



UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2015
(UNAUDITED)

Statements of financial position

	Notes	Group		Company	
		2015.03.31	2014.12.31	2015.03.31	2014.12.31
ASSETS					
Non-current assets					
Intangible assets	6	829	866	13	17
Property, plant and equipment	7	7 350	7 925	5 438	5 597
Investment property		113	114	113	114
Investments into subsidiaries		-	-	1 499	1 499
Trade and other receivables		18	2	-	-
Receivables from subsidiaries		-	-	2 594	2 749
Deferred income tax asset		56	61	-	-
		8 366	8 968	9 657	9 976
Current assets					
Inventories	8	3 266	3 439	3 045	3 224
Trade receivables	9	1 123	1 306	744	1 017
Other receivables		156	216	111	146
Cash and cash equivalents	10	1 564	955	801	218
		6 109	5 916	4 701	4 605
Non-current assets held for resale		-	-	-	-
		6 109	5 916	4 701	4 605
Total assets					
		14 475	14 884	14 358	14 581

Statements of financial position (cont'd)

	Notes	Group		Company	
		2015.03.31	2014.12.31	2015.03.31	2014.12.31
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital		2 756	1 448	2 756	1 448
Revaluation reserve	11	3 282	3 317	1 824	1 855
Legal reserve	11	574	574	574	574
Foreign currency translation reserve		293	176	-	-
Accumulated retained earnings/ (losses)		(1 112)	(581)	(215)	(75)
		5 793	4 934	4 939	3 802
Non-controlling interest		417	352	-	-
Total equity		6 210	5 286	4 939	3 802
LIABILITIES					
Non-current liabilities					
Borrowings		3 914	1 036	3 914	1 036
Borrowings from subsidiaries	12	-	-	1 820	1 820
Convertible bonds issued	12	-	3 045	-	3 045
Deferred income tax liabilities		383	424	222	227
Provisions for employee benefits		169	170	158	158
		4 466	4 675	6 114	6 286
Current liabilities					
Current portion of non-current Borrowings		662	496	662	496
Convertible bonds issued	12	-	1 305	-	1 308
Trade payables		976	1 017	929	998
Payables to subsidiaries and to other related parties		364	312	477	452
Income tax payable		39	124	32	32
Accrued expenses and other current liabilities	13	1 758	1 669	1 205	1 210
		3 799	4 923	3 305	4 493
Total liabilities		8 265	9 598	9 419	10 779
Total equity and liabilities		14 475	14 884	14 358	14 581

Statements of comprehensive income

	Notes	Group		Company	
		31 March		31 March	
		2014	2014	2014	2014
Revenue	5,14	4 340	4 362	3 607	3 401
Cost of sales	15	(3 718)	(3 521)	(3 150)	(2 853)
Gross profit		622	841	457	548
Selling expenses	16	(342)	(227)	(316)	(197)
General and administrative expenses	16	(430)	(453)	(302)	(295)
Other income	17	107	32	18	10
Other expenses	17	(7)	(11)	(3)	(3)
Operating profit (loss)		(50)	182	(146)	63
Finance income	18	125	75	59	15
Finance cost	18	(561)	(1 892)	(88)	(192)
Profit (loss) before tax		(486)	(1 635)	(175)	(114)
Income tax		6	4	5	2
Profit (loss) for the year		(479)	(1 631)	(170)	(112)
Profit (loss) attributable to:					
Equity holders of the Company	19	(464)	(1 633)	(170)	(112)
Non-controlling interest		(16)	2	-	-
		(480)	(1 631)	(170)	(112)
Other comprehensive income (loss)					
Foreign currency translation gain (losses)		117	825	-	-
Other comprehensive income (loss)		117	825	-	-
Total comprehensive income (loss) for the period		(363)	(806)	(170)	(112)
<u>Basic/dilutive earnings per share</u>	19	(0.05)	(0.28)	(0.02)	(0.02)

