR 40 thousand (EUR 2.5 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 2015, the Company and its subsidiaries registered in Lithuania complied with these requirements. Furthermore, the Group has to comply with Equity/Assets ratio identified in loan agreement with bank (Note 16).

As at 13 December 2014 the Group and the Company had 66 units of convertible bonds which were disclosed in Group's and Company's statement of financial position in long-term and short-term liabilities.

On 12 January 2015 a new Company's statute for share capital increase was registered in the Register of Legal Entities of the Republic of Lithuania. The Company's share capital was increased by implementing the decisions made on 03-12-2009 and 26-03-2014 in extraordinary general shareholder meetings and according to the requests of the Company's emitted convertible bond owners to exchange 19 units of these convertible bonds into 4 503 000 ordinary shares of the Company. After the conversion the Company's share capital is equal to EUR 2 756 thousand and is divided into 9 503 000 ordinary shares, with a nominal value of EUR 0.29 each.

The remaining part of convertible bonds (47 units) were fully redeemed for the total amount of EUR 3 045 thousand on 12 January 2015.

Extraordinary General Meeting of the Company (Utenos trikotažas AB) Shareholders held on 12 September 2014 decided to reduce the Company's share capital from EUR 5 744 thousand to EUR 1 448 thousand and the Company's share capital was reduced by the amount equal to EUR 4 296 thousand. The purpose of the reduction of the Company's share capital - to eliminate the losses recorded in the Statement of financial position of the Company. The decrease in share capital of the Company was done through cancellation of the Company's shares.

Mrija PAT MTF

The shareholders' equity of the subsidiary registered in Ukraine was negative as at 31 December 2015 and 31 December 2014. 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 at the moment of the company's registration. As at 31 December 2015 and 31 December 2014, the shareholders' equity of this subsidiary was less than the statutory minimal amount of authorised share capital. If the company does not take decision on its liquidation, its creditors may claim early termination or the execution of the company's liabilities and compensation of losses, if any. In practice, such actions of the creditors are not likely and the management of the Group considers such risk to be remote. On the date of these financial statements there were no decisions made or actions taken concerning PAT MTF Mrija negative shareholders' equity.

3.3 Fair value measurement

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

• In the principal market for the asset or liability, or

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

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

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

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 fair value of the Group's and the Company's derivative financial instruments was estimated based on the second level of fair value hierarchy (Note 15).

The fair value of the Group's and the Company's investment property was estimated based on the third level of fair value hierarchy (Note 8).

The fair value of the Group's and the Company's bonds fair value was estimated based on the third level of fair value hierarchy (Note 17). According to the Management's estimation fair value of the Group's and the Company's convertible bonds were close to their book value as at 31 December 2014. Bonds were redeemed/ converted in 2015 (Note 14).

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 2015 and 2014 (third level of fair value hierarchy).

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 2015 and 2014 (third level of fair value hierarchy).

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

4. Critical accounting estimates and judgments

When preparing financial statements under IFRS, the Company and the Group make estimates and assumptions that affect the reported amounts of assets and liabilities within. 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:

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 2.7. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require the use of significant estimates as outlined below.

Investment in the subsidiary Šatrija AB and related goodwill

After testing for impairment there was no impairment detected for the investment into the subsidiary Šatrija AB and related goodwill. Key assumptions used in the impairment assessment are disclosed in Note 6. If reasonably worsened inputs as of 31 December 2015 and 2014 would to be used in impairment testing, this would result in no impairment.

Investment in the subsidiary PAT MTF Mrija and related goodwill

As at 31 December 2015 and 2014 cost of investment (not including loans and receivables designated as part of net investment as disclosed in Note 3.1) into subsidiary PAT MTF Mrija in the Company's separate financial statements before impairment allowance amounted to EUR 2 195 thousand, after allowance to EUR 0.

Amounts receivable from subsidiary PAT MTF Mrija were tested for impairment jointly with investment into the subsidiary. As at 31 December 2015, receivables from PAT MTF Mrija before impairment allowance amounted to EUR 4 742 thousand, after allowance to EUR 2 356 thousand. In 2015 additional allowance for receivables was not made. In 2014 additional allowance of EUR 370 thousand was made and EUR 2 016 thousand in total before 2014. Receivables from PAT MTF Mrija as of 31 December 2014 before impairment allowance amounted to EUR 5 136 thousand, after allowance to EUR 2 750 thousand. These forecast are based on overall production increase of Utenos trikotazas and significant part of manufacturing transfer to Ukraine due lower cost labor cost.

As at 31 December 2015 and 2014 the recoverable amount of the cash-generating unit has been determined based on the value in use which was determined using the cash flow projections approved by the management covering a five year period.

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

After testing for impairment there was no impairment detected for the subsidiary Mrija PAT MTF related goodwill, which has a carrying value of EUR 236 thousand as of 31 December 2015 and EUR 322 thousand as at 31 December 2014 in consolidated accounts. Effect of reasonably worsened inputs in goodwill impairment test is disclosed below.

Based on the current industry situation and past experience, the Group's management included the following key assumptions in the impairment test as at 31 December 2015: increase in revenue from manufacturing activities of PAT MTF Mrija by 58 per cent in 2016 comparing to 2015, by 56 per cent in 2017-2018 and annual increase by 2 per cent starting from 2018, maintaining a gross profit of 33-38 per cent.

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

The pre-tax discount rate applied to cash flow projections is 23 per cent in 2015 and cash flows be-yond 5-year period are extrapolated using a 4 per cent constant growth rate that reflects the best esti-mate of the management based on the current industry situation as at 31 December 2015.

The pre-tax discount rate applied to cash flow projections is 23 per cent in 2014 and cash flows beyond 5-year period are extrapolated using a 4 per cent constant growth rate that reflects the best estimate of the management based on the current industry situation as at 31 December 2014. Cash flows also included the amount of EUR 0.67 million expected to be received by the Group on the disposal of equipment and buildings that are not used in the activities of PAT MTF Mrija as at 31 December 2014.

