



Utenos trikotazas

## CONFIRMATION OF RESPONSIBLE PERSONS

**2013-08-30**

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 6 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 6 months of 2013 of Utenos trikotazas AB.

**General Director**

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**Gintautas Bareika**

**Finance Director**

A handwritten signature in blue ink, appearing to read 'S. Rakauskis'.

**Saulius Rakauskis**

**Chief Account**

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**Reda Kučinskienė**



Utenos trikotažas

**UTENOS TRIKOTAŽAS, AB**

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2013  
(UNAUDITED)

## Statements of financial position

	Notes	Group		Company	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	6	3 486	3 530	76	135
Property, plant and equipment	7	35 229	22 247	22 073	14 996
Investment property		2 059	756	2 059	756
Investments into subsidiaries		-	-	5 175	5 175
Trade and other receivables		32	38	-	-
Receivables from subsidiaries		-	-	11 395	11 143
Deferred income tax asset		309	309	-	-
		<b>41 115</b>	<b>26 880</b>	<b>40 778</b>	<b>32 205</b>
<b>Current assets</b>					
Inventories	8	12 100	11 199	10 722	10 106
Trade receivables	9	4 846	5 410	3 740	4 127
Receivables from and prepayments to subsidiaries		-	-	14	4
Receivables from other related parties		-	-	-	-
Prepaid income tax		-	-	-	-
Other receivables		760	682	306	132
Deposits		-	-	-	-
Cash and cash equivalents	10	1 142	925	91	187
		<b>18 848</b>	<b>18 216</b>	<b>14 873</b>	<b>14 556</b>
Non-current assets held for resale		1 615	1 976	1 615	1 976
		<b>20 463</b>	<b>20 192</b>	<b>16 488</b>	<b>16 532</b>
<b>Total assets</b>		<b>61 578</b>	<b>47 072</b>	<b>57 266</b>	<b>48 737</b>

## Statements of financial position (cont'd)

	Notes	Group		Company	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
<b>EQUITY</b>					
<b>Equity attributable to the equity holders of the Company</b>					
Share capital		19 834	19 834	19 834	19 834
Foreign currency translation reserve		1 676	1 852	-	-
Other reserves	11	17 872	1 983	11 451	1 983
Accumulated retained earnings/ (losses)		(19 066)	(17 054)	(15 709)	(13 084)
		<b>20 316</b>	<b>6 615</b>	<b>15 576</b>	<b>8 733</b>
<b>Non-controlling interest</b>		<b>1 034</b>	<b>952</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>21 350</b>	<b>7 567</b>	<b>15 576</b>	<b>8 733</b>
<b>LIABILITIES</b>					
Non-current liabilities					
Borrowings	12	5 207	5 926	5 207	5 926
Borrowings from subsidiaries	12	-	-	5 450	5 450
Convertible bonds issued	12	12 003	11 141	12 003	11 141
Deferred income tax liabilities		-	-	-	-
Provisions for employee benefits		421	421	387	387
		<b>17 631</b>	<b>17 488</b>	<b>23 047</b>	<b>22 904</b>
<b>Current liabilities</b>					
Borrowings	12	6 590	6 981	4 708	4 708
Trade payables		5 182	5 662	4 986	5 284
Payables to subsidiaries		-	-	144	88
Payables to other related parties		3 889	3 504	2 902	2 608
Income tax payable		-	-	-	-
Accrued expenses and other current liabilities	13	6 936	5 870	5 903	4 412
		<b>22 597</b>	<b>22 017</b>	<b>18 643</b>	<b>17 100</b>
<b>Total liabilities</b>		<b>40 228</b>	<b>39 505</b>	<b>41 690</b>	<b>40 004</b>
<b>Total equity and liabilities</b>		<b>61 578</b>	<b>47 072</b>	<b>57 266</b>	<b>48 737</b>

