



Utenos trikotažas

UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2013
(UNAUDITED)

Statements of financial position

	Notes	Group		Company	
		31 March 2013	31 December 2012	31 March 2013	31 December 2012
ASSETS					
Non-current assets					
Intangible assets	6	3 545	3 530	99	135
Property, plant and equipment	7	36 201	22 247	22 614	14 996
Investment property		2 070	756	2 070	756
Investments into subsidiaries		-	-	5 175	5 175
Trade and other receivables		33	38	-	-
Receivables from subsidiaries		-	-	11 200	11 143
Deferred income tax asset		309	309	-	-
		42 158	26 880	41 158	32 205
Current assets					
Inventories	8	11 422	11 199	10 079	10 106
Trade receivables	9	5 797	5 410	4 274	4 127
Receivables from and prepayments to subsidiaries		-	-	5	4
Receivables from other related parties		-	-	-	-
Prepaid income tax		-	-	-	-
Other receivables		916	682	393	132
Deposits		-	-	-	-
Cash and cash equivalents	10	1 022	925	95	187
		19 157	18 216	14 846	14 556
Non-current assets held for resale		1 615	1 976	1 615	1 976
		20 772	20 192	16 461	16 532
Total assets		62 930	47 072	57 619	48 737

Statements of financial position (cont'd)

	Notes	Group		Company	
		31 March 2013	31 December 2012	31 March 2013	31 December 2012
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital		19 834	19 834	19 834	19 834
Foreign currency translation reserve		1 648	1 852	-	-
Other reserves	11	17 347	1 983	11 013	1 983
Accumulated retained earnings/ (losses)		(18 111)	(17 054)	(14 883)	(13 084)
		20 718	6 615	15 964	8 733
Non-controlling interest		1 002	952	-	-
Total equity		21 720	7 567	15 964	8 733
LIABILITIES					
Non-current liabilities					
Borrowings	12	5 686	5 926	5 686	5 926
Borrowings from subsidiaries	12	-	-	5 450	5 450
Convertible bonds issued	12	11 564	11 141	11 564	11 141
Deferred income tax liabilities		-	-	-	-
Provisions for employee benefits		421	421	387	387
		17 671	17 488	23 087	22 904
Current liabilities					
Borrowings	12	6 918	6 981	4 708	4 708
Trade payables		5 553	5 662	5 291	5 284
Payables to subsidiaries		-	-	122	88
Payables to other related parties		3 587	3 504	2 637	2 608
Income tax payable		-	-	-	-
Accrued expenses and other current liabilities	13	7 481	5 870	5 810	4 412
		23 539	22 017	18 568	17 100
Total liabilities		41 210	39 505	41 655	40 004
Total equity and liabilities		62 930	47 072	57 619	48 737

Statements of comprehensive income

	Notes	Group		Company	
		31 March		31 March	
		2013	2012	2013	2012
Revenue	5,14	17 527	12 142	14 642	9 313
Cost of sales	15	(15 712)	(11 060)	(13 792)	(8 678)
Gross profit		1 815	1 082	850	635
Selling expenses	16	(919)	(719)	(813)	(622)
General and administrative expenses	16	(1 759)	(1 576)	(1 278)	(1 039)
Other income	17	112	219	33	94
Other expenses	17	(39)	(89)	(8)	(48)
Operating profit (loss)		(790)	(1 083)	(1 216)	(980)
Finance income	18	838	223	52	53
Finance cost	18	(1 055)	(1 401)	(634)	(582)
Profit (loss) before tax		(1 007)	(2 261)	(1 798)	(1 509)
Income tax		-	-	-	-
Profit (loss) for the year		(1 007)	(2 261)	(1 798)	(1 509)
Profit (loss) attributable to:					
Equity holders of the Company	19	(1 057)	(2 265)	(1 798)	(1 509)
Non-controlling interest		50	4	-	-
		(1 007)	(2 261)	(1 798)	(1 509)
Other comprehensive income (loss)					
Foreign currency translation gain (losses)		(204)	(207)	-	-
Other comprehensive income (loss)		(204)	(207)	-	-
Total comprehensive income (loss) for the period		(1 211)	(2 468)	(1 798)	(1 509)
<u>Basic/dilutive earnings per share</u>	19	(0.05)	(0.11)		