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

Increase of pre-tax discount rate applied to the discounted cash-flows by 1 percentage point (i.e. from 23 per cent to 24 per cent, with all other inputs remaining stable) would result in an additional impairment loss on amount receivable from subsidiary amounting to EUR 75 thousand as at 31 December 2015 (investment would not change as it is impaired to zero) in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Increase of pre-tax discount rate applied to the discounted cash-flows by 1 percentage point (i.e. from 23 per cent to 24 per cent, with all other inputs remaining stable) would result in an additional impairment loss on amount receivable from subsidiary amounting to EUR 110 thousand as at 31 December 2014 (investment would not change as it is impaired to zero) in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in revenue growth from manufacturing activities in 2016 by 58 percentage points (i.e. from 58 per cent to 0 per cent, with all other inputs remaining stable) would result in an additional impairment loss on amounts receivable from subsidiary amounting to EUR 460 thousand as at 31 December 2015 in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in annual revenue growth from manufacturing activities in 2015 by 10.3 percentage point (i.e. from 10.3 per cent to 0 per cent, with all other inputs remaining stable) would result in an additional impairment loss on amounts receivable from subsidiary amounting to EUR 651 thousand as at 31 December 2014 in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in revenue growth from manufacturing activities starting from 2017 to 2.0 percentage point (i.e. from 56 per cent to 2 per cent, with all other inputs remaining stable) would result in an additional impairment loss on amounts receivable from subsidiary amounting to EUR 820 thousand as at 31 December 2015 in the separate financial statements of the Company. This would result in impairment of related goodwill in the Group's consolidated financial statements amounting EUR 200 thousand.

(All amounts are in EUR thousand unless otherwise stated)

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

Reduction in annual revenue growth from manufacturing activities starting from 2016 to 5.0 percentage point (i.e. from 10-20 per cent to 5 per cent, with all other inputs remaining stable) would result in an additional impairment loss on amounts receivable from subsidiary amounting to EUR 715 thousand as at 31 December 2014 in the separate financial statements of the Company. There would still be no impairment of related goodwill in the Group's consolidated financial statements.

Reduction in gross margin to 20 per cent (i.e. from 33-38 per cent to 20 per cent), whit all other inputs remaining stable,) would result in an additional impairment loss on amounts receivable from subsidiary amounting to EUR 1 443 thousand as at 31 December 2015 in the separate financial statements of the Company. This would result in impairment of related goodwill in the Group's consolidated financial statements amounting EUR 816 thousand.

Reduction in gross margin to 20 per cent (i.e. from 44-36 per cent to 20 per cent), whit all other inputs remaining stable,) would result in an additional impairment loss on amounts receivable from subsidiary amounting to EUR 1 395 thousand as at 31 December 2014 in the separate financial statements of the Company. This would result in impairment of related goodwill in the Group's consolidated financial statements amounting EUR 1 311 thousand.

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

2015	**Production of knitted articles**	**Production of working clothes**	**Retail of knitted articles**	**Eliminations**	**Total**
External sales	16 089	2 609	224	-	18 922
Internal sales	323	6	-	(329)	-
Total revenue	**16 412**	**2 615**	**224**	**(329)**	**18 922**
Gross profit	**2 842**	**454**	**98**	**-**	**3 394**
EBITDA	**818**	**187**	**29**	**-**	**1 034**
Profit (loss) for the year	**(354)**	**61**	**32**	**-**	**(261)**
Depreciation and amortization	620	147	-	-	767
Impairment and write-off of inventories	154	-	-	-	154
Interest expenses	220	-	-	(102)	118
Income tax	(21)	18	6	-	3
Total segment assets	**18 090**	**2 739**	**449**	**(6 724)**	**14 554**
Total segment liabilities	**14 334**	**531**	**13**	**(6 724)**	**8 154**

(All amounts are in EUR thousand unless otherwise stated)

5. **Segment information (cont'd)**

2014	Production of knitted articles	Production of working clothes	Retail of knitted articles	Eliminations	Total
External sales	16 079	3 476	211	-	19 766
Internal sales	532	15	-	(547)	-
Total revenue	**16 611**	**3 491**	**211**	**(547)**	**19 766**
Gross profit	**3 127**	**918**	**92**	**-**	**4 137**
EBITDA	**1 736**	**637**	**20**	**-**	**2 393**
Profit (loss) for the year	**(507)**	**526**	**32**	**-**	**51**
Depreciation and amortization	679	86	-	-	765
Impairment and write-off (reversal) of inventories	45	1	-	-	46
Interest expenses	931	-	-	(152)	779
Income tax	(49)	97	6	-	54
Total segment assets	**12 172**	**4 188**	**487**	**(1 963)**	**14 884**
Total segment liabilities	**10 974**	**574**	**13**	**(1 963)**	**9 598**

	2015	2014
EBITDA	**1 034**	**2 393**
Depreciation and amortization	(767)	(765)
Operating (loss) profit	**267**	**1 628**
Interest expenses	(118)	(779)
Other finance cost, net	(407)	(744)
Profit (loss) for the year before income tax	**(258)**	**105**

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

(All amounts are in EUR thousand unless otherwise stated)

5. Segment information (cont'd)

Company's revenues based on activity:

	2015	2014
Sale of goods	15 688	15 804
Sales of services	66	41
Other income	260	195
	16 014	**16 040**

The Group's and the Company's revenue from one customer exceeding 10 per cent of total sales in 2015 and 2014 was as follows:

Customer	Region	Group Percentage of total sales (%)		Company Percentage of total sales (%)	
		2015	2014	2015	2014
Customer 1	Western Europe	13	14	15	17
Customer 2	Western Europe	11	12	13	15

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

2015	Western Europe	Lithuania	Other regions	Total
Sales of the Group	13 927	3 095	1 900	18 922
Sales of the Company	11 903	2 707	1 404	16 014

2014	Western Europe	Lithuania	Other regions	Total
Sales of the Group	15 715	2 232	1 819	19 766
Sales of the Company	12 274	2 227	1 539	16 040

The majority of the Group's sales were performed to Western Europe customers. In 2015, 17 per cent of total sales was to Swedish customers (2014: 21 per cent) and 16 per cent - to German customers (2014: 17 per cent – to Austrian customers).