## Statements of comprehensive income

### Group

	Notes	of 2013		of 2012	
		01-06	04-06	01-06	04-06
Revenue	5,14	33 826	16 299	24 510	12 368
Cost of sales	15	(29 894)	(14 182)	(22 214)	(11 154)
<b>Gross profit</b>		<b>3 932</b>	<b>2 117</b>	<b>2 296</b>	<b>1 214</b>
Selling expenses	16	(1 396)	(477)	(1 318)	(599)
General and administrative expenses	16	(3 271)	(1 512)	(3 069)	(1 493)
Other income	17	438	327	444	225
Other expenses	17	(511)	(473)	(153)	(64)
<b>Operating profit (loss)</b>		<b>(808)</b>	<b>(18)</b>	<b>(1 800)</b>	<b>(717)</b>
Finance income	18	1 045	206	1 218	995
Finance cost	18	(2 167)	(1 111)	(1 849)	(448)
<b>Profit (loss) before tax</b>		<b>(1 930)</b>	<b>(923)</b>	<b>(2 431)</b>	<b>(170)</b>
Income tax		-	-	-	-
<b>Profit (loss) for the year</b>		<b>(1 930)</b>	<b>(923)</b>	<b>(2 431)</b>	<b>(170)</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company	19	(2 012)	(955)	(2 431)	(166)
Non-controlling interest		82	32	-	(4)
		<b>(1 930)</b>	<b>(923)</b>	<b>(2 431)</b>	<b>(170)</b>
<b>Other comprehensive income (loss)</b>					
Foreign currency translation gain (losses)		(176)	28	(512)	(305)
<b>Other comprehensive income (loss)</b>		<b>(176)</b>	<b>28</b>	<b>(512)</b>	<b>(305)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(2 106)</b>	<b>(895)</b>	<b>(2 943)</b>	<b>(475)</b>
<u>Basic/dilutive earnings per share</u>	19	(0, 10)	(0,05)	(0,12)	(0,01)

## Statements of comprehensive income

### Company

	Notes	of 2013		of 2012	
		01-06	04-06	01-06	04-06
Revenue	3,12	28 195	13 553	19 985	10 672
Cost of sales	13	(26 043)	(12 251)	(18 465)	(9 787)
<b>Gross profit</b>		<b>2 152</b>	<b>1 302</b>	<b>1 520</b>	<b>885</b>
Selling expenses	14	(1 203)	(390)	(1 130)	(508)
General and administrative expenses	14	(2 238)	(960)	(1 998)	(959)
Other income	15	284	250	212	118
Other expenses	15	(451)	(442)	(84)	(36)
<b>Operating profit (loss)</b>		<b>(1 456)</b>	<b>(240)</b>	<b>(1 480)</b>	<b>(500)</b>
Finance income	16	115	63	110	57
Finance cost	16	(1 284)	(650)	(1 168)	(586)
<b>Profit (loss) before tax</b>		<b>(2 625)</b>	<b>(827)</b>	<b>(2 538)</b>	<b>(1 029)</b>
Income tax		-	-	-	-
<b>Profit (loss) for the year</b>		<b>(2 625)</b>	<b>(827)</b>	<b>(2 538)</b>	<b>(1 029)</b>

## 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
<b>Balance as of 31 December 2011</b>	<b>19 834</b>	<b>1 548</b>	<b>1 983</b>	<b>(13 440)</b>	<b>9 925</b>	<b>895</b>	<b>10 820</b>
Total comprehensive income (loss)	-	(512)	-	(2 431)	(2 943)	-	(2 943)
<b>Balance as of 30 June 2012</b>	<b>19 834</b>	<b>1 036</b>	<b>1 983</b>	<b>(15 871)</b>	<b>6 982</b>	<b>895</b>	<b>7 877</b>
Total comprehensive income (loss)	-	816	-	(1 183)	(367)	57	(310)
<b>Balance as of 31 December 2012</b>	<b>19 834</b>	<b>1 852</b>	<b>1 983</b>	<b>(17 054)</b>	<b>6 615</b>	<b>952</b>	<b>7 567</b>
Total comprehensive income (loss)	-	(176)	-	(2 012)	(2 188)	82	(2 106)
Revaluation reserves	-	-	15 889	-	15 889	-	15 889
<b>Balance as of 30 June 2013</b>	<b>19 834</b>	<b>1 676</b>	<b>17 872</b>	<b>(19 066)</b>	<b>20 316</b>	<b>1 034</b>	<b>21 350</b>

