

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania, Periodic and Additional Information of Preparation and Submission rules of Lithuanian Bank Board, we, Algirdas Šabūnas, Managing Director of Utenos trikotazas, AB, Finance Director Andrej Grobov, and Chief Accountant Daiva Mikulėnė, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 12 months of 2018, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas, AB and the Group of undertakings.

ENCLOSURE: Unaudited consolidated financial statements for the 12 months of 2018 of Utenos trikotazas AB.

Managing Director

Algirdas Šabūnas

Finance Director

Andrej Grobov

Chief Accountant

Daiva Mikulėnė

Utena, 28 February 2019



UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
for the 12 months period ended 31 December 2018
(UNAUDITED)

INFORMATION ABOUT COMPANY

Company name	Utenos Trikotažas AB
Legal and organisation form	Legal entity, public company
Date and place of incorporation	Registered with the Register of Legal Entities of Utena District on 6 st December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 st
Registration code	September 1998.
Code of the Register of Legal Entities	BĮ 98-257
Authorised share capital	183709468
Address	EUR 2 755 870
Name of Register of Legal Entities	J.Basanavičiaus g.122, LT-28214, Utena, Lithuania
Telephone	Registru centras VĮ
Fax	+370 389 51445
E-mail	+370 389 69358
Website	utenos.trikotazas@ut.lt
Main activities	www.ut.lt
Auditors	production of knit-wear and textile articles ERNST&YOUNG BALTIC UAB

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REVIEW OF ACTIVITY OF THE GROUP COMPANIES

Utenos trikotažas Group's consolidated comparable revenue in 2018 increased by 19,6 % to reach EUR 30,9 million. Utenos trikotažas as a Company grew comparable sales by 21,5 % to EUR 27,4 million in 2018. Revenue growth was driven by newly developed fabrics, orientation towards sustainable and flexible production practices.

Comparable Group pre-tax profit reached EUR 1,2 million in 2018, three times more than last year when it stood at EUR 0,4 million. Comparable Group EBITDA stood at EUR 2,08 million or 41 % more than a year ago.

Group exports were up 24 % to EUR 25,1 million in 2018. Exports accounted for 81 % of total sales.

Sales in the largest region DACH stood at EUR 13,6 million, up 25 % vs. a year ago. Sales in Scandinavia increased just marginally less by 24 %.

The growth was recorded across all business segments. On demand jersey garments manufacturing increased by 24 % to EUR 23,7 million, functional-technical garments manufacturing services provided by the subsidiary Šatrija were up by 6,5 % to EUR 3,4 million.

The sales of own brands – UTENOS and ABOUT – posted 8 % increase to reach EUR 3,8 million. E-shop sales more than doubled last year and was the most significant growth driver for the brands segment. Retail presence of UTENOS brand at the end of 2018 expanded to 17 branded stores across Lithuania, majority operated by franchisees.

Key performance indicators of the Group
Trade

	Group			Company		
	2018	2017	Change	2018	2017	Change
Revenue (EUR '000)	12M	12M	%	12M	12M	%
Products manufactured on demand of other clients	23 707	19 146	23,8	23 707	19 146	23,8
Own brands (ABOUT, UTENOS)	3 812	3 525	8,1	3 704	3 410	8,6
Services of functional-technical garments manufacture	3 378	3 172	6,5	-	-	-
	30 897	25 843	19,6	27 411	22 556	21,5
Effect of IFRS 15	(1 082)			(1 082)		
	29 815			26 329		
	Group			Company		
Revenue (EUR '000)	2018	2017	Change	2018	2017	Change
	IV Q	IV Q	%	IV Q	IV Q	%
Products manufactured on demand of other clients	5 082	5 648	(10,0)	5 082	5 648	(10,0)
Own brands (ABOUT, UTENOS)	1 205	957	25,9	1 177	939	25,3
Services of functional-technical garments manufacture	936	747	25,3	-	-	-
	7 223	7 352	(1,7)	6 259	6 587	(5,0)
Revenue from contract with costumers*	(1 082)			(1 082)		
	6 141			5 177		

Note:

* In 2018, the Company introduced IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective date of IFRS 15" adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018). Therefore, Consolidated Statements of Comprehensive Income, Financial Position, Changes in Equity and Cash Flow are presented in this report are restated with IFRS 15.