The Group's assets (except for the assets of subsidiary PAT MTF Mrija located in the Republic of Ukraine) are located in the Republic of Lithuania. The carrying amount of property, plant and equipment located in Ukraine was EUR 875 thousand as at 31 December 2015 (EUR 1 385 thousand as at 31 December 2014).

(All amounts are in EUR thousand unless otherwise stated)

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 2013	546	441	1 111	2 098	961
Additions	-	-	134	134	7
Disposals and write-offs	-	-	(102)	(102)	-
Foreign currency translation differences	(225)	-	-	(225)	-
Balance as at 31 December 2014	321	441	1 143	1 905	968
Additions	-	-	24	24	24
Foreign currency translation differences	(85)	-	(29)	(114)	-
Balance as at 31 December 2015	236	441	1 138	1 815	992
Amortization and impairment:					
Balance as at 31 December 2013	-	37	1 090	1 127	938
Charge for the year	-	-	14	14	14
Disposals and write-offs	-	-	(102)	(102)	-
Balance as at 31 December 2014	-	37	1 002	1 039	952
Charge for the year	-	-	11	11	11
Foreign currency translation differences	-	-	13	13	-
Balance as at 31 December 2015	-	37	1 026	1 063	963
Net book value as at 31 December 2013	546	404	21	972	23
Net book value as at 31 December 2014	321	404	141	866	16
Net book value as at 31 December 2015	236	404	112	752	29

The Company and the Group do not have internally generated intangible assets. Amortisation expenses of intangible assets are recognised as general and administrative expenses in the statement of comprehensive income.

As at 31 December 2015 acquisition cost of fully depreciated but still in use assets amounted to EUR 956 thousand and EUR 953 thousand, respectively (as at 31 December 2014 – EUR 959 thousand and EUR 932 thousand).

6. Intangible assets (cont'd)

For annual impairment testing purposes goodwill is allocated between the following two cash flow generating units.

a) Goodwill related to the subsidiary Šatrija AB

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

As at 31 December 2015 and 2014 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, goodwill was not impaired as at 31 December 2015 and 2014.

As at 31 December 2015 and 2014, the most important and most sensitive assumptions in the carrying value of the goodwill are the discount rate and revenue growth. Reasonable change in these assumptions would not result in an impairment of goodwill as at 31 December 2015 and 2014.

b) Goodwill related to the subsidiary PAT MTF Mrija

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

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

(All amounts are in EUR thousand unless otherwise stated)

7. Property, plant and equipment

Group	Land	Build-ings	Struc-tures	Vehicles and other property, plant and equipment	Construc-tion in progress	Total
Cost or revalued amount:						
Balance as at 31 December 2013	4	6 178	287	22 651	123	29 243
Additions	-	-	-	329	1	330
Disposals and write-offs	-	(239)	-	(1 008)	-	(1 247)
Foreign currency translation differences	-	(930)	(52)	(782)	(1)	(1 765)
Reversals and write-offs	-	-	-	(3)	-	(3)
Reclassification	-	-	-	120	(120)	-
Balance as at 31 December 2014	4	5 009	235	21 307	3	26 558
Additions	-	2	-	388	410	800
Disposals and write-offs	-	(66)	(48)	(680)	-	(794)
Foreign currency translation differences	-	(411)	(19)	(221)	-	(651)
Balance as at 31 December 2015	4	4 534	168	20 794	413	25 913
Accumulated depreciation:						
Balance as at 31 December 2013	-	152	225	19 194	-	19 571
Charge for the year	-	161	12	588	-	761
Disposals and write-offs	-	(90)	-	(878)	-	(968)
Foreign currency translation differences	-	(160)	(40)	(544)	-	(744)
Balance as at 31 December 2014	-	63	197	18 360	-	18 620
Charge for the year	-	139	8	591	-	738
Disposals and write-offs	-	(42)	(45)	(567)	-	(654)
Foreign currency translation differences	-	(126)	(15)	(123)	-	(264)
Balance as at 31 December 2015	-	34	145	18 261	-	18 440
Impairment						
Balance as at 31 December 2013	-	13	-	-	-	13
Balance as at 31 December 2014	-	13	-	-	-	13
Balance as at 31 December 2015	-	13	-	-	-	13
Net book value as at 31 December 2013	4	6 013	62	3 457	123	9 659
Net book value as at 31 December 2014	4	4 933	38	2 947	3	7 925
Net book value as at 31 December 2015	4	4 487	23	2 533	413	7 460

(All amounts are in EUR thousand unless otherwise stated)

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

Company	Land	Build-ings	Struc-tures	Vehicles and other property, plant and equipment	Con-struc-tion in pro-gress	Total
Cost or revalued amount:						
Balance as at 31 December 2013	4	3 586	165	18 900	120	22 775
Additions	-	-	-	194	1	195
Disposals and write-offs	-	(238)	-	(855)	-	(1 093)
Reclassification to non-current asset held for sale	-	-	-	120	(120)	-
Balance as at 31 December 2014	4	3 348	165	18 359	1	21 877
Additions	-	-	-	260	410	670
Disposals and write-offs	-	(65)	(48)	(204)	-	(317)
Reclassification from construction in progress	-	-	-	2	(2)	-
Balance as at 31 December 2015	4	3 283	117	18 417	409	22 230
Accumulated depreciation:						
Balance as at 31 December 2013	-	95	141	16 292	-	16 528
Charge for the year	-	78	9	502	-	589
Disposals and write-offs	-	(91)	-	(755)	-	(846)
Balance as at 31 December 2014	-	82	150	16 039	-	16 271
Charge for the year	-	74	6	502	-	582
Disposals and write-offs	-	(42)	(45)	(204)	-	(291)
Balance as at 31 December 2015	-	114	111	16 337	-	16 562
Impairment:						
Balance as at 31 December 2013	-	9	-	-	-	9
Balance as at 31 December 2014	-	9	-	-	-	9
Balance as at 31 December 2015	-	9	-	-	-	9
Net book value as at 31 December 2013	4	3 482	24	2 608	120	6 238
Net book value as at 31 December 2014	4	3 257	15	2 320	1	5 597
Net book value as at 31 December 2015	4	3 160	6	2 080	409	5 659

(All amounts are in EUR thousand unless otherwise stated)

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

Allocation of property, plant and equipment depreciation disclosed in the table below.

