



Utenos trikotažas

**UTENOS TRIKOTAŽAS AB**  
CONSOLIDATED INTERIM REPORT  
For 6 months period  
ENDED 30 June 2014

## 1. Reporting period covered by the Interim Report

The Interim Report covers the period from 1 January 2014 to 30 June 2014.

All amounts in the Interim Report presented as at 30 June 2014, unless otherwise stated. Further in this report Utenos Trikotažas AB can be referred to as the Company or the Issuer.

## 2. Issuer and its contact data

Company name	<b>Utenos Trikotažas AB</b>
Authorised share capital	LTL 19 834 442
Address	J. Basanavičiaus g. 122, Utena
Telephone	(389) 51 445
Fax	(389) 69 358
E-mail	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Website	<a href="http://www.ut.lt">www.ut.lt</a>
Legal and organisation form	Legal entity, public company
Date and place of incorporation	Registered with the Register of Legal Entities of Utena District on 6 December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 September 1998.
Registration code	BĮ 98-257
Code of the Register of Legal Entities	183709468

## 3. Nature of the Issuer's operations

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

The Company's profile of activities:

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

## 4. Agreements with intermediaries of securities' public turnover

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

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

## 5. Key performance indicators of the Group

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

	2014 January – June	2013	2012	2011	2010 adjusted
Revenue (LTL'000)	30 674	69 548	51 462	61 172	70 711
Profit for the year(LTL'000)	(6 405)	(1 145)	(3 557)	1 776	3 683
Price per share	0.963	0.912	0.687	0.777	1.309
Dividend per share	-	-	-	-	-

### Financial ratios

	Group			Company		
	2014 January- June	2013	2012	2014 January- June	2013	2012.
Revenue (LTL'000)	30 674	69 548	51 462	23 650	57 389	41 751
Operating profit (loss) (LTL'000)	1 223	2 330	(654)	205	(357)	(4 373)
Operating profit (loss) margin(%)	4.0	3.4	(1.3)	0.9	(0.6)	(10.5)
Profit (loss) before tax (LTL'000)	(6 427)	(1 237)	(3 580)	(1 043)	710	(6 482)
Profit (loss) before tax, margin (%)	(21.0)	(1.8)	(7.0)	(4.4)	(4.7)	(15.5)
Profit (loss) for the year (LTL'000)	(6 405)	(1 145)	(3 557)	(1 029)	336	(6 330)
Profit (loss) for the year margin (%)	(20.9)	(1.6)	(6.9)	(4.4)	(4.1)	(15.2)
Number of shares, (thousand)	19 834	19 834	19 834	19 834	19 834	19 834

### Relative ratios

	Group			Company		
	2014. 06.30	2013. 12.31	2012. 12.31	2014. 06.30	2013. 12.31	2012. 12.31
Return on capital employed (%)	(32.3)	(5.8)	(17.9)	(5.2)	(11.8)	(31.9)
Return on assets (%)	(11.6)	(2.0)	(7.6)	(1.9)	(4.4)	(13.0)
Return on shareholders' equity(%)	(38.3)	(5.8)	(47.0)	(7.9)	(16.6)	(72.5)
Debt ratio (%)	69.7	65.7	83.9	76.3	73.4	82.1
Debt-to-equity ratio (%)	230.4	191.6	522.1	322.1	276.5	458.1
Liquidity ratio (%)	72.5	91.2	91.7	61.9	84.0	96.7
Equity to assets ratio (%)	30.3	34.3	16.1	23.7	26.6	17.9

### Operating figures

	Group			Company		
	2014 January- June	2013	2012	2014 January- June	2013	2012
Manufactured items	1 332	3 192	2 730	900	2 060	1 787
Average number of employees	1 103	1 086	1 031	719	691	643