Sales by regions

Revenue (EUR '000)	Group			Company		
	2018 12M	2017 12M	Change %	2018 12M	2017 12M	Change %
Export	25 145	20 328	23,7	22 904	18 549	23,5
<i>DACH (Germany, Austria, Switzerland)</i>	13 618	10 925	24,6	12 698	9 720	30,6
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	8 250	6 676	23,6	7 885	6 273	25,7
<i>Other regions</i>	3 277	2 727	20,2	2 321	2 556	(9,2)
Domestic	5 752	5 515	4,3	4 506	4 007	10,4
	30 897	25 843	19,6	27 410	22 556	21,5
Revenue recognition effect according IFRS 15*	(1 082)			(1 082)		
	29 815			26 329		

Revenue (EUR ,000)	Group			Company		
	2018 IV Q	2017 IV Q	Change %	2018 IV Q	2017 IVQ	Change %
Export	5 407	6 064	(10,8)	4 647	5 556	(16,4)
<i>DACH (Germany, Austria, Switzerland)</i>	2 985	2 952	1,1	2 733	2 567	6,5
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	1 639	2 019	(18,8)	1 455	1 922	(24,3)
<i>Other regions</i>	783	1 093	(28,4)	459	1 067	(57,0)
Domestic	1 816	1 288	41,1	1 612	1 031	56,4
	7 223	7 352	(1,7)	6 259	6 587	(5,0)
Revenue recognition effect according IFRS 15*	(1 082)			(1 082)		
	6 141			5 177		

Operating figures

	Group			Company		
	2018 12M	2017 12M	Change %	2018 12M	2017 12M	Change %
Manufactured items units .	3 132	3 231	(3,1)	3 008	3 099	(2,9)
Average number of employees	997	1 061	(6,0)	659	714	(7,7)

Note:

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The average monthly wages of employees before taxes (EUR):

	Group			Company		
	2018 m.	2017 m.	Pokytis, %	2018 m.	2017 m.	Pokytis, %
Darbuotojų grupė						
Vadovaujantis personalas	1 290	1 117	15,5%	1 532	1 335	14,8%
Specialistai	682	598	14,1%	820	675	21,5%
Darbininkai	503	453	11,0%	523	463	13,0%
	567	509	11,3%	631	549	14,9%

Financial ratio

	Group			Company		
	2018 12M	2017 12M	Change %	2018 12M	2017 12M	Change %
Revenue (EUR'000)	30 897	25 843	19,6%	27 411	22 556	21,5%
Operating profit (loss) (EUR'000)	1 231	646	90,6%	1 209	226	435,0%
Operating profit (loss) margin (%)	4,0%	2,5%	1,5p.p	4,4%	1,0%	3,4p.p
EBITDA (EUR'000)	2 076	1 470	41,2%	1 843	846	117,8%
EBITDA margin (%)	6,7%	5,7%	1,0p.p	6,7%	3,8%	3,0p.p
Profit (loss) before tax (EUR'000)	1 181	372	217,5%	649	2 249	(71,1)%
Profit (loss) before tax, margin (%)	3,8%	1,4%	2,4p.p	2,4%	10,0%	(7,6)p.p
Net profit (loss) for the year (EUR'000)	1 147	301	281,1%	614	2 235	(72,5)%
Net profit (loss) for the year margin (%)	3,7%	1,2%	2,5p.p	2,2%	9,9%	(7,7)p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

Relative ratios

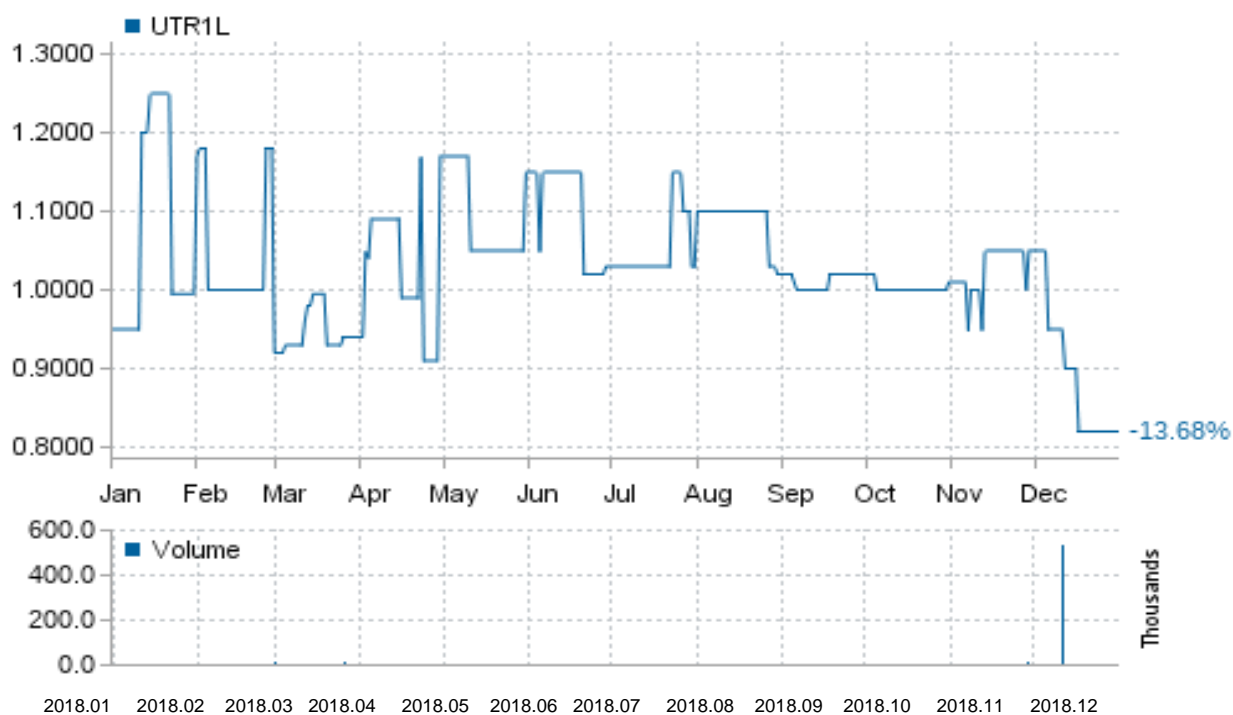
	Group			Company		
	2018 12M	2017 12M	Change <i>p.p.</i>	2018 12M	2017 12M	Change <i>p.p.</i>
Return on capital employed (%)	30 897	25 843	19,6%	27 411	22 556	21,5%
Return on assets (%)	1231	646	90,6%	1 209	226	435,0%
Return on shareholders' equity (%)	4,0%	2,5%	1,5p.p	4,4%	1,0%	3,4p.p
Debt ratio (%)	2 076	1 470	41,2%	1 843	846	117,8%
Debt-to-equity ratio (%)	6,7%	5,7%	1,0p.p	6,7%	3,8%	3,0p.p
Liquidity ratio (%)	1181	372	217,5%	649	2249	(71,1)%
Equity to assets ratio (%)	3,8%	1,4%	2,4p.p	2,4%	10,0%	(7,6)p.p