	Group		Company	
	2015	2014	2015	2014
Cost of sales (Note 20)	631	612	503	499
General and administrative expenses	85	131	31	75
Cost of inventories	22	18	37	15
	738	761	582	589

Property, plant and equipment of the Group and the Company with the acquisition cost of EUR 11 331 thousand and EUR 9 327 thousand, respectively, was fully depreciated as at 31 December 2015 (2014: EUR 11 412 thousand and EUR 8 621 thousand, respectively), but was still in use.

Property, plant and equipment of the Group with the acquisition cost of EUR 2 thousand was idle as at 31 December 2015 (2014: Group - EUR 145 thousand and the Company - EUR 27 thousand, respectively). Idle assets of the Company were sold in 2015.

Property, plant and equipment and inventories of the Company with the net book value of EUR 4 054 thousand as at 31 December 2015 was pledged to the banks as a collateral for the borrowings (Note 16). As at 31 December 2014 property, plant and equipment of the Group and the Company were not pledged.

The Group and the Company accounts for buildings at revalued amounts.

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

	Group	Company
	31 December 2015	31 December 2015
Cost	3 399	1 790
Accumulated depreciation and impairment	(1 863)	(933)
Net carrying amount	**1 536**	**857**

	Group	Company
	31 December 2014	31 December 2014
Cost	3 435	1 826
Accumulated depreciation and impairment	(1 872)	(942)
Net carrying amount	**1 563**	**884**

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

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

(All amounts are in EUR thousand unless otherwise stated)

8. Investment property

	Group	Company
Cost:		
Balance as at 31 December 2013	**184**	**184**
Balance as at 31 December 2014	184	184
Balance as at 31 December 2015	184	184
Accumulated depreciation:		
Balance as at 31 December 2013	**67**	**67**
Charge for the year	3	3
Balance as at 31 December 2014	70	70
Charge for the year	3	3
Balance as at 31 December 2015	**73**	**73**
Impairment		
Balance as at 31 December 2013	-	-
Balance as at 31 December 2014	-	-
Balance as at 31 December 2015	-	-
Net book value as at 31 December 2013	**117**	**117**
Net book value as at 31 December 2014	**114**	**114**
Net book value as at 31 December 2015	**111**	**111**

Rental income and related costs have been disclosed in Note 22.

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

(All amounts are in EUR thousand unless otherwise stated)

8. Investment property (cont'd)

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

	Group		Company	
	2015	2014	2015	2014
Cost – capitalised finance lease				
Investment property	184	184	184	184
Accumulated depreciation				
Investment property	(73)	(70)	(73)	(70)
Impairment loss for investment property	-	-	-	-
Reversal of impairment	-	-	-	-
Net book value as at 31 December	**111**	**114**	**111**	**114**

As of 31 December 2015, the Management of the Group and the Company considered if there are any indications that the fair value of the investment property might differ materially from their carrying amounts. The Group's and the Company's investment property fair value was estimated based on the third level of fair value hierarchy.

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net book value of investment property	111	114	111	114
Fair value of investment property	258	258	258	258

Investment property future rental income

	Group		Company	
	2015	2014	2015	2014
During 1 year	10	9	10	9
After 1 year but not later than 5 years	-	8	-	8
After 5 years	-	-	-	-
	10	17	10	17

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

(All amounts are in EUR thousand unless otherwise stated)

9. Investments in subsidiaries

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

	2015	2014
Cost of investments:		
Balance as at 1 January	3 694	3 694
Balance as at 31 December	3 694	3 694
Impairment:		
Balance as at 1 January	2 195	2 195
Impairment	-	-
Balance as at 31 December	2 195	2 195
Carrying amount of investments in subsidiaries as at 31 December	**1 499**	**1 499**

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

10. Inventories

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Raw materials	1 638	1 609	1 262	1 203
Work in progress	1 140	1 021	1 139	987
Finished goods	1 584	1 489	1 572	1 435
Goods for resale	49	51	-	-
	4 411	**4 170**	**3 973**	**3 625**
Write-down to net realisable value:				
Opening balance	(731)	(686)	(402)	(356)
Change	7	(45)	21	(45)
Closing balance	(724)	(731)	(381)	(401)
	3 687	**3 439**	**3 592**	**3 224**

The acquisition cost of the Group's and the Company's inventories accounted for at net realizable value as at 31 December 2015 amounted to EUR 923 thousand and EUR 593 thousand, respectively (2014: EUR 1 140 thousand and EUR 811 thousand, respectively). Changes in impairment allowance for inventories during 2015 and 2014 were recorded within the Group's and the Company's general and administrative expenses.

As at 31 December 2015 Company's property, plant and equipment and inventories with the total amount of EUR 4 054 thousand were pledged to the DNB Bank AB.

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

(All amounts are in EUR thousand unless otherwise stated)

11. Trade receivables

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Trade receivables, gross	1 224	1 440	921	1 131
Allowance for trade receivables:				
Opening balance	(134)	(162)	(113)	(141)
Additional allowance	-	-	-	-
Written - off	19	28	19	27
Closing balance	(115)	(134)	(94)	(114)
	1 109	**1 306**	**827**	**1 017**

Changes in impairment allowance for doubtful trade receivables during 2015 and 2014 were recorded within the Group's and the Company's general and administrative expenses.

For trade receivables ageing see Note 3.1.

12. Other receivables

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Taxes receivable, except for prepaid income tax	48	60	29	27
Prepayments	96	84	56	76
Other current assets	161	72	44	43
	305	**216**	**129**	**146**

13. Cash and cash equivalents

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Cash on hand	13	22	11	22
Cash at bank	1 066	931	254	196
	1 079	955	265	218

As at 31 December 2015 and 2014, the Group and the Company had no restrictions on the use of cash and cash equivalents.