Statements of changes in equity

Group	Equity attributable to the equity holders of the Company						
	Share capital	Foreign currency translation reserve	Other reserves	Accumulated (losses)	Total	Non-controlling interest	Total equity
Balance as of 31 December 2011	19 834	1 548	1 983	(13 440)	9 925	895	10 820
Total comprehensive income (loss)	-	296	-	(2 266)	(1 970)	3	(1 967)
Balance as of 31 March 2012	19 834	1 844	1 983	(15 706)	7 955	898	8 853
Total comprehensive income (loss)	-	8	-	(1 348)	(1 340)	54	(1 286)
Balance as of 31 December 2012	19 834	1 852	1 983	(17 054)	6 615	952	7 567
Total comprehensive income (loss)	-	(204)	-	(1 057)	(1 261)	50	(1 211)
Revaluation reserves	-	-	15 364	-	15 364	-	15 364
Balance as of 31 March 2013	19 834	1 648	17 347	(18 111)	20 718	1 002	21 720

Statements of cash flows

	Group		Company	
	31 March		31 March	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit (loss) for the period	(1 007)	(2 261)	(1 798)	(1 509)
Adjustments for non-cash items:				
Depreciation and amortization	746	747	638	591
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	(1)	(5)	-	-
Impairment and write-off (reversal) of inventories	(42)	4	(43)	2
Impairment and write-off (reversal) of accounts receivable	-	-	-	-
Provisions for employees benefits	-	-	-	-
Interest expense (income)	626	590	633	529
Foreign currency differences	-	-	-	-
Income tax expense	-	-	-	-
Changes in working capital:				
Decrease (increase) in inventories	(381)	427	(13)	171
Decrease (increase) in trade receivables	(387)	619	(147)	694
Decrease (increase) in receivables from subsidiaries	-	-	(57)	(598)
Decrease (increase) in other receivables and other current assets	(499)	(147)	(260)	(318)
Increase (decrease) in trade and other accounts payable	(26)	(330)	70	535
Increase (decrease) in taxes payable and other current liabilities	1 610	1 759	1 397	700
Cash generated from operating activities	640	1 408	420	797
Income tax (paid)	-	-	-	-
Net cash flows from operating activities	640	1 408	420	797
Cash flows from investing activities				
Acquisition of property, plant and equipment	(71)	(127)	(72)	(50)
Acquisition of intangible assets	(4)	(36)	(4)	(36)
Proceeds from sale of property, plant and equipment	-	-	-	-
Investments in term deposits	-	217	-	-
Interest received	1	7	1	52
Net cash flows generated from investing activities	(74)	61	(75)	(34)

Statements of cash flows (cont'd)

	Group		Company	
	31 March		31 March	
	2013	2012	2013	2012
Cash flows from financing activities				
Proceeds from borrowings from subsidiaries	-	-	-	15
Repayment of borrowings	(294)	(1 049)	(240)	(719)
Interest paid	(175)	(239)	(197)	(216)
Net cash flows from financing activities	(469)	(1 288)	(437)	(920)
Net (decrease) in cash and cash equivalents	97	181	(92)	(157)
Cash and cash equivalents at the beginning of the period	925	1 084	187	512
Foreign exchange effect on the balance of cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the period	1 022	1 265	95	355

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

	As of 31 March 2013		As of 31 December 2012	
	Number of shares held	Interest held (%)	Number of shares held	Interest held (%)
UAB Koncernas SBA	10 140	51.12	10 140	51.12
Investment Fund Amber Trust	2 700	13.61	2 700	13.61
Investment Fund East Capital Asset	2 091	10.54	2 091	10.54
Investment Fund KJK	1 095	5.52	1 095	5.52
Other shareholders	3 808	19.21	3 808	19.21
	19 834	100.00	19 834	100.00

All the shares are registered ordinary shares with a par value of LTL 1 each. As of 31 March 2013 and 31 December 2012 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 2013	31 December 2012	
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 2013 the average number of employees of the Group was 1 137, while on 31 of December 2012 it was 1 063 (31 of March 2012 it was 1 095).