## Statements of cash flows

	Group		Company	
	30 June		30 June	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
Profit (loss) for the period	(1 930)	(2 431)	(2 625)	(2 538)
<b>Adjustments for non-cash items:</b>				
Depreciation and amortization	1 471	1 535	1 212	1 221
Impairment of investments into subsidiaries	-	-	-	-
Impairment of accounts receivable from subsidiaries	-	-	-	-
Impairment (reversal) of non-current assets held for sale	438	-	438	-
Impairment (reversal) of investment property	-	-	-	-
Gain on disposal of property, plant and equipment and investment property	(219)	(58)	(218)	(48)
Impairment and write-off (reversal) of inventories	13	5	12	2
Impairment and write-off (reversal) of accounts receivable	-	-	-	-
Provisions for employees benefits	-	-	-	-
Interest expense (income)	1 252	1 193	1 169	1 057
Foreign currency differences	-	-	-	-
Income tax expense	-	-	-	-
<b>Changes in working capital:</b>				
Decrease (increase) in inventories	(1 105)	(147)	(611)	(306)
Decrease (increase) in trade receivables	569	(276)	263	(541)
Decrease (increase) in receivables from subsidiaries	-	-	(262)	(798)
Decrease (increase) in other receivables and other current assets	(77)	31	(49)	(123)
Increase (decrease) in trade and other accounts payable	(95)	821	(4)	1 719
Increase (decrease) in taxes payable and other current liabilities	1 069	863	1 546	1 947
<b>Cash generated from operating activities</b>	<b>1 386</b>	<b>1 536</b>	<b>871</b>	<b>1 592</b>
Income tax (paid)	-	-	-	-
<b>Net cash flows from operating activities</b>	<b>1 386</b>	<b>1 536</b>	<b>871</b>	<b>1 592</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(79)	(178)	(237)	(75)
Acquisition of intangible assets	(4)	(53)	(4)	(53)
Proceeds from sale of property, plant and equipment	402	98	402	82
Investments in term deposits	-	935	-	-
Interest received	1	13	1	1
<b>Net cash flows generated from investing activities</b>	<b>320</b>	<b>815</b>	<b>162</b>	<b>(45)</b>



## Statements of cash flows (cont'd)

	Group		Company	
	30 June		30 June	
	2013	2012	2013	2012
<b>Cash flows from financing activities</b>				
Proceeds from borrowings from subsidiaries	-	-	-	15
Repayment of borrowings	(1 097)	(2 159)	(719)	(1 497)
Interest paid	(392)	(436)	(410)	(404)
<b>Net cash flows from financing activities</b>	<b>(1 489)</b>	<b>(2 595)</b>	<b>(1 129)</b>	<b>(1 886)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>217</b>	<b>(244)</b>	<b>(96)</b>	<b>(339)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>925</b>	<b>1 084</b>	<b>187</b>	<b>512</b>
<b>Foreign exchange effect on the balance of cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 142</b>	<b>840</b>	<b>91</b>	<b>173</b>

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

	As of 30 June 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
	<u>19 834</u>	<u>100.00</u>	<u>19 834</u>	<u>100.00</u>

All the shares are registered ordinary shares with a par value of LTL 1 each. As of 30 June 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
		30 June 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 30 of June 2013 the average number of employees of the Group was 1 163, while on 31 of December 2012 it was 1063.

## 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 30 June 2013	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	28 105	5 462	259	-	33 826
Internal sales	1 769	22	-	(1 791)	-
<b>Total revenue</b>	<b>29 874</b>	<b>5 484</b>	<b>259</b>	<b>(1 791)</b>	<b>33 826</b>
<b>Gross profit</b>	<b>2 547</b>	<b>1 269</b>	<b>116</b>	<b>-</b>	<b>3 932</b>
<b>EBITDA</b>	<b>(98)</b>	<b>753</b>	<b>9</b>	<b>-</b>	<b>664</b>
<b>Profit (loss) for the period</b>	<b>(2 737)</b>	<b>767</b>	<b>40</b>	<b>-</b>	<b>(1 930)</b>

of 30 June 2012	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	20 590	3 648	272	-	24 510
Internal sales	544	4	-	(548)	-
<b>Total revenue</b>	<b>21 134</b>	<b>3 652</b>	<b>272</b>	<b>(548)</b>	<b>24 510</b>
<b>Gross profit</b>	<b>1 558</b>	<b>621</b>	<b>117</b>	<b>-</b>	<b>2 296</b>
<b>EBITDA</b>	<b>(383)</b>	<b>117</b>	<b>1</b>	<b>-</b>	<b>(265)</b>
<b>Profit (loss) for the period</b>	<b>(2 473)</b>	<b>20</b>	<b>22</b>	<b>-</b>	<b>(2 431)</b>

## 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 LTL 1 472 thousand as of 30 June 2013, LTL 1 212 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	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
Raw materials	5 851	4 919	4 036	3 398
Work in progress	4 281	4 069	4 101	3 879
Finished goods	3 642	3 866	3 436	3 667
Goods for resale	260	267	-	-
	14 034	13 121	11 573	10 944
Write-down to net realisable value:				
Opening balance	(1 922)	(1 875)	(839)	(796)
Change	(12)	(47)	(12)	(43)
Closing balance	(1 934)	(1 922)	(851)	(839)
	<b>12 100</b>	<b>11 199</b>	<b>10 722</b>	<b>10 105</b>

## 9. Trade receivables

	Group		Company	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
Trade receivables, gross	5 626	6 190	4 447	4 834
Allowance for trade receivables:				
Opening balance	(780)	(780)	(707)	(707)
Change	-	-	-	-
Closing balance	(780)	(780)	(707)	(707)
	<b>4 846</b>	<b>5 410</b>	<b>3 740</b>	<b>4 127</b>

Changes in impairment allowance for doubtful trade receivables as of 30 June 2013 and 31 December 2012 were recorded within general and administrative expenses in the Group's Profit (loss) statement.