14. Share capital

As at 31 December 2015, the share capital comprised of 9 503 000 ordinary registered shares with par value of EUR 0.29 each.

On 12 January 2015 a new Company's statute for share capital increase was registered in the Register of Legal Entities of the Republic of Lithuania. The Company's share capital was increased by implementing the decisions made on 03-12-2009 and 26-03-2014 in extraordinary general shareholder meetings and according to the requests of the Company's emitted convertible bond owners to exchange 19 units of these convertible bonds into 4 503 000 ordinary shares of the Company. After the conversion the Company's share capital is equal to EUR 2 756 thousand and is divided into 9 503 000 ordinary shares, with a nominal value of EUR 0.29 each.
As at 31 December 2015 and 2014, all the shares were fully paid.

The subsidiaries did not hold any shares of the Company as at 31 December 2015 and 2014. The Company did not hold its own shares as at 31 December 2015 and 2014.

As at 31 December 2014, the share capital comprised 5 000 000 ordinary registered shares with par value of LTL 1 each (equivalent to EUR 0,29 each).

On 8 October 2014, the Register of Legal Entities of the Republic of Lithuania registered a new edition of the Company's Articles of Association with regard to reduced Company's share capital. The share capital of the Company was reduced from EUR 5 744 451 to EUR 1 448 100. On 20 October 2014, the procedure of the reduction of Company's share capital was completed. Company's share capital was reduced to 5 000 000 ordinary shares of LTL 1 each (equivalent to EUR 0,29 each) by cancelling 14 834 442 ordinary registered shares.

15. Other reserves and retained earnings (deficit)

Revaluation surplus

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

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of distributable 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 2015 and 2014 the legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover cummulated losses.

(All amounts are in EUR thousand unless otherwise stated)

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

Foreign currency translation reserve

The foreign currency translation reserve represents translation differences arising on consolidation of financial statements of foreign subsidiaries (Note 2.15).

Reserve for acquisition of own shares

In 2015 according to the decision of the shareholders of Šatrija AB the reserve for acquisition of own shares of EUR 300 thousand was formed.

Cash flow hedge reserve

The Company's loan with DNB Bank is with floating interest rate that is linked to EURIBOR (16 note). On 26 November 2014 the Company signed interest rate swap contract with DNB Bank in order to avoid the interest rate fluctuations. The agreement is valid until 25 November 2019. The fair value of interest rate swap contract used for interest rate risk hedging was EUR 51 thousand as of 31 December 2015 and was accounted for under current (amounting EUR 28 thousand) and non-current liabilities (amounting EUR 23 thousand).

Accumulated retained earnings (losses)

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

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

At the date of these financial statements the Company was not informed about any actions of the shareholders of the Company regarding retained deficit.

16. Borrowings

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Current				
Current portion of non-current bank borrowings	691	496	691	496
Non–current				
Borrowings from subsidiaries	-	-	1 922	1 820
Long-term bank borrowings	3 617	1 036	3 617	1 036
Total borrowings	4 308	1 532	6 230	3 352

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Štarija AB, amounting to EUR 1 560 thousand with maturity as at 26 November 2019 and variable interest rate 12 month EURIBOR+1.9 % and loan granted by subsidiary Gotija UAB, amounting to EUR 362 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 %.

As of 31 December 2015, the bank borrowings were secured by property plant and equipment (Note 7) and inventory (Note 10). As of 31 December 2014 no assets were pledged.

(All amounts are in EUR thousand unless otherwise stated)

16. Borrowings (cont'd)

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

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
EUR	4 308	1 532	6 230	3 352

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

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Long-term borrowings from subsidiaries	-	-	2.23	2.23
Long-term bank borrowings	1.91	1.98	1.91	1.98

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

(All amounts are in EUR thousand unless otherwise stated)

16. Borrowings (cont'd)

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:

Interest changes	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Every 3 months	4 308	1 532	4 308	1 532
Every 12 months	-	-	1 922	1 820
	4 308	**1 532**	**6 230**	**3 352**

As at 31 December 2015 the Group and Company did not comply with one financial covenant, stated in the loan agreement with DNB bank AB. The Company and the Group received DNB bank AB waiver dated 30 December 2015 which states that loan agreement will not be terminated if the Group does not exceed financial debt/EBITDA ratio as of 31 December 2015 set in the waiver and accordingly repayment of the loan will not be requested earlier than stated in the agreement. The Group complied with the ratio set in the waiver, therefore loan was not reclassified to short term liabilities. The carrying value of this loan is EUR 4 308 thousand as at 31 December 2015.

On 22 June 2015 the Company and AB DNB signed an agreement, according to which the loan amount was increased by EUR 630 thousand for 2015 investments into equipment. Utilised loan amount in 2015 amounts to EUR 220 thousand. Loan due date is 25 November 2019. Interest rate is 3 months EURIBOR+1.9 per cent.

On 20 February 2015 Company's property, plant and equipment and inventories with carrying value amounting to EUR 4 054 thousand were pledged.

As at 31 December 2014 the Company was not committed to comply with the financial covenants. Covenants on new loan taken in 2014 started to apply from the first quarter of 2015.

On 26 November 2014 the Company and AB DNB signed a long-term loan agreement according to which the Company was granted a loan of EUR 4 634 thousand. The loan term – 5 years. The funds were used to re-finance the Company's financial liabilities in amount of EUR 1 532 in respect of Swedbank lizingas UAB and to fulfil the Company's settlement obligations in respect of the convertible bonds holders (i.e. to pay the redemption price of the convertible bonds to be redeemed).

As at 29 December 2014 Group and the Company fulfilled all requirements of Swedbank lizingas, therefore as at 31 December 2014 no related obligations were left.

Operating lease commitments – the Group and the Company as a lessee

The Group and the Company has entered into operating leases on certain motor vehicles with DNB Bank AB and Swedbank Lizingas UAB, with lease terms up to five years.

Future minimum rentals payable under operating leases are, as follows:

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within one year	24	20	17	13
After one year but not more than five years	66	90	55	72
More than five years	-	-	-	-
	90	**110**	**72**	**85**

(All amounts are in EUR thousand unless otherwise stated)

17. Convertible bonds issued

Convertible bonds were redeemed/ converted in 2015 (Note 3.2).