### Ratios related with the share price

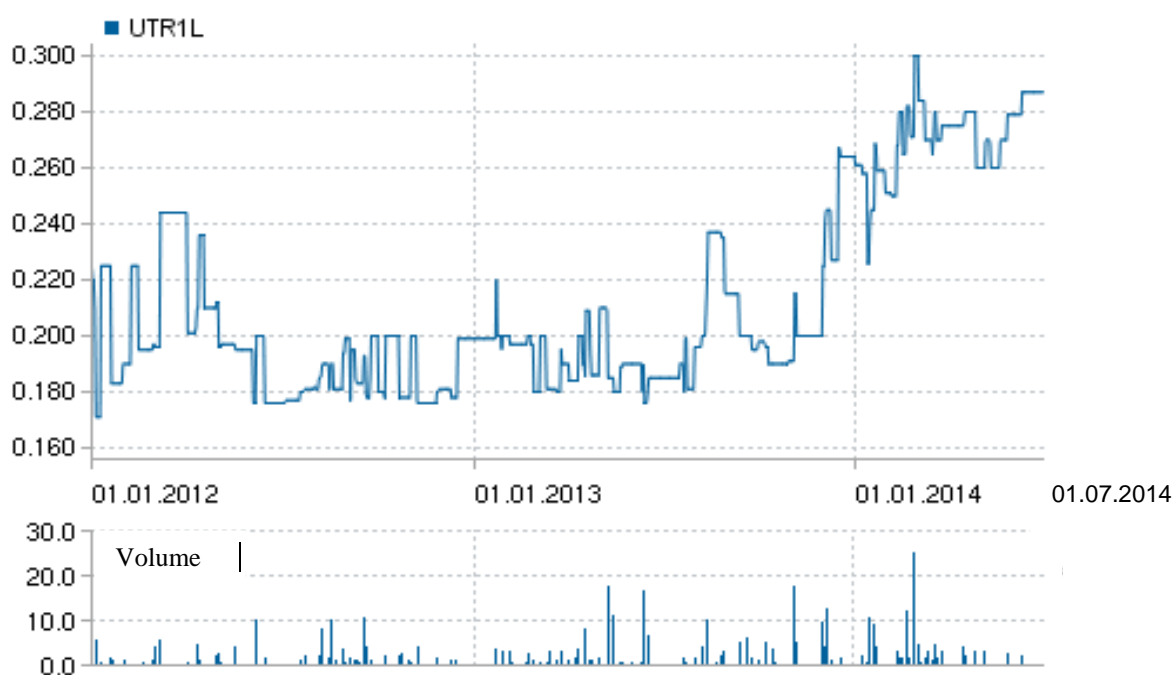
	2014.06.30	2013.06.30	2012.06.30
P/E	(2.96)	(6.81)	(5.35)
EPS	(0.33)	(0.10)	(0.12)
EV/EBITDA	14.91	54.76	(144.25)
EV/EBIT	(7.32)	(53.71)	(32.75)

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

The Company's shares are listed on the Official List of the National Stock Exchange, as well on the Baltic List of the Lithuanian, Latvian and Estonian stock market. 19 834 442 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is LTL 1.

## 7. Information regarding the price of shares and their dynamics

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



Price ratios	2014.06.30	2013.06.30	2012.06.30
Open price, LTL	0.901	0.687	0.760
High price, LTL	1.036	0.760	0.843
Low price, LTL	0.780	0.608	0.590
Last price, LTL	0.963	0.691	0.656
Traded volume	113 440	107 758	65 127
Turnover, million LTL	0.11	0.07	0.05
Capitalisation, million LTL	19.11	13.70	13.01

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



Index/ Equity	31.12.2013	31.12.2012	31.01.2011	30.07.2014/ 31.12.2013 change, %
OMX Baltic Benchmark GI	612.55	613.50	546.98	-0.15↓
OMX Vilnius	471.9	421.6	355.08	11.92↑
UTR1L	0.29 EUR	0.26 EUR	0.20 EUR	8.71↑

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

The increase of profitability is one of the major tasks for the Company. By changing strategy, we purposely rejected part of the orders as to turn ourselves to manufacturing of higher value added production. The fact that the group earned more operating profit during the first half of the current year compared to the first six months of previous year shows we have chosen the right path.