Ratios related with the share price

	2018 12M	2017 12M	Change
P/E	7,03	32,95	(25,92)
EPS	0,12	0,03	0,09
EV/EBITDA	5,58	8,22	(2,63)

Information regarding the price of shares and their dynamics

Utenos Trikotažas AB share price dynamics, during 12 months period from 1 January 2018 to 31 December 2018



Price ratios

Open price, EUR
High price, EUR
Low price, EUR
Last price, EUR
Traded volume
Turnover, million EUR
Capitalisation, million EUR

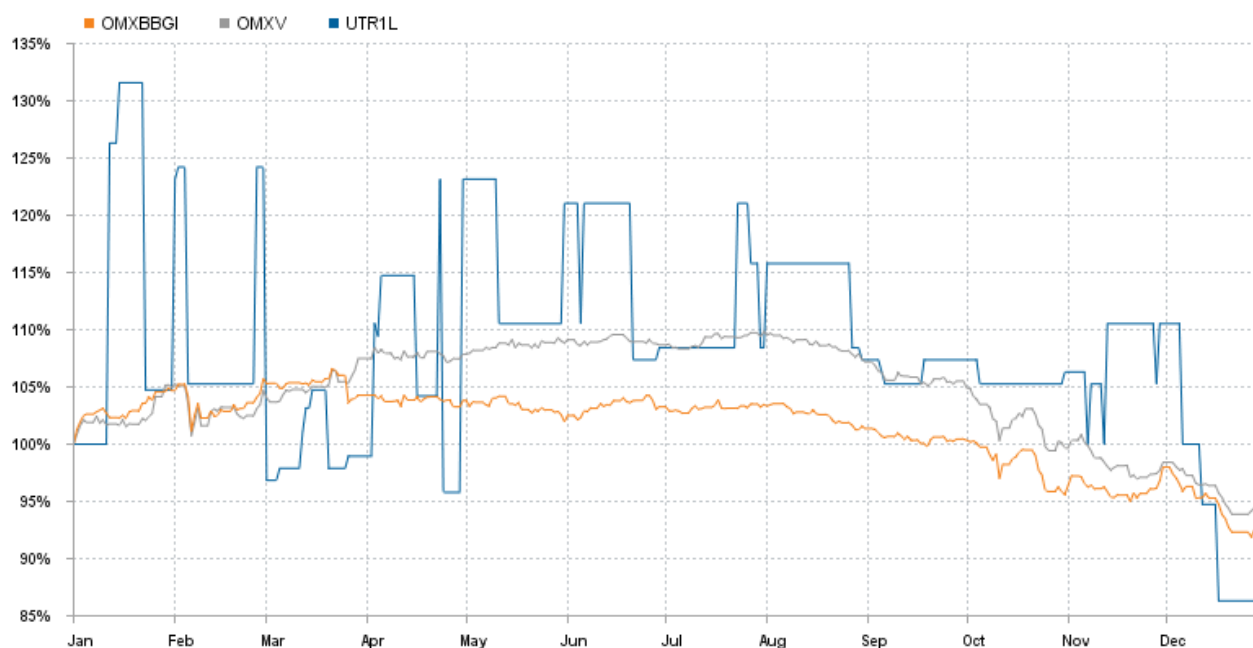
2018 12M

0,950
1,250
0,820
0,820
602 135
0,50
7,790

2017 12M

0,800
1,500
0,680
0,950
134 721
0,140
9,030

Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 January 2018 to 31 December 2018