Information about convertible bonds:

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

Convertible bonds obligations:

	Group		Company	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
FR&R Invest AB	-	-	-	-
AmberTrust S.C.A., SICAF-SI	-	618	-	618
KJK Fund, SICAF-SIF	-	275	-	275
FIREBIRD REPUBLICS FUNI LTD	-	137	-	137
FIREBIRD AVRORA FUND LTD	-	69	-	69
UAB Koncernas „SBA"	-	3 251	-	3 251
Total convertible bonds obligations:	-	**4 350**	-	**4 350**

(All amounts are in EUR thousand unless otherwise stated)

18. Provisions for employee benefits

	Group	Company
Balance as at 31 December 2013	**184**	**169**
Benefits earned	17	17
Interest costs	39	39
Actuarial (gain) loss	24	24
Reduction of costs due to cancelled labour contracts	(45)	(45)
Balance as at 31 December 2014	**219**	**204**
Benefits earned	288	278
Interest costs	(91)	(95)
Actuarial (gain) loss	(104)	(104)
Reduction of costs due to cancelled labour contracts	(30)	(28)
Balance as at 31 December 2015	**282**	**255**

	Group	Company
Long term provisions for employee benefits as at 31 December 2015	226	205
Short term provisions for employee benefits as at 31 December 2015	56	50
Long term provisions for employee benefits as at 31 December 2014	169	158
Short term provisions for employee benefits as at 31 December 2014	50	46

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

2015 provisions were calculated with the discount rate of 1.63 per cent and employee turnover rate of 9.47 per cent (in 2014: 2.90 per cent and 10.46 per cent, respectively). Average age till pension by the Group and the Company was respectively 19.62 and 19.18 years as at 31 December 2015 (2014: 21.67 and 22.23 years).

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

		Impact on defined benefit obligation as at 31 December 2015			
		Group		Company	
	Change in assumption	**Positive change in assumption**	**Negative change in assumption**	**Positive change in assumption**	**Negative change in assumption**
Discount rate	0.5 %	Decreased by 3.56%	Increased by 2.86 %	Decreased by 3.82%	Increased by 2.96 %
Salary growth rate	0.5 %	Increased by 3.50%	Decreased by 2.98 %	Increased by 3.69%	Decreased by 3.15%

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

(All amounts are in EUR thousand unless otherwise stated)

19. Accrued expenses and other current liabilities

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 Decembe 2014
Accrual for vacation reserve	631	592	373	293
Wages, salaries and social security	487	365	387	306
Amounts payable for services and non-current assets	196	428	239	269
Bonuses for employees	-	-	-	-
Taxes payable, except for income tax	121	89	97	78
Other liabilities	204	195	145	264
	1 639	**1 669**	**1 241**	**1 210**

20. Cost of sales

	Group		Company	
	2015	2014	2015	2014
Wages and salaries and social security	7 043	6 519	5 355	4 694
Materials	5 935	5 758	5 497	5 159
Other overhead expenses	1 904	2 706	2 096	2 836
Depreciation and amortization	631	612	503	499
Cost of materials sold	15	34	7	5
	15 528	**15 629**	**13 458**	**13 193**

(All amounts are in EUR thousand unless otherwise stated)

21. Selling general and administrative expenses

	Group		Company	
	2015	2014	2015	2014
Selling expenses				
Wages salaries and social security	430	342	362	270
Advertising and marketing costs	282	112	280	110
Agency costs	200	163	200	163
Transportation costs	100	122	100	112
Maintenance costs of retail outlets	64	30	45	7
Other selling expenses	265	193	251	183
Total selling expenses	**1 341**	**962**	**1 238**	**845**
General and administrative expenses				
Wages salaries and social security	844	726	620	492
Communications and consulting services	288	277	225	230
Provisions for employee benefits (Note 18)	155	12	154	12
Depreciation and amortization	96	145	42	86
Security	94	92	47	42
Vehicles exploitation expenses	74	70	58	56
Taxes other than income tax	54	91	38	75
Services of financial institutions	49	64	44	51
Premises exploitation expenses	37	39	34	30
Travel expenses	35	27	28	23
Representation expenses	26	56	21	52
Impairment and write-off (reversal) of inventories	(7)	45	(21)	45
Impairment of accounts receivable from subsidiaries	-	-	-	370
Impairment (reversal) of non-current assets	-	(17)	-	-
Other	265	234	158	97
Total general and administrative expenses	**2 010**	**1 861**	**1 448**	**1 679**
	3 351	2 823	2 686	2 519

(All amounts are in EUR thousand unless otherwise stated)

22. Other income and expenses

	Group		Company	
	2015	2014	2015	2014
Gain from disposal of non-current assets	120	217	9	164
Rent income	19	18	19	18
Other income	127	141	42	56
Other income	**266**	**376**	**70**	**238**
Loss from disposal of non-current assets	(4)	(20)	(4)	(20)
Rent costs	(11)	(9)	(11)	(9)
Other expenses	(28)	(32)	(13)	(13)
Other expenses	**(43)**	**(61)**	**(28)**	**(42)**

23. Finance costs, net

	Group		Company	
	2015	2014	2015	2014
Foreign exchange gain	577	88	49	19
Interest income	-	-	60	60
Income from financing activities	**577**	**88**	**109**	**79**
Interest expenses	(118)	(779)	(159)	(843)
Foreign exchange (loss)	(983)*	(832)*	(41)	(23)
Financial expenses	**(1 101)**	**(1 611)**	**(200)**	**(866)**

*Increase in net foreign exchange (loss) in 2015 and 2014 is mainly related to a significant drop in the value of UAH against EUR, since 1 January 2014.