## 10. Cash and cash equivalents

	Group		Company	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
Cash at bank and on hand	1 142	925	91	187
Deposits with maturity term of 3 months or less	-	-	-	-
	<b>1 142</b>	<b>925</b>	<b>91</b>	<b>187</b>

## 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 30 June 2013 and 31 December 2012 were as follows:

	Group		Company	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
Legal reserve	1 983	1 983	1 983	1 983
Revaluation reserves	15 709	-	9 468	-
Other reserves	-	-	-	-
	<b>17 872</b>	<b>1 983</b>	<b>11 451</b>	<b>1 983</b>

## 12. Borrowings and convertible bonds issued

	Group		Company	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
<b>Current</b>				
Current portion of non-current bank borrowings	1 882	2 273	-	-
Finance lease liabilities	4 708	4 708	4 708	4 708
	<u>6 590</u>	<u>6 981</u>	<u>4 708</u>	<u>4 708</u>
<b>Non-current</b>				
Non-current borrowings	-	-	-	-
Borrowings from subsidiaries	-	-	5 450	5 450
Finance lease liabilities	5 207	5 926	5 207	5 926
	<u>5 207</u>	<u>5 926</u>	<u>10 657</u>	<u>11 376</u>
<b>Total borrowings</b>	<b><u>11 797</u></b>	<b><u>12 907</u></b>	<b><u>15 365</u></b>	<b><u>16 084</u></b>

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	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
Convertible bonds to company FR&R Invest AB	9 476	8 795	9 476	8 795
Convertible bonds issued to UAB Koncernas „SBA“	2 527	2 346	2 527	2 346
	<u>12 003</u>	<u>11 141</u>	<u>12 003</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	
	2013.06.30	2012.12.31	2013.06.30	2012.12.31
Amounts payable for services and non-current assets	1 682	1 298	1 438	1 127
Wages, salaries and social security	1 839	1 743	1 398	1 398
Accrual for vacation reserve	2 474	1 975	1 673	1 266
Prepayments received	471	187	1 121	250
Bonuses for employees	-	70	-	-
Taxes payable, except for profit tax	296	275	232	207
Other liabilities	174	322	41	164
	<b>6 936</b>	<b>5 870</b>	<b>5 903</b>	<b>4 412</b>

### 14. Revenue

Group	of 2013		of 2012	
	01-06	04-06	01-06	04-06
	Revenue from sales of goods and services	33 738	16 250	24 450
Revenue from sales of materials	88	49	60	27
	<b>33 826</b>	<b>16 299</b>	<b>24 510</b>	<b>12 368</b>

Company	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Revenue from sales of goods and services	28 148	13 522	19 946	10 657
Revenue from sales of materials	47	31	39	15
	<b>28 195</b>	<b>13 553</b>	<b>19 985</b>	<b>10 672</b>

### 15. Cost of sales

Group	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Materials	10 327	5 160	6 804	3 669
Wages and salaries and social security	12 452	5 817	10 231	4 900
Other overhead expenses	5 801	2 597	3 862	1 909
Depreciation and amortisation	1 287	601	1 292	664
Cost of materials sold	27	7	25	12
	<b>29 894</b>	<b>14 182</b>	<b>22 214</b>	<b>11 154</b>

Company	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Materials	9 584	4 687	6 602	3 747
Wages and salaries and social security	9 141	4 149	7 796	3 882
Other overhead expenses	6 240	2 925	3 044	1 628
Depreciation and amortisation	1 074	489	1 011	523
Cost of materials sold	4	1	12	7
	<b>26 043</b>	<b>12 251</b>	<b>18 465</b>	<b>9 787</b>



## 16. Selling general and administrative expenses

Group	of 2013		of 2012	
	01-06	04-06	01-06	04-06
<b>Selling expenses</b>				
Wages and salaries and social security	557	186	624	318
Other selling expenses	839	291	694	281
<b>Total selling expenses</b>	<b>1 396</b>	<b>477</b>	<b>1 318</b>	<b>599</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	1 265	639	1 232	574
Communications and consulting services	410	186	649	331
Taxes other than income tax	172	67	119	64
Depreciation and amortization	185	121	192	98
Vehicles exploitation expenses	102	53	84	45
Premises exploitation expenses	72	19	73	6
Security	168	85	155	81
Services of financial institutions	90	52	56	30
Representation expenses	53	30	29	20
Business trips	62	33	74	24
Other	692	227	406	220
	<b>3 271</b>	<b>1 512</b>	<b>3 069</b>	<b>1 493</b>
	<b>4 667</b>	<b>1 989</b>	<b>4 387</b>	<b>2 092</b>