Index/ Equity	2018.12.31	2017.12.31	2018.12.31 /2017.12.31 Change, %
—OMX Baltic Benchmark GI	944,09	873,81	(7,44)
—OMX Vilnius	653,29	616,9	(5,57)
—UTR1L	0,95 EUR	0,82 EUR	(13,68)

BALANCE SHEET

	Notes	Group		Company	
		2018.12.31	2017.12.31	2018.12.31	2017.12.31
ASSETS					
Non-current assets					
Intangible assets	7	641	661	249	68
Property, plant and equipment	8	9 681	6 979	6 130	5 346
Investment property		90	106	90	106
Investments into subsidiaries		-	-	1 550	1 550
Trade and other receivables		-	-	-	-
Receivables from subsidiaries		-	-	1 788	2 137
Deferred income tax asset		60	63	-	-
		10 472	7 809	9 807	9 208
Current assets					
Inventories	9	6 227	6 853	6 236	6 726
Trade receivables	10	4 104	1 715	3 766	1 445
Other current assets		447	502	277	370
Current financial assets		-	-	-	-
Cash and cash equivalents	11	703	675	120	205
		11 272	9 744	10 399	8 745
Total assets		22 091	17 554	20 206	17 953
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the					
Share capital		2 756	2 756	2 756	2 756
Revaluation surplus	12	574	574	574	574
Legal reserve	12	3 494	3 107	2 303	1 709
Reserve for acquisition of own shares	12	90	90	-	-
Foreign currency translation reserve	12	1 781	137	-	-
Cash flow hedge reserve	12	(4)	(21)	(4)	(21)
Accumulated retained earnings/ (losses)	12	2 014	534	3 630	2 672
		10 704	7 178	9 259	7 690
Non-controlling interest		317	259	-	-
Total equity		10 021	7 437	9 259	7 690
LIABILITIES					
Non-current liabilities					
Borrowings	13	2 123	2 836	2 123	2 836
Borrowings from subsidiaries	13	-	-	1 200	1 061
Deferred income tax liabilities		822	390	374	270
Non-current portion of derivative financial instruments		-	10	-	10
Provisions for employee benefits		240	309	188	260
		3 185	3 546	3 885	4 437
Current liabilities					
Current portion of non-current borrowings	13	1 127	860	1 127	860
Other short term liabilities	13	1 239	-	1 240	200
Current portion of derivative financial instruments		13	19	13	19
Trade payables	13	2 581	2 668	2 522	2 649
Payables to other related parties and subsidiaries		33	239	33	221
Income tax payable		4	37	-	12
Accrued expenses and other current liabilities	14	2 888	2 748	2 126	1 864
		7 885	6 571	7 062	5 826
Total liabilities		11 070	10 117	10 947	10 263
Total equity and liabilities		22 091	17 554	20 206	17 953

STATEMENT OF COMPREHENSIVE INCOME

Group

	Notes	January-December			October-December		
		2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.
Sales	6,15	-	30 897	25 843	-	7 223	7 352
Revenue from contract with costumers		29 815	-	-	6 141	-	-
Cost of sales	16	(24 044)	(24 983)	(20 774)	(5 047)	(5 985)	(5 997)
Gross profit		5 771	5 914	5 069	1 094	1 238	1 355
Selling expenses	17	(2 036)	(2 036)	(2 010)		(514)	(514)
General and administrative expenses	17	(2 763)	(2 763)	(2 526)	(764)	(764)	(806)
Other operating income	18	131	131	120	28	28	27
Other operating expenses	18	(16)	(16)	(7)	(4)	(5)	()
Operating profit (losses)		1 087	1 231	646	(160)	(17)	70
Finance income	19	225	225	116	39	39	(2)
Finance costs	19	(274)	(274)	(390)	(23)	(23)	(115)
Profit (losses) before tax		1 038	1 181	372	(144)	(1)	(47)
Income tax		(34)	(34)	(71)	(8)	(8)	(13)
Net profit (losses)		1 004	1 147	301	(152)	(9)	(60)
Net profit (losses) attributable to:							
Equity shareholders of the Company	20	966	1 109	274	(173)	(30)	(59)
Non-controlling interest		38	38	27	21	21	(1)
		1 004	1 147	301	(152)	(9)	(60)

Group

Effect of IFRS 15

Revenue from contract with costumers

Cost og sales

Gross profit

Notes

Increase

(decrease)

Influence

6,15

1 686

(2 768)

(1 686)

16

(1 463)

2 401

1 463

223

(367)

(143)