24. Employee benefits

	Group		Company	
	2015	2014	2015	2014
Wages and salaries	6 343	5 779	4 844	4 169
Social security	1 974	1 808	1 493	1 287
	8 317	**7 587**	**6 337**	**5 456**

(All amounts are in EUR thousand unless otherwise stated)

25. Income tax

Income tax expense comprised as follows:

	Group		Company	
	2015	2014	2015	2014
Current tax	(38)	(134)	(13)	(32)
Change in deferred tax	35	80	34	55
Income tax income (expense) recognised in the statement of comprehensive income	(3)	(54)	21	23

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	
	2015	2014	2015	2014
Profit (losses) before tax	(258)	105	(179)	(263)
Income tax income (expense) at a rate of 15%	39	(16)	27	40
Effect of different tax rates applicable to subsidiary in Ukraine	6	1	-	-
Change in valuation allowances for deferred tax asset	(7)	-	-	-
Expenses not deductible for tax purposes	(41)	(37)	(6)	(17)
Income tax income (expenses) reported in the statement of comprehensive income	**(3)**	**(54)**	**21**	**23**

In 2015, 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 2014). Deferred income tax asset and liability relating to entity operating in Ukraine were estimated using the tax rate of 18 per cent (in 2014, 18 per cent).

(All amounts are in EUR thousand unless otherwise stated)

25. Income tax (cont'd)

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

Group	31 December 2013	Recognised in profit/loss	Recognised in other comprehensive income	31 December 2014	Recognised in profit/loss	Recognised in other comprehensive income	31 December 2015
Deferred tax assets							
Tax loss carry forward	323	(55)	-	268	(36)	(3)	229
Inventories	58	6	-	64	-	-	64
Receivables	7	(4)	-	3	-	-	3
Impairment of property, plant and equipment	1	-	-	1	-	-	1
Provisions for employee benefits	27	6	-	33	9	-	42
Goodwill	25	(5)	-	20	(4)	-	16
Accrued charges	50	(5)	-	45	5	-	50
Deferred tax assets before valuation allowance	491	(57)	-	434	(29)	(3)	405
Less: valuation allowance	(35)	-	-	(35)	(7)	-	(42)
Deferred tax assets, net	**456**	**(57)**	**-**	**399**	**(36)**	**(3)**	**363**
Deferred tax liabilities							
Depreciation of property, plant and equipment	(343)	89	-	(254)	32	-	(222)
Property, plant and equipment revaluation	(658)	48	101	(509)	32	36	(441)
Deferred tax liabilities	(1 001)	137	101	(763)	64	36	(663)
Deferred tax, net	(545)	80	101	(364)	31	33	(300)

Recognised in the statement of financial position*:	**31 December 2015**	**31 December 2014**
Deferred income tax asset	50	61
Deferred income tax liabilities	351	424

*Deferred income tax asset and liabilities are netted as much as they are related to the tax institution and with the condition that tax institution does not perform such coverings.

(All amounts are in EUR thousand unless otherwise stated)

25. Income tax (cont'd)

Company	**31 December 2013**	**Recognised in profit/loss**	**31 December 2014**	**Recognised in profit/loss**	**31 December 2015**
Deferred tax assets					
Tax loss carry forward	323	(75)	248	(29)	219
Inventories	54	6	60	(3)	57
Receivables	4	(4)	-	-	-
Impairment of property, plant and equipment	1	-	1	-	1
Provisions for employee benefits	25	6	31	6	37
Accrued charges	14	(3)	11	3	14
Deferred tax assets before valuation allowance	421	(70)	351	(23)	328
Less: valuation allowance	-	-	-	-	-
Deferred tax assets, net	421	(70)	351	(23)	328
Deferred tax liabilities					
Depreciation of property, plant and equipment	(318)	65	(253)	49	(204)
Property, plant and equipment revaluation	(383)	59	(324)	7	(317)
Deferred tax liabilities	(701)	124	(577)	56	(521)
Deferred tax, net	(280)	54	(226)	33	(193)

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 2015 the Group's and the Company's tax losses to be carried forward against future taxable income amounted to EUR 4 688 thousand and EUR 1 462 thousand, respectively (2014: EUR 4 871 thousand and EUR 1 655 thousand, respectively). All tax losses of the Company may be carried forward for an unlimited term. Group tax losses amounting EUR 3 425 thousand as of 31 December 2015 may be carried forward up till 2016 and remaining tax losses can be carried forward for an unlimited term.

In accordance with tax legislation of the Republic of Ukraine, starting from 2012 the tax loss carry forward that is deducted cannot exceed 25 per cent of the taxable profit of the current financial year.

As at 31 December 2015 the Group's company PAT MTF Mrija had tax losses of EUR 3 232 thousand (2014: EUR 3 217 thousand) for which no deferred tax assets were recognised due to uncertainties related to their realisation.

26. 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	
	2015	2014
Profit (loss) attributable to the equity holders of the Group	(268)	19
Weighted average number of shares in issue (thousand)	9 330	5 000
Basic/dilutive earnings per share (in EUR)	(0.03)	0.01

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

27. 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 close family members

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

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

As at 31 December 2015 and 31 December 2014, the management of the Group and the Company had 0.002 per cent of shares of PAT MTF Mrija.

Material party -owned subsidiaries

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

(All amounts are in EUR thousand unless otherwise stated)

27. Related party transactions (cont'd)

Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operation	2015	2014
Gotija, UAB	Lithuania	9.50%	9.50%
Šatrija, AB	Lithuania	10.22%	10.22%
PAT MTF Mrija	Ukraine	1.05%	1.05%

Accumulated balances of non-controlling interest:

	2015	2014
Gotija, UAB	48	45
Šatrija, AB	400	369
PAT MTF Mrija	(72)	(36)

Summarised statement of profit or loss for 2015:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Revenue	224	2 615	398
Cost of sales	(126)	(2 154)	(352)
Administrative expenses	(68)	(505)	(97)
Other operating income (expenses)	-	91	98
Finance income (expenses)	8	32	(251)
Profit before tax	**38**	**79**	**(204)**
Income tax	**(6)**	**(18)**	**-**
Profit for the year from continuing operations	**32**	**61**	**(204)**
Total comprehensive income	**32**	**61**	**(204)**
Attributable to non-controlling interests	3	6	(2)
Dividends paid to non-controlling interests	-	-	-