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), 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 2013 and 2012:

of 31 March 2013	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	14 615	2 792	120	-	17 527
Internal sales	65	9	-	(74)	-
Total revenue	14 680	2 801	120	(74)	17 527
Gross profit	1 082	680	53	-	1 815
EBITDA	(467)	424	(1)	-	(44)
Profit (loss) for the period	(1 456)	433	16	-	(1 007)

of 31 March 2012	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	9 740	2 264	138	-	12 142
Internal sales	215	-	-	(215)	-
Total revenue	9 955	2 264	138	(215)	12 142
Gross profit	611	410	61	-	1 082
EBITDA	(530)	186	8	-	(336)
Profit (loss) for the period	(2 413)	133	19	-	(2 261)

6. Non-current intangible assets

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

7. Non-current tangible assets

Depreciation of non-current tangible property amounted to LTL 746 thousand as of 31 March 2013, LTL 686 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.

In 31 of March 2013 the fair value of the Companies' and the Group Buildings was 25 210 thousand LTL and 15 837 thousand LTL, or 15 364 thousand LTL and 9 030 thousand LTL respectively higher compared to the historical cost method.

8. Inventories

	Group		Company	
	2013.03.31	2012.12.31	2013.03.31	2012.12.31
Raw materials	5 672	4 919	4 055	3 398
Work in progress	3 960	4 069	3 732	3 879
Finished goods	3 420	3 866	3 088	3 667
Goods for resale	250	267	-	-
	13 302	13 121	10 875	10 944
Write-down to net realisable value:				
Opening balance	(1 922)	(1 875)	(839)	(796)
Change	42	(47)	43	(43)
Closing balance	(1 880)	(1 922)	(796)	(839)
	11 422	11 199	10 079	10 05

9. Trade receivables

	Group		Company	
	2013.03.31	2012.12.31	2013.03.31	2012.12.31
Trade receivables, gross	6 577	6 577	4 981	4 834
Allowance for trade receivables:				
Opening balance	(780)	(780)	(707)	(707)
Change	-	-	-	-
Closing balance	(780)	(780)	(707)	(707)
	5 797	5 797	4 274	4 127

Changes in impairment allowance for doubtful trade receivables as of 31 December 2012 and 31 December 2011 were recorded within general and administrative expenses in the Group's Profit (loss) statement.

10. Cash and cash equivalents

	Group		Company	
	2013.03.31	2012.12.31	2013.03.31	2012.12.31
Cash at bank and on hand	1 022	925	95	187
Deposits with maturity term of 3 months or less	-	-	-	-
	1 022	925	95	187

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 2013 and 31 December 2011 were as follows:

	Group		Company	
	2013.03.31	2012.12.31	2013.03.31	2012.12.31
Legal reserve	1 983	1 983	1 983	1 983
Revaluation reserves	15 364	-	9 030	-
Other reserves	-	-	-	-
	17 347	1 983	11 013	1 983

12. Borrowings and convertible bonds issued

	Group		Company	
	2012.12.31	2011.12.31	2012.12.31	2011.12.31
Current				
Current portion of non-current bank borrowings	2 210	2 273	-	-
Finance lease liabilities	4 708	4 708	4 708	4 708
	<u>6 918</u>	<u>6 981</u>	<u>4 708</u>	<u>4 708</u>
Non-current				
Non-current borrowings	-	-	-	-
Borrowings from subsidiaries	-	-	5 450	5 450
Finance lease liabilities	5 686	5 926	5 686	5 926
	<u>5 686</u>	<u>5 926</u>	<u>11 136</u>	<u>11 376</u>
Total borrowings	<u>12 604</u>	<u>12 907</u>	<u>15 844</u>	<u>16 084</u>

On 4 January 2012, the Company and Swedbank Lizingas UAB entered into the new agreements concerning the lease contracts. The parties revised the instalment schedules and annual interest rate was agreed which was set at 6 month EURIBOR plus 3.24 per cent margin. The final settlement term of finance lease liabilities was not changed - 30 September 2014, however current portion of financial lease decreased by approximately LTL 2.4 million.

On 21 December 2012, the Company and Swedbank Lizingas UAB entered into the new agreements concerning the lease contracts. The parties revised the instalment schedules and a new annual interest rate was agreed which was set at 6 month EURIBOR plus 4.43 per cent margin. The final settlement term of finance lease liabilities was not changed - 30 September 2014.

On 26 December 2012, the subsidiary Company PAT MTF Mrija and FIDO bank entered into the new agreements concerning the loan. The parties agreed the new final settlement term of the loan - 25 December 2013 and a new annual interest rate was agreed - 11 per cent.