Statements of comprehensive income (cont'd)
Company

	Notes	January-December			October-December		
		2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.
Sales	15	-	27 411	22 556	-	6 259	6 587
Revenue from contract with costumers		26 329	-	-	5 177		
Cost of sales	16	(21 440)	(22 379)	(18 606)	(4 325)	(5 264)	(5 486)
Gross profit		4 949	5 032	3 950	852	996	1 101
Selling expenses	17	(1 916)	(1 916)	(1 908)	(484)	(484)	(478)
General and administrative expenses	17	(1 948)	(1 948)	(1 856)	(416)	(416)	(623)
Other operating income	18	52	52	44	10	10	7
Other operating expenses	18	(11)	(11)	(4)	(4)	(4)	1
Operating profit (losses)		1 066	1 209	226	(42)	105	8
Finance income	19	108	108	2 192	28	28	1 026
Finance costs	19	(668)	(668)	(169)	(548)	(548)	(40)
Profit (losses) before tax		506	649	2 249	(562)	(559)	(415)
Income tax	20	(35)	(35)	(14)	(8)	(8)	44
		471	614	2 235	(570)	(423)	1 038

Group
Effect of IFRS 15*

	Notes	Increase	(decrease)	Influence
Revenue from contract with costumers	6,15	1 686	(2 768)	(1 686)
Cost og sales	16	(1 463)	2 401	1 463
Gross profit		223	(367)	(143)

Note

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Foreign currency translation reserve	Reserve for acquisition of own shares	Other reserve	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Total	Non-controlling interest	Total equity
	Balance as of 31 December 2016	2 756	119	269	(43)	574	3 173	(41)	6 806	466
Net profit (loss) for the year	-	-	-	-	-	-	274	274	27	301
Other comprehensive income	-	18	-	22	-	-	15	96	(233)	(147)
Total comprehensive income (loss)	-	18	-	22	-	-	289	370	(206)	277
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	(66)	66	-	-	-
Reserve for acquisition of own shares	-	-	(179)	-	-	-	179	-	-	-
Balance as of 31 December 2017	2 756	137	90	(21)	574	3 107	534	7 176	260	7 436
Net profit (loss) for the year	-	-	-	-	-	-	1 038	1 038	38	1 076
Effect of IFRS 15	-	-	-	-	-	-	223	223	-	223
Other comprehensive income	-	1 644	-	17	-	-	219	1 880	19	1 899
Total comprehensive income (loss)	-	-	-	-	-	387	-	387	-	387
Balance as of 31 December 2018	2 756	1 781	90	(4)	574	3 494	2 014	10 704	317	11 021

Company	Share capital	Legal reserve	Revaluation surplus	Other reserve	Accumulated retained earnings/ (losses)	Total
	Balance as of 31 December 2016	2 756	574	1 751	(43)	355
Net profit (loss) for the year	-	-	-	-	2 235	2 235
Other comprehensive income (loss)	-	-	-	22	40	60
Total comprehensive income (loss)	-	-	-	22	2 275	2 297
Transfer of revaluation surplus to retained earnings	-	-	(42)	-	42	-
Balance as of 31 December 2017	2 756	574	1 709	(21)	2 672	7 690
Net profit (loss) for the year	-	-	-	-	614	614
Effect of IFRS 15	-	-	-	-	223	223
Other comprehensive income (loss)	-	-	645	17	70	732
Total comprehensive income (loss)	-	-	645	17	907	1 569
Transfer of revaluation surplus to retained earnings	-	-	(51)	-	51	-
Balance as of 31 December 2018	2 756	574	2 303	(4)	3 630	9 259

Note:

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STATEMENTS OF CASH FLOWS

	Group		Company	
	31 December 2018	2017	31 December 2018	2017
Cash flows from operating activities				
Profit (loss) for the period	1 004	301	471	2 235
Adjustments for non-cash items:				
Depreciation and amortization	859	825	633	620
(Gain) on disposal of property, plant and equipment and investment property	(12)	(14)	-	(21)
Impairment and write-off of i accounts receivable	4	78	4	72
Impairment and write-off of inventories	832	153	137	153
Interest expense, net of interest income	274	297	560	(2 023)
Income tax (income) expense	232	49	14	14
Changes in working capital:				
(Increase) decrease in inventories	(1 549)	(3014)	(1 709)	(2 733)
(Increase) decrease in trade receivables	375	(544)	443	(813)
Decrease (increase) in receivables from subsidiaries	-	1	500	(8)
(Increase) decrease in other receivables and other current assets	54	463	376	456
(Increase) decrease in trade and other accounts payable	(244)	1826	(56)	1 539
Increase (decrease) in taxes payable and other current liabilities	(191)	125	(196)	10
Income tax (paid)	-	(71)	(18)	(18)
Net cash generated from operating activities	1 640	689	1 361	(557)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(961)	(820)	(825)	(563)
Acquisition of intangible assets	(64)	(29)	(63)	(29)
Proceeds from sale of property, plant and equipment	6	15	-	13
Investments in subsidiaries (acquisition)	-	-	-	(41)
Interest received	-	-	11	48
Net cash flows generated from (to) investing activities	(1019)	(834)	(887)	(572)
Cash flows from financing activities				
Proceeds from borrowings	658	650	658	1 850
Repayment of borrowings and financial lease payments	(1 091)	(738)	(1 091)	(977)
Dividends	-	(224)	10	-
Interest paid	(106)	(98)	(136)	(137)
Net cash flows from financing activities	(593)	(410)	(559)	736
Net increase in cash and cash equivalents	28	(555)	(85)	393
Cash and cash equivalents at the beginning of the period	675	1 230	205	598
Cash and cash equivalents at the end of the period	703	675	120	205