Company	of 2013		of 2012	
	01-06	04-06	01-06	04-06
<b>Selling expenses</b>				
Wages and salaries and social security	447	129	516	210
Other selling expenses	756	261	614	298
<b>Total selling expenses</b>	<b>1 203</b>	<b>390</b>	<b>1 130</b>	<b>508</b>
<b>General and administrative expenses</b>				
Wages and salaries and social security	858	429	810	360
Communications and consulting services	294	133	427	200
Taxes other than income tax	144	54	93	52
Depreciation and amortization	110	64	155	79
Vehicles exploitation expenses	74	39	66	36
Premises exploitation expenses	49	14	49	9
Security	73	36	59	33
Services of financial institutions	70	41	44	23
Representation expenses	41	24	18	11
Business trips	45	19	53	16
Other	480	107	224	140
<b>Total general and administrative expenses</b>	<b>2 238</b>	<b>960</b>	<b>1 998</b>	<b>959</b>
	<b>3 441</b>	<b>1 350</b>	<b>3 128</b>	<b>1 467</b>

**17. Other income and expenses**

Group	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Rent income	31	16	142	61
Other income	188	93	245	113
Gain from disposal of non-current assets	219	218	57	51
<b>Other income</b>	<b>438</b>	<b>327</b>	<b>444</b>	<b>225</b>
Rent costs	(18)	(10)	(68)	(34)
Other expenses	(493)	(463)	(85)	(30)
<b>Other expenses</b>	<b>(511)</b>	<b>(473)</b>	<b>(153)</b>	<b>(64)</b>

Company	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Rent income	31	17	141	60
Other income	35	15	23	10
Gain from disposal of non-current assets	218	218	48	48
<b>Other income</b>	<b>284</b>	<b>250</b>	<b>212</b>	<b>118</b>
Rent costs	(19)	(12)	(68)	(34)
Other expenses	(432)	(430)	(16)	(2)
<b>Other expenses</b>	<b>(451)</b>	<b>(442)</b>	<b>(84)</b>	<b>(36)</b>

**18. Finance costs, net**

Group	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Net foreign exchange gain (loss)	130	(278)	549	1 131
Interest expenses	(1 254)	(627)	(1 193)	(1 198)
Interest income	2	-	13	614
Interest on late payment received / paid	-	-	-	-
	<b>(1 122)</b>	<b>(905)</b>	<b>(631)</b>	<b>547</b>

Company	of 2013		of 2012	
	01-06	04-06	01-06	04-06
Net foreign exchange gain (loss)	-	-	-	-
Interest expenses	(1 272)	(638)	(1 161)	(1 212)
Interest income	103	51	103	683
Interest on late payment received / paid	-	-	-	-
	<b>(1 169)</b>	<b>(587)</b>	<b>(1 058)</b>	<b>(529)</b>

## 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 2013		of 2012	
	01-06	04-06	01-06	04-06
Profit/ (loss) attributable to the equity holders of the Group	(2 012)	(955)	(2 431)	(166)
Weighted average number of shares in issue (thousand)	19 834	19 834	19 834	19 834
<b>Basic / diluted earnings per share (in LTL)</b>	<b>(0,10)</b>	<b>(0,05)</b>	<b>(0,12)</b>	<b>(0,01)</b>

## 20. Post balance sheet events

On 18 of July 2013, the Company and Swedbank Lizingas UAB entered into the new agreements concerning the lease contracts. The parties revised the instalment schedules agreeing on the three-month grace period starting in June 2013. The final settlement term of finance lease liabilities was not changed - 30 September 2014.

On the 26 of August, 2013 the Company sold not used in the main activity real estate for LTL 1,62 million (EUR 0,47 million). The assets were sold for the accounting value, so the transaction would have no impact for the company and the group Profit (Loss) Statement in the III quarter of 2013. The proceeds from the sale of assets were used to amortise liabilities to Swedbank Lizingas UAB.



**Utenos trikotažas**

**UTENOS TRIKOTAŽAS AB**  
CONSOLIDATED INTERIM REPORT  
For 6 months period  
ENDED 30 JUNE 2013

## 1. Reporting period covered by the Interim Report

The Interim Report covers the period from 1 January 2013 to 30 June 2013.