Statements of changes in equity

Equity attributable to the equity holders of the Company

Group	Share capital	Foreign currency translation reserve	Legal reserve	Asset revaluation reserve	Accumulated retained earnings/ (losses)	Total	Non-controlling interest	Total equity
Balance as of 31 March 2014	5 743	1 445	574	3 652	(6 837)	4 577	381	4 958
Net profit (loss)	-	-	-	-	357	357	(29)	328
Other comprehensive income	-	(1 269)	-	-	1 269	-	-	-
Total comprehensive income (loss)	-	(1 269)	-	-	1 626	-	-	-
Transfer of revaluation and other surplus to retained earnings	-	-	-	(335)	335	-	-	-
Decrease in share capital	(4 295)	-	-	-	4 295	-	-	-
Balance as of 31 December 2014	1 448	176	574	3 317	(581)	4 934	352	5 286
Net profit (loss)	-	-	-	-	(464)	(464)	(16)	(480)
Other comprehensive income	-	117	-	-	-	117	-	117
Total comprehensive income (loss)	-	117	-	-	(464)	(347)	(16)	(363)
Transfer of revaluation and other surplus to retained earnings	-	-	-	(35)	(67)	(102)	81	(21)
Increase in share capital	1 308	-	-	-	-	1 308	-	1 308
Balance as of 31 March 2015	2 756	293	574	3 282	(1 112)	5 793	417	6 210

Company	Share capital	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Total
Balance as of 31 March 2014	5 743	574	2 163	(4 528)	3 952
Net profit (loss)	-	-	-	(150)	(150)
Total comprehensive income (loss)	-	-	-	(150)	(150)
Transfer of revaluation and other surplus to retained earnings	-	-	(308)	308	-
Decrease in share capital	(4 295)	-	-	4 295	-
Balance as of 31 December 2014	1 448	574	1 855	(75)	3 802
Net profit (loss)	-	-	-	(170)	(170)
Total comprehensive income (loss)	-	-	-	(170)	(170)
Transfer of revaluation and other surplus to retained earnings	-	-	(30)	30	-
Increase in share capital	1 308	-	-	-	1 308
Balance as of 31 March 2015	2 756	574	1 824	(215)	4 939

Statements of cash flows

	Group		Company	
	31 March		31 March	
	2014	2014	2014	2014
Cash flows from operating activities				
Profit (loss) for the period	(480)	(1 631)	(170)	(112)
Adjustments for non-cash items:				
Depreciation and amortization	224	219	176	166
Impairment of investments into subsidiaries	-	-	-	-
Impairment of accounts receivable from subsidiaries	-	-	-	-
Impairment (reversal) of non-current assets held for sale	-	-	-	-
Impairment (reversal) of investment property	-	-	-	-
Gain on disposal of property, plant and equipment and investment property	(74)	-	(8)	-
Impairment and write-off (reversal) of inventories	-	10	-	10
Impairment and write-off (reversal) of accounts receivable	-	-	-	-
Provisions for employees benefits	-	-	-	-
Interest expense (income)	24	181	19	177
Foreign currency differences	386	1 643	-	--
Income tax expense	6	(4)	5	(2)
Changes in working capital:				
Decrease (increase) in inventories	172	169	179	89
Decrease (increase) in trade receivables	166	184	272	47
Decrease (increase) in receivables from subsidiaries	-	-	156	(81)
Decrease (increase) in other receivables and other current assets	48	33	35	5
Increase (decrease) in trade and other accounts payable	123	28	(49)	131
Increase (decrease) in taxes payable and other current liabilities	(39)	(214)	(5)	(117)
Cash generated from operating activities	556	618	610	313
Income tax (paid)	-	-	-	-
Net cash flows from operating activities	556	619	610	313
Cash flows from investing activities				
Acquisition of property, plant and equipment	(61)	(20)	(16)	(5)
Acquisition of intangible assets	-	-	-	-
Proceeds from sale of property, plant and equipment	138	-	8	-
Investments in term deposits	-	-	-	-
Interest received	-	-	15	-
Net cash flows generated from investing activities	77	(20)	7	(5)

Statements of cash flows (cont'd)

	Group		Company	
	31 March		31 March	
	2014	2014	2014	2014
Cash flows from financing activities				
Proceeds from borrowings from subsidiaries	3 044	-	3 044	-
Repayment of borrowings	(3 044)	(283)	(3 044)	(189)
Interest paid	(24)	(36)	(34)	(46)
Net cash flows from financing activities	(24)	(319)	(34)	(235)
Net (decrease) in cash and cash equivalents	610	279	583	73
Cash and cash equivalents at the beginning of the period	955	680	218	160
Foreign exchange effect on the balance of cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the period	1 564	959	801	233

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 knitted articles.