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

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

As of 31 December 2018 and 31 December 2017 the shareholders of the Company were as follows:

	As of 31 December 2018		As of 31 December 2017	
	Number of shares held	Interest held(%)	Number of shares held	Interest held(%)
Koncernas SBA UAB	7 821	82,31	7 294	76,76
Algirdas Šabūnas	950	10,00	950	10,00
Investment Fund East Capital Asset	-	-	527	5,55
Other shareholders	732	7,69	732	7,69
	9 503	100,00	9 503	100,00

On December of 2018 "Koncernas SBA", UAB acquired 5.55 per cent of AB Utenos trikotažas shares. All the shares are registered ordinary shares with a par value of EUR 0.29 each. As of 31 December 2018 and 31 December 2017 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

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

	Registered address	Group's share (%)		Profile
		30 December 2018	31 December 2017	
Šatrija AB	Šatrijos str. 3, Raseiniai	89,78	89,78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	100,00	90,50	Retail trade
PAT MTF Mrija	Matrosovo Str. 13, Mukachev, Ukraine	98,95	98,95	Production of knitted articles

2. Form and contents of the financial statements

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

In 2018, the Company introduced IFRS 15 “Revenue from Contracts with Customers” and amendments to IFRS 15 “Effective date of IFRS 15” adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018). Therefore, Consolidated Statements of Comprehensive Income, Financial Position, Changes in Equity and Cash Flow are presented in this report are restated with IFRS 15.

3. Change in the accounting method of the Companies’ and the Group’s Non-current assets Buildings group

In order to achieve a more accurate accounting of the financial results in March 31, 2013 the Non-current assets Buildings group accounting method was changed to the fair value method, as the book value of the Companies’ and the Group’s Non-current assets Buildings group, which was carried at historical cost, less subsequent accumulated depreciation, had not corresponded with the buildings market value.

4. Consolidation

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

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

5. Financial risk factors

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. Accordingly gains (losses) arising from foreign exchange related to the monetary items considered to be part of net investment into foreign operation is accounted in Group’s consolidated financial statements through other comprehensive income (loss).

Amount of monetary items attributed to net investment amounts to EUR 3.5 million and foreign currency exchange difference related to this amount for the 12 months of 2018 comprises EUR 1 644 thousand, which 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 statements of changes in equity in other comprehensive income attributable to the equity holders of the Company:

Foreign currency exchange difference on monetary intems attributed to net investments, EUR thousand	(171)
Foreign currency translation reserve on other items, EUR thousand	1 815
Other comprehensive income EUR thousand, net	1 664

6. Segment information

The Group has two main business segments: production of knitted articles and production of functional-technical garments

In assessing operational performance of segments the Group’s Board takes into account the sales revenue, gross profit, EBITDA (earnings before financial activity result, taxes, depreciation and amortization), 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.

Below, there is a summary of major indicators for the main business segments of the Group included in the statement of comprehensive income for the 12 months of 2018 and for the 12 months of 2017:

of 31 December 2018	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
External sales	27 519	3 378		30 897
Internal sales	922	-	(922)	-
Total revenue	28 441	3 378	(922)	30 897
Gross profit	5 184	730	-	5 914
EBITDA	1 653	423	-	2 076
Profit (loss)	832	315	-	1 147

of 31 December 2017	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
External sales	22 671	3 172	-	25 843
Internal sales	950	-	(950)	-
Total revenue	23 621	3 172	(950)	25 843
Gross profit	5 464	464	-	5 069
EBITDA	1 005	465	-	1 470
Profit (loss)	19	282	-	301

7. Non-current intangible assets

Amortization expenses of intangible assets are included within general and administrative expenses in profit and loss statement.

8. Non-current tangible assets

Depreciation of non-current tangible property amounted to EUR 859 thousand as of 31 December 2018, EUR 633 thousand are included into cost of sales in the Group's Profit (loss) statement. The remaining amounts were included in general and administrative expenses and inventories in the statement of financial position.

As of 31 December 2018 and 31 December 2017 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

9. Inventories

	Group		Company	
	2018.12.31	2017.12.31	2018.12.31	2017.12.31
Raw materials	3 053	2 652	2 742	2 286
Work in progress	2 153	2 460	2 217	2 452
Finished goods	1 857	2 489	1 848	2 460
Goods for resale	58	47	-	-
	7 121	7 648	6 807	7 197
Write-down to net realisable value:				
Opening balance	(795)	(650)	(471)	(326)
Change	(99)	(145)	(100)	(145)
Closing balance	(894)	(795)	(571)	(471)
	6 227	6 853	6 236	6 726

10. Trade receivables

	Group		Company	
	2018.12.31	2017.12.31	2018.12.31	2017.12.31
Trade receivables, gross	4 301	1 908	3 936	1 611
Allowance for trade receivables:				
Opening balance	(193)	(115)	(166)	(94)
Change	(4)	(78)	(4)	(72)
Closing balance	(197)	(193)	(170)	(166)
	4 104	1 715	3 766	1 445

Changes in impairment allowance for doubtful trade receivables as of 31 December 2018 and 31 December 2017 were recorded within the Group's and Company's general and administrative expenses.