In 2013 and 2012, the bank borrowings are secured by property plant and equipment.

	Group		Company	
	2013.03.31	2012.12.31	2013.03.31	2012.12.31
Convertible bonds to company FR&R Invest AB	9 129	8 795	9 129	8 795
Convertible bonds issued to UAB Koncernas „SBA“	2 435	2 346	2 435	2 346
	<u>11 564</u>	<u>11 141</u>	<u>11 564</u>	<u>11 141</u>

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

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

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

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

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

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

13. Accrued expenses and other current liabilities

	Group		Company	
	2013.03.31	2012.12.31	2013.03.31	2012.12.31
Amounts payable for services and non-current assets	1 851	1 298	1 624	1 127
Wages, salaries and social security	1 774	1 743	1 303	1 398
Accrual for vacation reserve	2 873	1 975	2 046	1 266
Prepayments received	522	187	619	250
Bonuses for employees	-	70	-	-
Taxes payable, except for profit tax	287	275	216	207
Other liabilities	174	322	2	164
	7 481	5 870	5 810	4 412

14. Revenue

	Group		Company	
	of 2013 01-03	of 2012 01-03	of 2013 01-03	of 2012 01-03
Revenue from sales of goods and services	17 489	12 109	14 626	9 289
Revenue from sales of materials	38	33	16	24
	17 527	12 142	14 642	9 313

15. Cost of sales

	Group		Company	
	of 2013 01-03	of 2012 01-03	of 2013 01-03	of 2012 01-03
Materials	5 170	3 135	4 895	2 855
Wages and salaries and social security	6 635	5 331	4 992	3 914
Other overhead expenses	3 204	1 953	3 315	1 416
Depreciation and amortisation	686	628	585	488
Cost of materials sold	17	13	5	5
	15 712	11 060	13 792	8 678

16. Selling general and administrative expenses

	Group		Company	
	of 2013 01-03	of 2012 01-03	of 2013 01-03	of 2012 01-03
Selling expenses				
Wages and salaries and social security	371	306	318	255
Other selling expenses	548	413	495	367
Total selling expenses	919	719	813	622
General and administrative expenses				
Wages and salaries and social security	626	658	429	450
Communications and consulting services	224	318	161	227
Taxes other than income tax	105	55	90	41
Depreciation and amortization	64	94	46	76
Vehicles exploitation expenses	49	39	35	30
Premises exploitation expenses	53	67	33	40
Security	83	74	37	26
Services of financial institutions	38	26	29	21
Representation expenses	23	9	17	7
Business trips	29	50	26	37
Impairments and write-offs	258	4	258	2
Other	207	182	117	82
Total general and administrative expenses	1 759	1 576	1 278	1 039
	2 678	2 295	2 091	1 661

17. Other income and expenses

	Group		Company	
	of 2013 01-03	of 2012 01-03	of 2013 01-03	of 2012 01-03
Rent income	15	81	14	81
Other income	96	133	19	13
Gain from disposal of non-current assets	1	5	-	-
Other income	112	219	33	94
Rent costs	(8)	(34)	(6)	(34)
Other expenses	(31)	(55)	(2)	(14)
Other expenses	(39)	(89)	(8)	(48)

18. Finance costs, net

Group	Group		Company	
	of 2013 01-03	of 2012 01-03	of 2013 01-03	of 2012 01-03
Net foreign exchange gain (loss)	408	(582)	-	1
Interest expenses	(626)	7	(634)	51
Interest income	1	(603)	52	(581)
Interest on late payment received / paid	-	-	-	-
	(217)	(1 178)	(582)	(529)

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	Group of 2013 01-03	Group of 2012 01-03
Profit/ (loss) attributable to the equity holders of the Group	(1 057)	(2 265)
Weighted average number of shares in issue (thousand)	19 834	19 834
Basic / diluted earnings per share (in LTL)	(0,05)	(0,11)



Utenos trikotazas

CONFIRMATION OF RESPONSIBLE PERSONS

2013-05-31

Following Article 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Gintautas Bareika, General Director of Utenos trikotazas, AB, Finance Director Saulius Rakauskis, and Chief Account Reda Kučinskienė, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 3 months of 2013, 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 3 months of 2013 of Utenos trikotazas AB.

General Director

Gintautas Bareika

Finance Director

Saulius Rakauskis

Chief Account

Reda Kučinskienė