All amounts in the Interim Report presented as at 30 June 2013, 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.utenostrikotazas.lt">www.utenostrikotazas.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.

	For 6 months 2013	2012	2011	2010 adjusted	2009 adjusted
Revenue (LTL'000)	33 826	51 462	61 172	70 711	70 336
Profit for the year (LTL'000)	-1 930	-3 557	1 776	3 683	2 463
Price per share	0.691	0.687	0.777	1.309	1.140
Dividend per share	-	-	-	-	-

### Financial ratios

	Group			Company		
	For 6 months 2013	2012	2011	For 6 months 2013	2012	2011
Revenue (LTL'000)	33 826	51 462	61 172	28 195	41 751	51 396
Operating profit (loss) (LTL'000)	-808	-654	4 006	-1 456	-4 373	-5 291
Operating profit (loss) margin(%)	-2.4	-1.3	6.5	-5.2	-10.5	-10.3
Profit (loss) before tax (LTL'000)	-1 930	-3 580	1 631	-2 625	-6 482	-7446
Profit (loss) before tax, margin (%)	-5.7	-7.0	2.7	-9.3	-15.5	-14.5
Profit (loss) for the year (LTL'000)	-1 930	-3 577	1 776	-2 625	-6 330	-7654
Profit (loss) for the year margin (%)	-5.7	-7.0	2.9	-9.3	-15.2	-14.9
Number of shares, (thousand)	19 834	19 834	19 834	19 834	19 834	19 834

### Relative ratios

	Group			Company		
	2013.06.30	2012.12.31	2011.12.31	2013.06.30	2012.12.31	2011.12.31
Return on capital employed (%)	-9.7	-18.0	9.0	-13.2	-31.9	-38.6
Return on assets (%)	-3.1	-7.6	3.7	-4.6	-13.0	-15.5
Return on shareholders' equity(%)	-9.0	-47.3	16.4	-16.9	-72.5	-50.8
Debt ratio (%)	65.3	83.9	77.5	72.8	82.1	69.6
Debt-to-equity ratio (%)	188.4	522.1	345.1	267.7	458.1	228.6
Liquidity ratio (%)	90.5	82.7	87.6	88.4	96.7	89.2
Equity to assets ratio (%)	34.7	16.1	22.5	27.2	17.9	30.4

### Operating figures

	Group			Company		
	For 6 months 2013	2012	2011	For 6 months 2013	2012	2011
Manufactured items	1 605	2 730	3 376	1 037	1 787	1 985
Number of employees at the end of period	1 163	1 031	1 204	753	643	706

### Ratios related with the share price

	For 6 months 2013	For 6 months 2012	2011
P/E	-6.81	-5.35	9.52
EPS	-0.10	-0.12	0.08
EV/EBITDA	54.76	-144.25	5.82
EV/EBIT	-53.71	-32.75	9.86

## 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, 2011-2013.06.30 (LTL):



Priceratios	For 6 months 2013	For 6 months 2012	2011
Openprice, LTL	0.687	0.760	1.309
Highprice, LTL	0.760	0.843	1.274
Lowprice, LTL	0.608	0.590	0.552
Lastprice, LTL	0.691	0.656	0.777
Tradedvolume	107 758	65 127	781 069
Turnover, million LTL	0.07	0.05	0.81
Capitalisation, million LTL	13.70	13.01	15.41

**AB „Utenos trikotažas“, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics, 2011-2013.06.30**



Index/ Equity	30.06.2013	31.12.2012	31.12.2011	30.06.2013/ 31.12.2012 Pokytis %
—OMX BalticBenchmark GI	619,87	546,98	431,94	13,33
—OMX Vilnius	406,10	355,08	298,78	14,37
—UTR1L	0,19 EUR	0,20 EUR	0,23 EUR	-7,04

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

**Revenue (LTL '000)**

	For 6 months 2013	For 6 months 2012	Change	For 6 months 2011
AB „Utenos trikotažas“	28 195	19 985	41,1%	29 073
AB „Šatrija“	5 484	3 652	50,12%	1 875
PAT „MTF Mrija“	1 679	1 150	46,0%	4 355
UAB „Gotija“	259	273	-5,1%	245
Elimination of intercompany transactions	-1 791	-550	225,6%	-1 600
	<b>33 826</b>	<b>24 510</b>	<b>38,0%</b>	<b>33 948</b>

**EBITDA (LTL '000)**

	For 6 months 2013	For 6 months 2012	Change	For 6 months 2011
AB „Utenos trikotažas“	-243	-259	-6,2%	3 106
AB „Šatrija“	753	117	543,6%	724
PAT „MTF Mrija“	145	-124	-216,9%	437
UAB „Gotija“	9	1	800,0%	-3
	<b>664</b>	<b>-265</b>	<b>-350,6%</b>	<b>4 264</b>