##### Revenue (LTL '000)

	2014 January- June	2013 January- June	Change %	2012 January- June
AB „Utenos trikotažas“	23 650	28 195	(16,1)	19 985
AB „Šatrija“	6 567	5 484	19,7	3 652
PAT „MTF Mrija“	960	1 679	(42,8)	1 150
UAB „Gotija“	304	259	17,4	273
Elimination of intercompany transactions	(807)	(1 791)	(54,9)	(550)
	<b>30 674</b>	<b>33 826</b>	<b>(9,3)</b>	<b>24 510</b>

**EBITDA (LTL '000)**

	2014 January- June	2013 January- June	Change %	2012 January- June
AB „Utenos trikotažas“	1 266	(243)	(621,0)	(259)
AB „Šatrija“	1 095	753	45,4	117
PAT „MTF Mrija“	(6)	243	(102,5)	(124)
UAB „Gotija“	9	9	-	1
Elimination of intercompany transactions	174	(98)	(277,6)	-
	<b>2 538</b>	<b>664</b>	<b>282,2%</b>	<b>(265)</b>

**Trade**

	Group			Company		
	2014 January- June	2013 January- June	Change %	2014 January- June	2013 January- June	Change %
Revenue (LTL '000)						
Western Europe	25 444	27 878	(8.7)	19 034	22 687	(16.1)
Lithuania	2 713	3 106	(12.7)	2 556	2 794	(8.5)
Other regions	2 517	2 842	(11.4)	2 060	2 714	(24.1)
	<b>30 674</b>	<b>33 826</b>	<b>(9.3)</b>	<b>23 650</b>	<b>28 195</b>	<b>(16.1)</b>

In the first half of 2014, total sales of goods and services of the Company amounted to LTL 23.7 million. Trade volume decreased by LTL 4.5 million or by 16.1 per cent as compared to 2013. The Company's exports to Western Europe and other countries accounted for 89.2 per cent, whereas sales in Lithuania accounted for 10.8 per cent of total production.

In the first half of 2014, total sales of goods and services of Utenos Trikotažas AB group (hereinafter “the Group”) amounted to LTL 30.7 million. The Group's exports accounted for 91.2 per cent, whereas sales in Lithuania accounted for 8.8 per cent of total production.

**Lithuania**

In the first half of 2014, the Company sold 158 thousand knit-wear items in Lithuania totalling to LTL 2.6 million. The sales in Lithuania decreased by LTL 0.2 million or 8.5 per cent.

In the first half of 2014, the Group's sales in Lithuania amounted to LTL 2.7 million, which is less by LTL 0.4 million as compared to 2013.

**Export**

In the first half of 2014, the Company exported 1 million knit-wear items totalling to LTL 21.1 million. The Company's exports decreased by LTL 4.3 million or 17 per cent comparing to 2013. Large retail chains from Western Europe remained as the major customers of the Company.

In the first half of 2014, the Group's exports to Western Europe and other regions amounted to LTL 28 million, which is less by LTL 2.8 million compared to 2013.

**Production**

In the first half of 2014, the Company produced 0.9 million knit-wear items. The Company's subcontractors (including the subsidiary in Ukraine) produced 0.5 million knit-wear items or 37.1 per cent of total production volume. In the first half of 2014, Šatrija AB produced 0.06 million sewn items. In the first half of 2014, PAT „MTF Mrija“ produced 0.4 million items.