(All amounts are in EUR thousand unless otherwise stated)

27. Related party transactions (cont'd)

Summarised statement of profit or loss for 2014:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Revenue	211	3 491	571
Cost of sales	(119)	(2 573)	(504)
Administrative expenses	(72)	(445)	(176)
Other operating income(expenses)	-	78	46
Finance costs	18	72	(2 315)
Profit before tax	**38**	**623**	**(2 378)**
Income tax	(6)	(97)	26
Profit for the year from continuing operations	**32**	**526**	**(2 352)**
Total comprehensive income	**32**	**526**	**(2 352)**
Attributable to non-controlling interests	3	54	(25)
Dividends paid to non-controlling interests	-	-	-

Summarised statement of financial position as at 31 December 2015:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Inventories and cash and bank balance (current)	519	1 151	76
Property, plant and equipment and other non-current financial assets(non-current)	-	3 292	1 161
Trade and other pyables(current)	(2)	(116)	(3 846)
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	(11)	(415)	(4 216)
Total equity	**506**	**3 912**	**(6 825)**
Attributable to:			
Equity holders of parent	458	3 512	(6 753)
Non-controlling interest	48	400	(72)

Summarised statement of financial position as at 31 December 2014:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Inventories and cash and bank balance (current)	487	1 101	115
Property, plant and equipment and other non-current financial assets(non-current)	-	3 087	1 407
Trade and other payables(current)	-	(67)	(1 141)
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	(13)	(507)	(3 770)
Total equity	**474**	**3 614**	**(3 390)**
Attributable to:			
Equity holders of parent	429	3 245	(3 354)
Non-controlling interest	45	369	(36)

(All amounts are in EUR thousand unless otherwise stated)

27. Related party transactions (cont'd)

Summarised cash flow information for year ending 31 December 2015:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Operating	34	130	(188)
Investing	8	(76)	169
Financing	-	-	-
Net increase/(decrease) in cash equivalents	**42**	**54**	**(19)**

Summarised cash flow information for year ending 31 December 2014:

	Gotija, UAB	Šatrija, AB	PAT MTF Mrija
Operating	10	387	352
Investing	18	(188)	86
Financing	-	-	(448)
Net increase/(decrease) in cash equivalents	**28**	**199**	**(10)**

Related party transactions are disclosed below:

	Group		Company	
Sales of goods and services	**2015**	**2014**	**2015**	**2014**
Subsidiaries of the Company	-	-	140	143
SBA group companies	4	1	4	-
Ultimate parent company	1	19	1	1
	5	**20**	**145**	**144**

	Group		Company	
Interest income	**2015**	**2014**	**2015**	**2014**
Subsidiaries of the Company	-	-	60	60
	-	**-**	**60**	**60**

	Group		Company	
Interest expenses	**2015**	**2014**	**2015**	**2014**
Ultimate parent company	-	376	-	376
Subsidiaries of the Company	-	-	41	92
	-	**376**	**41**	**468**

	Group		Company	
	2015	**2014**	**2015**	**2014**
Purchases of goods and services				
Subsidiaries of the Company	-	-	429	612
Ultimate parent company	172	546	172	546
Other related parties	3	7	3	5
	175	**553**	**604**	**1 163**

(All amounts are in EUR thousand unless otherwise stated)

27. Related party transactions (cont'd)

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Amounts receivable (including prepayments and loans)				
Accounts receivable from subsidiaries, gross*	-	-	2 234	2 379
Impairment allowances made	-	-	(1 958)	(1 958)
Accounts receivable from subsidiaries, net	-	-	276	421
Prepayments to subsidiaries	-	-	1 003	1 312
Loans granted including interest receivable from subsidiaries, gross**	-	-	1 505	1 445
Impairment allowances made	-	-	(428)	(428)
Loans granted including interest receivable from subsidiaries, net	-	-	2 080	1 017
	-	-	**2 356**	**2 750**

* In 2015 and 2014 the accounts receivable consists only of accounts receivable from PAT MTF Mrija.

** In 2015 and 2014 the amount stands for loan granted to (including interest receivable) from PAT MTF Mrija with fixed annual interest rate of 6 per cent.

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

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

	2015	2014
Loans granted to related parties as at 31 December	6%	6%

	Group		Company	
	2015	2014	2015	2014
Current and non-current payables				
Subsidiaries of the Company:				
Borrowings	-	-	1 922	1 820
Other payables	-	-	17	143
SBA group companies:				
Other related parties	1	28	1	28
Ultimate parent company	517	3 559	506	3 556
	518	**3 587**	**2 446**	**5 547**

	Group		Company	
	2015	2014	2015	2014
Convertible bonds issued				
Ultimate parent company	-	1 098	-	1 098
	-	**1 098**	-	**1 098**

(All amounts are in EUR thousand unless otherwise stated)

27. Related party transactions (cont'd)

The Company had the borrowing of EUR 1 458 thousand from the subsidiary Šatrija AB (as of 31 december 2014). In 2015 the amount of loan was increased by EUR 102 thousand and as at 31 December 2015 amounted to EUR 1 560 thousand with maturity term of 26 November 2019.

The Company has the borrowing of EUR 362 thousand from the subsidiary Gotija, UAB (the same amount in 2014). In 2015 the loan was extended to the 26 November 2019.

	Group		Company	
	2015	**2014**	**2015**	**2014**
Key management compensation including social security costs				
Remuneration of management	553	458	364	266
Defined benefit obligations for management	3	2	2	2
	556	460	366	268

Key management includes general director, functional directors and chief accountant.
In 2015 and 2014 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.

No guarantees were issued on behalf of related parties as at 31 December 2015 and 2014.

28. Other commitments

As at 31 December 2015 and 2014 the Group and the Company had no material commitments for acquisition of property, plant and equipment or intangible assets.

29. Post balance sheet events

As of the date of release of these financial statements the management of the Company has not yet prepared a draft of profit distribution for 2015.

On 22 March 2016 the Company has signed amendment with DNB bank AB, based on which not used loan amount was decreased to EUR 423 thousand and interest rate determination principle was changed.

There were no other material post balance sheet events.