## Trade

	Group			Company		
	For 6 months 2013	For 6 months 2012	Change	For 6 months 2013	For 6 months 2012	Change
Revenue (LTL '000)						
Western Europe	27 878	19 273	44,6%	22 687	15 898	42,7%
Lithuania	3 106	3 969	-21,7%	2 794	3 658	-23,6%
Other regions	2 842	1 268	124,1%	2 714	429	532,6%
	<b>33 826</b>	<b>24 510</b>	<b>38,0%</b>	<b>28 195</b>	<b>19 985</b>	<b>41,1%</b>

In the first half of 2013, total sales of goods and services of the Company amounted to LTL 28,2million. Trade volume increased by LTL 8.2million or by 41.1per cent as compared to 2012. The Company's exports to Western Europe and other countries accounted for 90,1per cent, whereas sales in Lithuania accounted for 9,9 per cent of total production.

In the first half of 2013, total sales of goods and services of Utenos Trikotažas AB group (hereinafter "the Group") amounted to LTL 33,8million. The Group's exports accounted for 90,8 per cent, whereas sales in Lithuania accounted for 9.2 per cent of total production.

## Lithuania

In the first half of 2013, the Company sold 181.4 thousand knit-wear items in Lithuania totalling to LTL 2.8million. The sales in Lithuania decreased by LTL 0.9 million or 23,6per cent.

In the first half of 2013, the Group's sales in Lithuania amounted to LTL 3.1million, which is less by LTL 0.9million as compared to the first half of 2012.

## Export

In the first half of 2013, the Company exported 1 323.2 thousand knit-wear items totalling to LTL 25.4million. The Company's exports increased by LTL 9.1million or 55.6 per cent comparing to the first half of 2012. Large retail chains from Western Europe remained as the major customers of the Company.

In the first half of 2013, the Group's exports to Western Europe and other regions amounted to LTL 30.7million, which is more by LTL 10.2million as compared to the first half of 2012.

## Production

In the first half of 2013, the Company produced 1 million knit-wear items

In the first half of 2013, Šatrija AB produced 0.07million sewn items, PATMTF Mrija produced 0.5 million items.

Production (units '000)	For 6 months 2013	For 6 months 2012	Change
AB „Utenos trikotažas“	1 037	937	10,7%
AB „Šatrija“	73	84	-13,1%
PAT „MTF Mrija“	495	344	43,9%
UAB „Gotija“	-	-	-
	<b>1 605</b>	<b>1 365</b>	<b>17,6%</b>

## Investments

In the first half of 2013, the Group's investments in new equipment and new technologies amounted to LTL 87.7thousand including transactions within the Group.

In the first half of 2013, the Company's investments in new equipment and technologies amounted to LTL 84.9thousand.

In the first half of 2013, Šatrija UAB had made no investments.  
In the first half of 2013, PAT MTF Mrija invested LTL 2.8 thousand.  
In the first half of 2013, 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 affect 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**

In the first half of 2013 and 2012 financial data presented in this Interim Report is calculated based on the financial information presented in the Group's financial statements for the first half of 2013, prepared in accordance with the International Financial Reporting Standards as adopted by the EU. These financial statements were approved 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 2013, announcement of publishing terms of the interim reports and audited consolidated report in 2013.

On 31 January 2013, announcement of unaudited performance results for fourth quarter of 2012.

On 28 February 2013, announcement of unaudited interim consolidated financial statements of 2012.

On 8 April 2013, the General Meeting of shareholders of Utenos Trikotažas AB was convened.

On 19 April 2013, notification about additions to the agenda of Ordinary General Meeting of shareholders.

On 30 April 2013, announcement of the sales figures for the first quarter of 2013.

On 30 April 2013, decisions of the General shareholder meeting were announced.

On 31 May 2013, announcement of the performance results for the first quarter of 2013.

On 31 July 2013, announcement of the sales figures for the second quarter of 2013.

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

In 2013, 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 2013 was approved at the Board's meeting held on 30 January 2013, Minutes No. 1.

Key objectives for 2013:

- Development of sales to clients demanding ecological, high quality and value added products.
- Development of Branded product lines sales in East markets (Russia, Ukraine), Western Europe and Lithuania.
- 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 2013, the Company's authorised share capital was comprised of 19 834 442 ordinary registered shares with a nominal value of LTL 1 each.