Production (units '000)

	2014 January-June	2013 January-June	Change %
AB „Utenos trikotažas“	900	1.037	(13,2)
AB „Šatrija“	62	73	(15,8)
PAT „MTF Mrija“	370	495	(25,2)
UAB „Gotija“	-	-	-
	<b>1.332</b>	<b>1.605</b>	<b>(17,0)</b>

### Investments

In the first half of 2014, the Group's investments in new equipment and new technologies amounted to LTL 206 thousand;

In the first half of 2014, the Company's investments in new equipment and technologies amounted to LTL 126.8 thousand, including transactions within the Group.

In the first half of 2014, Šatrija AB invested LTL 78.6 thousand.

In the first half of 2014, PAT MTF Mrija invested LTL 0.9 thousand.

In the first half of 2014, Gotija UAB had made no investments.

### Risk factors related to the Issuer's operations

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

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

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

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

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

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

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

- Reduction of environmental pollution through efficient and economical use of raw materials and energy resources;

- Reduction in waste volume, improvement of management of waste and chemical materials, reduction of use of dangerous chemical substances in the production process.

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

All 2014 I H and 2013 financial data presented in this Annual Report is calculated based on the financial

information presented in the Group's financial statements for the first half 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the EU. 2013 financial statements were audited by the auditor assigned under established procedure.

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

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

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

## **11. Social responsibility**

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

SA 8000 standard objectives:

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

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

Social responsibility (SA 8000) standard demands:

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

## **12. Information about the Company's own share acquisitions**

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

## **13. Significant events subsequent to the end of the previous financial year**

On 31 January 2014, announcement of the sales figures for the fourth quarter of 2013.  
On 28 February 2014, announcement of unaudited interim consolidated financial statements of 2013.  
On 4 March 2014, the extraordinary general meeting of shareholders of the Company was convened.  
On 26 March 2014, decisions of the extraordinary general shareholders meeting of the Company were announced.  
On 31 March 2014, announcement about the possibility to acquire convertible bonds of „Utenos trikotažas“ AB by a pre-emptive right.  
On 8 April 2014, the general meeting of shareholders of Utenos Trikotažas AB was convened.



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

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

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

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

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

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

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

On 29 August 2014, announcement of the consolidated interim report and the financial statements for a six-month period of 2014.

#### 14. The Company's operating plans and objectives

In 2014, the Company plans to actively expand sales of ecological products and to develop the co-operation with customers demanding higher quality and sophisticated technology, to maintain close relationship with longstanding business customers.

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

Key objectives for 2014:

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

#### 15. Structure of the Issuer's authorised share capital

As at 30 June 2014, the Company's authorised share capital was comprised of 19 834 442 ordinary registered shares with a nominal value of LTL 1 each.

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

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Percentage in the authorised share capital (%)
Ordinary registered shares	19 834 442	1	1 9834 442	100.00

All shares of Utenos Trikotažas AB are fully paid.

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

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

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

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

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

## 16. Restrictions on disposal of securities

There are no restrictions.

## 17. Shareholders

As at 30 June 2014, the total number of shareholders of Utenos Trikotažas AB was 1 060.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 30 June 2014.

Names of shareholders	Company codes	Country	Registration address	Number of ordinary registered shares held	Share in the authorised capital (%)	Share of votes held (%)
<b>UAB Koncernas „SBA”</b>	132206739	Lithuania	Laisvės pr.3, Vilnius	10 140	51.12	51.12
<b>AmberTrust S.C.A.(SCA) SICAV-SIF</b>	B 87145	Luxembourg	412F, routed'Esch L-1030	2 700	13.61	13.61
<b>EastCapital AssetManagement</b>	556564-5370	Sweden	Kungsgatan 30, Box 1364, Stockholm	2 091	10.54	10.54
<b>KJK Fund SICAV-SIF</b>	B 86729	Luxembourg	412F, routed'Esch L-1030	1 095	5.52	5.52
<b>Other shareholders</b>	-	-	-	3 808	19.21	19.21

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

	Registered address	Group's share (%)		Activity
		2014.06.30	2013.12.31	
Šatrija AB	Vilniaus Str. 5, Raseiniai	89.78	89.78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	90.50	90.50	Retail trade
PAT MTF Mrija	Motroso Str. 13, Mukačiov, Ukraine	98.95	98.95	Production of knitted articles

### 18. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

### 19. All restrictions regarding voting rights

There are no restrictions.

