

CONFIRMATION OF RESPONSIBLE PERSONS

2015-02-27

Following Article 22 of the Law on Securities of the Republic of Lithuania, Periodic and Additional Information of Preparation and Submission rules of Lithuanian Bank Board, we, Gintautas Bareika, General Director of Utenos trikotazas, AB, Finance Director Andrej Grobov, and Chief Financier Sonata Šablinskaitė-Braškienė, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 12 months of 2014, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas, AB and the Group of undertakings.

ENCLOSURE: Unaudited consolidated financial statements for the 12 months of 2014 of Utenos trikotazas AB.

General Director



Gintautas Bareika

Finance Director



Andrej Grobov

Chief Financier



Sonata Šablinskaitė-Braškienė



UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2014
(UNAUDITED)

Statements of financial position

| | Notes | Group | | Company | |
|------------------------------------|-------|--------------------|---------------|--------------------|---------------|
| | | January - December | | January - December | |
| | | 2014 | 2013 | 2014 | 2013 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 6 | 2 991 | 3 352 | 57 | 71 |
| Property, plant and equipment | 7 | 27 363 | 33 343 | 19 325 | 21 543 |
| Investment property | | 394 | 403 | 394 | 403 |
| Investments into subsidiaries | | - | - | 5 175 | 5 175 |
| Trade and other receivables | | 7 | 24 | - | - |
| Receivables from subsidiaries | | - | - | 9 574 | 10 360 |
| Deferred income tax asset | | 140 | 150 | - | - |
| | | 30 895 | 37 272 | 34 525 | 37 552 |
| Current assets | | | | | |
| Inventories | 8 | 11 873 | 12 088 | 11 131 | 10 484 |
| Trade receivables | 9 | 4 509 | 4 282 | 3 510 | 2 809 |
| Other receivables | | 727 | 880 | 487 | 387 |
| Cash and cash equivalents | 10 | 3 296 | 2 347 | 752 | 552 |
| | | 20 405 | 19 597 | 15 880 | 14 232 |
| Non-current assets held for resale | | - | 1 062 | - | 1 062 |
| | | 20 405 | 20 659 | 15 880 | 15 294 |
| Total assets | | 51 300 | 57 931 | 50 405 | 52 846 |

Statements of financial position (cont'd)

| | Notes | Group | | Company | |
|---|-------|--------------------|---------------|--------------------|---------------|
| | | January - December | | January - December | |
| | | 2014 | 2013 | 2014 | 2013 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to the shareholders of the Company | | | | | |
| Share capital | 11 | 5 000 | 19 834 | 5 000 | 19 834 |
| Revaluation reserve | 12 | 11 454 | 12 695 | 6 406 | 7 509 |
| Legal reserve | 12 | 1 983 | 1 983 | 1 983 | 1 983 |
| Foreign currency translation reserve | | 354 | 2 141 | - | - |
| Accumulated retained earnings/ (losses) | | (1 712) | (18 065) | (71) | (15 289) |
| | | 17 079 | 18 588 | 13 318 | 14 037 |
| Non-controlling interest | | 1 211 | 1 276 | - | - |
| Total equity | | 18 290 | 19 864 | 13 318 | 14 037 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Long-term loans | 13 | 3 576 | - | 3 576 | - |
| Borrowings from subsidiaries | 13 | - | - | 6 284 | 6 284 |
| Convertible bonds issued | 13 | 10 515 | 12 932 | 10 515 | 12 932 |
| Deferred income tax liabilities | | 1 539 | 2 031 | 859 | 974 |
| Provisions for employee benefits | | 585 | 444 | 544 | 403 |
| Other long-term liabilities | | - | - | 387 | - |
| | | 16 215 | 15 407 | 22 165 | 20 593 |
| Current liabilities | | | | | |
| Current portion of non-current loans | 13 | 1 714 | 1 214 | 1 714 | - |
| Current portion of non-current finance lease | 13 | - | 7 392 | - | 7 392 |
| Convertible bonds issued | 13 | 4 503 | - | 4 503 | - |
| Trade payables | | 3 516 | 3 791 | 3 450 | 3 396 |
| Payables to subsidiaries | | - | - | 106 | 100 |
| Payables to other related parties | | 1 078 | 4 173 | 1 069 | 3 197 |
| Income tax payable | | 318 | 148 | - | - |
| Accrued expenses and other current liabilities | 14 | 5 666 | 5 942 | 4 080 | 4 131 |
| | | 16 795 | 22 660 | 14 922 | 18 216 |
| Total liabilities | | 33 010 | 38 067 | 37 087 | 38 809 |
| Total equity and liabilities | | 51 300 | 57 931 | 50 405 | 52 846 |