11. Cash and cash equivalents

	Group		Company	
	2018.12.31	2017.12.31	2018.12.31	2017.12.31
Cash at bank and on hand	703	675	120	205
	703	675	120	205

12. Other reserves and retained earnings (deficit)

Revaluation surplus

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

Legal reserve

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

Foreign currency translation reserve

The foreign currency translation reserve represents translation differences arising on consolidation of financial statements of foreign subsidiaries.

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. In 2017 according to the decision of the shareholders of Šatrija AB the reserve for acquisition of own shares was reduced to EUR 100 thousand.

Cash flow hedge reserve

The Company's loan with DNB Bankas AB is with floating interest rate that is linked to EURIBOR. On 26 November 2014 the Company signed interest rate swap contract with DNB Bankas AB 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 13 thousand as of 31 december 2018(EUR 29 thousand as of 31 December 2017) and was accounted for under current amounting EUR 0 thousand (EUR 10 thousand as of 31 December 2017) and non-current liabilities amounting EUR 19 thousand (EUR 24 thousand as of 31 December 2017).

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 Co. regarding retained deficit.

The balances of other reserves as of 30 September 2018 and 31 December 2017 were as follows:

	Group		Company	
	2018.12.31	2018.12.31	2018.12.31	2018.12.31
Revaluation surplus	3 494	3 107	2 303	1 709
Legal reserve	574	574	574	574
Reserve for acquisition of own shares	90	90	-	-
Foreign currency translation reserve	1 781	137	-	-
Cash flow hedge reserve	(4)	(21)	(4)	(21)
Accumulated retained earnings/ (losses)	2 014	534	3 630	2 672
	7 949	4 421	6 503	4 934

13. Borrowings

	Group		Company	
	2018.12.31	2017.12.31	2018.12.31	2017.12.31
Current				
Other short term liabilities	-	-	1	200
Other short bank liabilities	1 239	-	1 239	-
Current portion of non-current bank borrowings	1 127	860	1 127	860
	2 366	860	2 367	1 060
Non-current	-	-	1 200	1 061
Borrowings from subsidiaries	2 123	2 836	2 123	2 836
Long-term bank borrowings	2 123	2 836	3 323	3 897
Total borrowings	4 498	3 696	5 690	4 957

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Satrija AB, amounting EUR 1 200 thousand with maturity as at 26 November 2021 and variable interest rate 12 month Euribor + 1.9 %.

As at 31 December 2018 and at 31 December 2018 the bank borrowings were secured by property plant and equipment.

On 12 April 2018 The company signed agreement with Luminor AB regarding credit line up to EUR 1 300 thousand (additional amount of EUR 800 thousand with termination as at 31 March 2019).

On 26 April 2018 The company signed agreement with Luminor AB regarding loan up to EUR 4 562 thousand (additional amount of EUR 1 050 thousand with termination as at 25 November 2019).

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

14. Accrued expenses and other current liabilities

	Group		Company	
	2018.12.31	2017.12.31	2018.12.31	2017.12.31
Accrual for vacation reserve	1 235	1 043	778	655
Wages, salaries and social security	634	679	554	528
Amounts payable for services and non-current assets	368	329	366	319
Taxes payable, except for income tax	204	203	176	146
Prepayments received	94	154	115	136
Other liabilities	352	340	137	80
	2 887	2 789	2 126	1 864

15. Revenue

Revenue (EUR '000)	Group			Company		
	2018 12M	2017 12M	Change %	2018 12M	2017 12M	Change %
Products manufactured on demand of other clients	23 707	19 146	23,8	23 707	19 146	23,8
Own brands (ABOUT, UTENOS)	3 812	3 525	8,1	3 704	3 410	8,6
Services of functional-technical garments manufacture	3 378	3 172	6,5	-	-	-
	30 897	25 843	19,6	27 411	22 556	21,5
Revenue recognition effect according IFRS 15*	(1 082)			(1 082)		
	29 815			26 329		

Revenue (EUR '000)	Group			Company		
	2018 IV Q	2017 IV Q	Change %	2018 IV Q	2017 IV Q	Change %
Products manufactured on demand of other clients	5 082	5 648	(10,0)	5 082	5 648	(10,0)
Own brands (ABOUT, UTENOS)	1 205	957	26,0	1 177	939	25,3
Services of functional-technical garments manufacture	936	747	25,2	-	-	-
	7 223	7 352	(1,7)	6 259	6 587	(5,0)
Revenue recognition effect according IFRS 15*	(1 082)			(1 082)		
	6 141			5 177		

Note

Note:

* In 2018, the Company introduced IFRS 15 "Revenue from Contracts with Customers" and amendments to IFRS 15 "Effective date of IFRS 15" adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018). Therefore, Consolidated Statements of Comprehensive Income, Financial Position, Changes in Equity and Cash Flow are presented in this report are restated with IFRS 15.