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

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

	As of 31 March 2015		As of 31 December 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

All the shares are registered ordinary shares with a par value of EUR 0.29 each. As of 31 March 2015 and 31 December 2014 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
		31 March 2015	31 December 2014	
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, Mukachov, Ukraine	98,95	98,95	Production of knitted articles

On 31 of March 2015 the average number of employees of the Group was 1 143, while on 31 of December 2014 it was 1 143.

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.

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 AB Utenos trikotažas 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. Segment information

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

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

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 years 2015 and 2014:

of 31 March 2015	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	3 633	657	50	-	4 340
Internal sales	65	-	-	(65)	-
Total revenue	3 698	657	50	(65)	4 340
Gross profit	498	102	22	-	622
EBITDA	122	46	6	-	174
Profit (loss) for the period	(502)	15	7	-	(480)

of 31 March 2014	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	3 428	889	45	-	4 362
Internal sales	154	3	-	(157)	--
Total revenue	3 582	892	45	(157)	4 362
Gross profit	591	231	19	-	841
EBITDA	245	155	1	-	401
Profit (loss) for the period	(1 797)	160	6	-	(1 631)

6. Non-current intangible assets

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

7. Non-current tangible assets

Depreciation of non-current tangible property amounted to EUR 224 thousand as of 31 March 2015, EUR 192 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.

In order to achieve a more accurate presentation 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.

8. Inventories

	Group		Company	
	2015.03.31	2014.12.31	2015.03.31	2014.12.31
Raw materials	1 648	1 608	1 257	1 203
Work in progress	916	1 021	829	987
Finished goods	1 377	1 490	1 361	1 436
Goods for resale	56	51	-	-
	3 997	4 170	3 447	3 626
Write-down to net realisable value:				
Opening balance	(731)	(686)	(402)	(357)
Change	-	(45)	-	(45)
Closing balance	(731)	(731)	(402)	(402)
	3 266	3 439	3 045	3 224

9. Trade receivables

	Group		Company	
	2015.03.31	2014.12.31	2015.03.31	2014.12.31
Trade receivables, gross	1 257	1 440	857	1 130
Allowance for trade receivables:				
Opening balance	(134)	(162)	(113)	(141)
Change	-	28	-	28
Closing balance	(134)	(134)	(113)	(113)
	1 123	1 306	744	1 017

Changes in impairment allowance for doubtful trade receivables as of 31 March 2015 and 31 December 2014 were recorded within general and administrative expenses in the Group's Profit (loss) statement.

10. Cash and cash equivalents

	Group		Company	
	2015.03.31	2014.12.31	2015.03.31	2014.12.31
Cash at bank and on hand	1 564	955	801	218
Deposits with maturity term of 3 months or less	-	-	-	-
	1 564	955	801	218

11. Reserves

Exchange differences are classified as shareholders' equity in the consolidated financial statements until the investment is realised.

Upon sale of the corresponding assets the cumulative translation reserve is transferred to retained result in the same period when the gain or loss on realization of the investment is recognized.

Other reserves

The balances of other reserves as of 31 March 2015 and 31 December 2014 were as follows:

	Group		Company	
	2015.03.31	2014.12.31	2015.03.31	2014.12.31
Revaluation surplus	3 282	3 317	1 824	1 855
Legal reserve	574	574	574	574
Foreign currency translation reserve	293	176	-	-
	4 149	4 067	2 398	2 429

12. Borrowings and convertible bonds issued

	Group		Company	
	2015.03.31	2014.12.31	2015.03.31	2014.12.31
Current				
Current portion of non-current bank borrowings	662	496	662	496
	662	496	662	496
Non-current				
Borrowings from subsidiaries	-	-	1 820	1 820
Long-term bank borrowings	3 914	1 036	3 914	1 036
	4 080	1 036	5 734	2 856
Total borrowings	4 756	1 532	6 396	3 352

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Starija AB, amounting EUR 1 458 thousand with maturity as at 26 November 2019 and fixed interest rate 4,43 % and loan granted by subsidiary Gotija UAB, amounting EUR 362 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 %.