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

There are no such agreements.

### 21. Personnel

Average number of employees of the Group, by companies:

	2014.06.30	2013.06.30	Change, +/-
AB „Utenos trikotažas“	719	753	(34)
AB „Šatrija“	196	217	(21)
PAT „MTF Mrija“	184	189	(5)
UAB „Gotija“	4	4	-
	<b>1 103</b>	<b>1 163</b>	<b>(60)</b>

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

	2014 January-June	2013 January-June	Change (%)
AB „Utenos trikotažas“	9 059	10 447	(13.3)
AB „Šatrija“	2 910	2 839	2.5
PAT „MTF Mrija“	644	945	(31.9)
UAB „Gotija“	66	43	53.5
	<b>12 679</b>	<b>14 274</b>	<b>(11.2)</b>

The average monthly wages of employees before taxes:

Workers group	Group			Company		
	2014 January- June	2013	Change (%)	2014 January -June	2013	Change (%)
Managers	4 210	4 376	(3.8)	3 883	4 173	(6.9)
Specialists	2 202	2 217	(0.7)	2 430	2 363	2.8%
The workers	1 330	1 367	(2.7)	1 512	1 566	(3.5)
	<b>1 577</b>	<b>1 588</b>	<b>(0.7)</b>	<b>1 799</b>	<b>1 823</b>	<b>(1.3)</b>

The employee distribution by education (according to 30 June, 2014):

Group of employees	Employee distribution by education						
	Total	Higher education	Non-higher professional education	Vocational education	Secondary	Basic	Higher non-university
Managers	39	23	11	1	-	-	4
Specialists	105	60	19	1	1	2	22
Workers	582	8	169	140	193	44	28
	<b>726</b>	91	199	142	194	46	54

## 22. Management of the Group companies

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

## 23. Management incentives

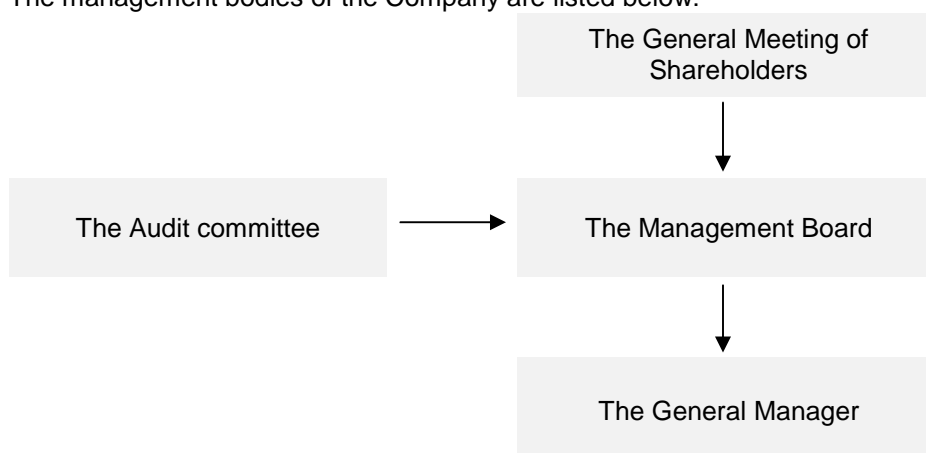
Management incentives are assigned by the decision of the Board taking into account the objectives met.

## 24. Amendment procedure of the Issuer's Articles of Association

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

## 25. Issuer's management bodies

The management bodies of the Company are listed below:



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

**The Company's Board** shall be granted all powers stipulated in the Company's Articles of Association

including powers assigned to it by laws. The Board shall deal with deliberation of collegial issues and decision making.