UtenosTrikotažasAB 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	19 834 442	100.00

All shares of UtenosTrikotažas 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 2013, the total number of shareholders of UtenosTrikotažas AB was 1077.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 30 June 2013.

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 Funds SICAV-SIF</b>	B 86729	Luxembourg	412F, routed'Esch L-1030	1 095	5.52	5.52
<b>Others shareholders</b>	-	-	-	3 808	19.21	19.21

#### 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:

	2013.06.30	2012.06.30	Change, +/-
AB „Utenos trikotažas“	753	698	55
AB „Šatrija“	217	204	13
PAT „MTF Mrija“	189	198	-9
UAB „Gotija“	4	3	1
	<b>1 163</b>	<b>1 103</b>	<b>60</b>

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

	For 6 months 2013	For 6 months 2012	Change (%)
AB „Utenos trikotažas“	10 447	9 122	14,5%
AB „Šatrija“	2 839	2 226	27,5%
PAT „MTF Mrija“	945	666	41,9%
UAB „Gotija“	43	73	-41,1%
	<b>14 274</b>	<b>12 087</b>	<b>18,1%</b>

## 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 Davtartiene

## 23. Management incentives

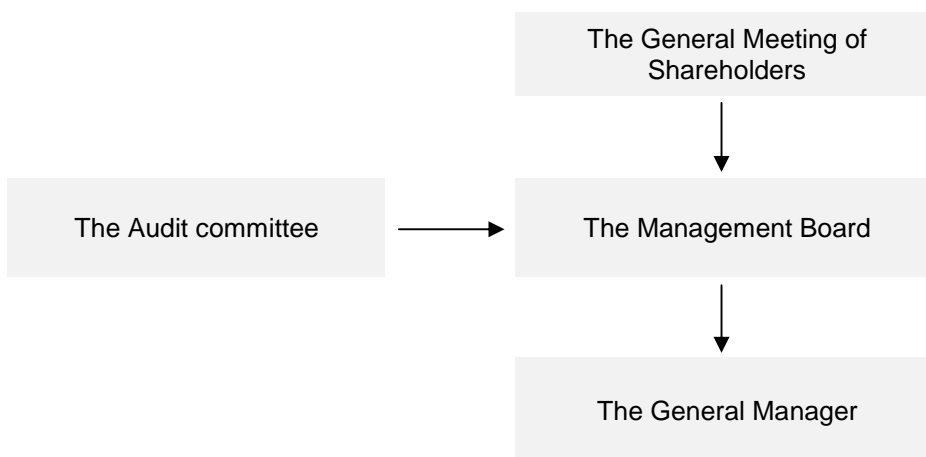
Management incentives are assigned by the decision of the Board taking into account the objectives met.

## 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 Vaitkuvienė, Giedrius Grondskis, independent auditor Genadijus Makuševs.

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 2013:

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	Nerijus Vilūnas	-	2008.09.17	2011.08.12
General Manager	Gintautas Bareika	-	2011.08.16	-
Finance Director	Saulius Rakauskis	-	2011.03.28	-

**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 30 April 2013.

Education: University of Vytautas Didysis, Master degree in Finance and Banking, doctoral degree in Social Sciences.

Workingplace: UAB Koncernas „SBA“, finance 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

Gintautas Rudis (b. 1963)

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

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

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

Vytautas Vaškys (b. 1967)

AB „Utenos trikotažas“ board member from 29 April 2009, reelected for four years term 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 Baldų Kompanija“, the board member  
UAB „Klaipėdos baldų prekyba“, the board member  
AB „Šatrija“, the board member  
PAT „Mrija“, the supervisory board member

In 2013, 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

UtenosTrikotažas 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 2013 are disclosed in the notes to the financial statements of AB UtenosTrikotažas for the period ended as at 30 June 2013.

## 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.utenostrikotazas.lt](http://www.utenostrikotazas.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 2013 decided:

To elect the audit company UAB "Ernst & Young Baltic" (company code 110878442) as the Company's audit enterprise for the period of two years 2013 To approve the annual remuneration for the audit services LTL 56 200 excl. VAT.

To conclude the agreement with UAB "Ernst & Young Baltic" for the audit services for the years 2013 , with the provided possibility in the agreement, upon the decision of AB "Utenostrikotažas" general shareholder meeting.

## 32. General information on the Group of companies

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

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Company name	<b>Šatrija AB</b>
Legal form	Public company
Date and place of incorporation	1955m. 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

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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>

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Principal activities Production of knit-wear articles

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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

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**32.2. Agreements concluded between the Issuer and brokerage firms and/or credit institutions providing investing services and/or conducting investing activity**

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

**32.3. 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.

General Manager Gintautas Bareika



30 August 2013