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

As at 31 March 2015 the bank borrowings were secured by property plant and equipment.

As at 31 December 2014 the bank borrowings were not secured by property plant and equipment.

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.

Convertible bonds issued (cont'd)**Information about convertible bonds:**

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

Convertible bonds obligations:

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

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

On 12 January 2015, the Register of Legal Entities of the Republic of Lithuania registered a new wording of the Company's Articles of Association with regard to the increased Company's share capital. The share capital of the Company was increased by implementing the decisions of the Company's General Shareholders Meetings held on 03-12-2009, 26-03-2014 and pursuant to the convertible bonds (ISIN code LT1000450007) holders written requests to convert 19 units of these convertible bonds into 4 503 000 ordinary registered shares of the Company. The share capital of the Company indicated in the new wording of the Company's Articles of Association is equal to EUR 2 756 thousand and is divided into 9 503 000 ordinary registered shares with a nominal value of EUR 0.29 each.

13. Accrued expenses and other current liabilities

	Group		Company	
	2015.03.31	2014.12.31	2015.03.31	2014.12.31
Accrual for vacation reserve	562	592	298	291
Wages, salaries and social security	458	365	340	306
Amounts payable for services and non-current assets	254	427	232	269
Bonuses for employees	-	-	-	-
Taxes payable, except for income tax	216	89	80	78
Other liabilities	268	196	255	266
	1 758	1 669	1 205	1 202

14. Revenue

	Group of 31 March		Company of 31 March	
	2015	2014	2015	2014
Revenue from sales of goods and services	4 335	4 345	3 603	3 395
Revenue from sales of materials	5	17	4	6
	4 340	4 362	3 607	3 401

15. Cost of sales

	Group of 31 March		Company of 31 March	
	2015	2014	2015	2014
Materials	1 105	1 181	1 067	1 007
Wages and salaries and social security	1 721	1 550	1 310	1 082
Other overhead expenses	695	609	610	618
Depreciation and amortisation	191	170	159	144
Cost of materials sold	6	11	5	2
	3 718	3 521	3 150	2 853

16. Selling general and administrative expenses

	Group of 31 March		Company of 31 March	
	2015	2014	2015	2014
Selling expenses				
Wages and salaries and social security	103	79	86	60
Other selling expenses	239	148	230	137
Total selling expenses	342	227	316	197
General and administrative expenses				
Wages and salaries and social security	197	183	144	121
Communications and consulting services	56	58	44	47
Taxes other than income tax	14	22	10	18
Depreciation and amortization	23	49	8	22
Vehicles exploitation expenses	17	15	14	11
Premises exploitation expenses	11	8	9	7
Security	21	24	11	10
Services of financial institutions	9	15	8	9
Representation expenses	9	7	8	6
Business trips	13	6	13	6
Impairment and write-off (reversal) of accounts receivable	-	10	-	10
Other	60	56	33	28
	430	453	302	295
	772	680	618	492

17. Other income and expenses

	Group of 31 March		Company of 31 March	
	2015	2014	2015	2014
Rent income	4	25	4	6
Other income	29	8	6	4
Gain from disposal of non-current assets	74	-	8	-
Other income	107	32	18	10
Rent costs	(9)	(1)	(9)	(1)
Other expenses	2	(9)	6	(2)
Other expenses	(7)	(11)	(3)	(3)

18. Finance costs, net

	Group of 31 March		Company of 31 March	
	2015	2014	2015	2014
Net foreign exchange gain (loss)	(411)	75	(10)	-
Interest expenses	(25)	(1 892)	(34)	(192)
Interest income	-	-	15	5
	(436)	(1 817)	(29)	(187)

19. 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 of 31 March		Company of 31 March	
	2015	2014	2015	2014
Profit/ (loss) attributable to the equity holders of the Group	(464)	(1 633)	(170)	(112)
Weighted average number of shares in issue (thousand)	9 503	5 744	9 503	5 744
Basic / diluted earnings per share (in EUR)	(0.05)	(0.28)	(0.02)	(0.02)

20. Post balance sheet events

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