16. Cost of sales

Group	January- December			October- December		
	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.
Wages and salaries and social security	10 046	10403	8 439	1 285	1 630	1 635
Materials	9 343	9 986	8 750	2 420	2 764	2 770
Other overhead expenses	3 943	3 923	2 953	1 141	1 390	1 391
Depreciation and amortisation	672	672	632	201	201	201
	24 004	24 893	20 774	5 047	5 985	5 997

Company

Company	January- December			October- December		
	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.
Wages and salaries and social security	8 123	10 415	8 554	1 816	2 127	2 227
Materials	8 219	9 108	6 999	1 832	2 089	2 211
Other overhead expenses	4 621	4 422	2 616	467	967	967
Depreciation and amortisation	477	477	437	120	81	81
	21 440	22 379	18 606	4 235	5 264	5 486

17. Selling general and administrative expenses
Group

	January- December		October- December	
	2018	2017	2018	2017
Selling expenses				
Wages and salaries and social security	770	728	189	181
Advertising and marketing costs	413	505	116	112
Other selling expenses	853	777	209	213
	2 036	2 010	514	506
General and administrative expenses				
Wages and salaries and social security	1 048	910	190	186
Communications and consulting services	327	341	13	76
Taxes other than income tax	148	150	43	48
Depreciation and amortization	77	137	17	28
Security	119	113	34	28
Vehicles exploitation expenses	53	90	9	24
Services of financial institutions	64	54	16	13
Premises exploitation expenses	34	40	3	11
Travel expenses	17	25	3	3
Representation expenses	35	27	9	9
Impairment and write-off (reversal) of inventories	334	145	214	137
Other	507	494	190	243
	2 763	2 526	764	806
	4 799	4 536	1 278	1 312

Company

	January- December		October- December	
	2018	2017	2018	2017
Selling expenses				
Wages and salaries and social security	671	658	146	164
Advertising and marketing costs	408	500	114	110
Other selling expenses	837	750	224	204
	1 916	1 908	484	478
General and administrative expenses				
Wages and salaries and social security	770	636	116	112
Communications and consulting services	309	278	47	57
Taxes other than income tax	105	285	30	221
Depreciation and amortization	68	88	15	17
Security	59	56	15	14
Vehicles exploitation expenses	52	73	4	21
Services of financial institutions	58	47	11	11
Premises exploitation expenses	45	34	12	10
Travel expenses	12	19	3	3
Representation expenses	35	25	11	8
Impairment and write-off (reversal) of inventories	334	145	136	137
Other	101	170	16	12
	1 948	1 856	416	623
	3 864	3 764	900	1 101

18. Other income and expenses
Group

	January- December		October- December	
	2018	2017	2018	2017
Gain from disposal of non-current assets	-	13	-	-
Rent income	18	18	13	5
Other income	113	89	15	22
Other income	131	120	28	27
Rent costs	(3)	(5)	(4)	-
Other expenses	(13)	(2)	-	-
Other expenses	(16)	(7)	(4)	-

Company

	January- December		October- December	
	2018	2017	2018	2017
Gain from disposal of non-current assets	-	-	-	-
Rent income	14	44	4	-
Other income	38	-	6	7
Other income	52	44	10	7
Rent costs	(10)	(4)	(4)	1
Other expenses	(1)	-	-	-
Other expenses	(11)	(4)	(4)	1

19. Finance costs, net
Group

	January- December		October- December	
	2018	2017	2018	2017
Foreign exchange gain (loss)	66	(183)	39	(3)
Interest expenses	(115)	(98)	(23)	(115)
Interest income	-	10	-	-
Other	-	(3)	-	-
	(49)	(274)	16	(118)

Company

	January- December		October- December	
	2018	2017	2018	2017
Foreign exchange gain (loss)	(32)	(3)	(4)	(1)
Interest expenses	(136)	(137)	(33)	(33)
Interest income	60	60	16	16
Dividends	10	2 093		1 003
Impairment of loan	(500)	-	(500)	-
Other	38	10	1	-
	(560)	2 023	(520)	(986)

20. 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

	January-December			October-December		
	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.	2018 m. according IFAS 15	2018 m. according TAS 11 ir TAS 18	2017 m.
Profit/ (loss) attributable to the equity holders of the Group	996	1 109	274	(173)	(30)	(59)
Weighted average number of shares in issue (thousand)	9 503	9 503	9 503	9 503	9 503	9 503
Basic/dilutive earnings per share (in EUR)	0,10	0,17	0,03	(0,02)	(0,003)	(0,006)

21. Post balance sheet events

There were no material post balance sheet events, that could make a significant impact for the financial statement of the Group and the Company.