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

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

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

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

The Duties of the Audit Committee:

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

Audit committee rights:

- To get complete information and (or) documents (their copies) needed for the audit committee to perform their duties. On the audit committee request Administration of the Company must provide the information and (or) documents (their copies) to the Audit committee per 3 working days.
- To get complete information on details of accounting, financial and other operations of the company. On the audit committee request Administration of the Company as well as on its own initiative must inform the audit committee of the methods used to account for significant and (or) unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshores and (or) activities carried out through special purpose vehicles (organizations), for the purpose to clarify the justification of such operations.

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

## 26. Members of the collegial bodies, the Company Manager, the Finance Manager

As at 30 June 2014:

Position	Name, surname	Number of the Issuer's shares held	Beginning of the term of office	End of the term of office
<b>Board</b>				
Chairman of the Board	Algirdas Šabūnas	-	2013.04.30	2017.04.30
Member of the Board	Gintautas Rudis	111	2013.04.30	2017.04.30
Member of the Board	Robertas Beržinskas	-	2013.04.30	2017.04.30
Member of the Board	Vytautas Vaškys	10	2013.04.30	2017.04.30
<b>Head of Administration and the Chief Financial Officer</b>				
General Manager	Gintautas Bareika	-	2011.08.16	-
Finance Director	Saulius Rakauskis	-	2011.03.28	-
<b>The Audit committee</b>				
The independent auditor	Genadijus Makušėvas	-	2013.04.30	2017.04.30
Of the audit committee	Jolanta Grašienė	12	2013.04.30	2017.04.30
Of the audit committee	Giedrius Grondskis	-	2013.04.30	2017.04.30

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

#### Information about board members:

##### Algirdas Šabūnas (b. 1974)

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

Education: University of Vytautas Magnus University, Master degree in Finance and Banking, Doctoral degree in Social Sciences.

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

Participation in the management of other companies:

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

##### Gintautas Rudis (b. 1963)

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

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

Workingplace: UAB „EntecoBaltic“, CEO.

Participation in the management of other companies:

- UAB Koncernas „SBA“, the board member
- UAB „PIĮ Grupė“, the board member
- AB „Šatrija“, the board member
- AB „Kauno baldai“, the chairman of the supervisory board
- AB „Šilutės baldai“, the supervisory board.

##### Robertas Beržinskas (b.1970)

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

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

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

Participation in the management of other companies:

UAB Amber pasta the board member

Rigas Dzirnavnieks the chairman of the board

Vytautas Vaškys (b. 1967)

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

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

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

Participation in the management of other companies:

UAB „Enteco Baltic“, the chairman of the board

UAB „PIĮ Grupė“, the board member

UAB „SBA BalduKompanija“, the board member

UAB „Klaipėdos baldųprekyba“, the board member

AB „Šatrija“, the board member

PAT „Mrija“, the supervisory board member

In the first half of 2014, no loans, guarantees, sponsorships were issued and no assets were disposed to members of the Company's Board and Administration.

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

## **27. Information about significant agreements**

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

## **28. Information about the compliance with the Governance Code**

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

## **29. Information about transactions with related parties**

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

## **30. Data on publicly announced information**

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

## **31. Company's auditor**

The Ordinary shareholders meeting of the Company on 30 of April 2014 decided:

To elect the audit company UAB “Ernst & Young Baltic“ (company code 110878442) as the Company's audit enterprise for 2014. To approve the annual remuneration for the audit services LTL 54 600 excl. VAT.

To conclude the agreement with UAB “Ernst & Young Baltic“ for the audit services for the years 2014, with



the provided possibility in the agreement, upon the decision of AB „Utenos trikotažas” general shareholder meeting.

## 32. General information on the Group of companies

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

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

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

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

### 32.2. Trade in securities of the Group companies in regulated markets

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

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

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

General Manager Gintautas Bareika



29 August 2014