Statements of comprehensive income

Group

| | Notes | January - December | | October- December | |
|---|-------|--------------------|----------------|-------------------|--------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Revenue | 5,15 | 68 248 | 69 548 | 17 160 | 17 529 |
| Cost of sales | 16 | (53 972) | (57 877) | (13 546) | (13 853) |
| Gross profit | | 14 276 | 11 671 | 3 614 | 3 676 |
| Selling expenses | 17 | (3 322) | (2 814) | (767) | (684) |
| General and administrative expenses | 17 | (6 345) | (7 082) | (1 660) | (1 822) |
| Other income | 18 | 1 297 | 673 | 349 | 121 |
| Other expenses | 18 | (212) | (118) | (39) | (15) |
| Operating profit (loss) | | 5 694 | 2 330 | 1 497 | 1 276 |
| Finance income | 19 | 305 | 1 250 | (1 216) | 172 |
| Finance cost | 19 | (5 546) | (4 817) | 4 443 | (1 221) |
| Profit (loss) before tax | | 453 | (1 237) | 4 724 | 227 |
| Income tax | | (219) | 92 | (418) | 92 |
| Profit (loss) for the year | | 234 | (1 145) | 4 306 | 319 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | 20 | 124 | (1 272) | 4 321 | 324 |
| Non-controlling interest | | 110 | 127 | (15) | (5) |
| | | 234 | (1 145) | 4 306 | 319 |
| Other comprehensive income (loss) | | | | | |
| Foreign currency translation gain (losses) | | (1 787) | 292 | (5 116) | (83) |
| Other comprehensive income (loss) | | (1 787) | 292 | (5 116) | (83) |
| Total comprehensive income (loss) for the period | | (1 553) | (853) | (810) | 236 |
| <u>Basic/dilutive earnings per share</u> | 20 | 0,02 | (0,06) | 0,23 | 0,02 |

Statements of comprehensive income

| | Notes | Company | | | |
|-------------------------------------|-------|--------------------|----------------|-------------------|--------------|
| | | January - December | | October- December | |
| | | 2014 | 2013 | 2014 | 2013 |
| Revenue | 5,15 | 55 385 | 57 389 | 14 220 | 13 925 |
| Cost of sales | 16 | (45 554) | (49 694) | (11 618) | (11 457) |
| Gross profit | | 9 831 | 7 695 | 2 602 | 2 468 |
| Selling expenses | 17 | (2 916) | (2 411) | (668) | (578) |
| General and administrative expenses | 17 | (5 631) | (6 018) | (2 350) | (2 263) |
| Other income | 18 | 822 | 390 | 94 | 71 |
| Other expenses | 18 | (144) | (13) | (23) | (1) |
| Operating profit (loss) | | 1 962 | (357) | (345) | (303) |
| Finance income | 19 | 274 | 234 | 83 | 57 |
| Finance cost | 19 | (2 991) | (2 587) | (910) | (649) |
| Profit (loss) before tax | | (755) | (2 710) | (1 172) | (895) |
| Income tax | | 115 | 374 | (73) | 374 |
| Profit (loss) for the year | | (640) | (2 336) | (1 245) | (521) |

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 December 2012 | 19 834 | 1 852 | 1 983 | - | (17 054) | 6 615 | 952 | 7 567 |
| Total comprehensive income (loss) | - | 289 | - | 12 695 | (1 011) | 11 973 | 324 | 12 297 |
| Balance as of 31 December 2013 | 19 834 | 2 141 | 1 983 | 12 695 | (18 065) | 18 588 | 1 276 | 19 864 |
| Total comprehensive income (loss) | (14 834) | (1 787) | - | (1 241) | 16 353 | (1 509) | (65) | (1 574) |
| Balance as of 31 December 2014 | 5 000 | 354 | 1 983 | 11 454 | (1 712) | 17 079 | 1 211 | 18 290 |

Statements of cash flows

| | Group | | Company | |
|--|---------------------|--------------|---------------------|--------------|
| | 31 December 2014 | 2013 | 31 December 2014 | 2013 |
| Cash flows from operating activities | | | | |
| Profit (loss) for the period | 234 | (1 145) | (640) | (2 336) |
| Adjustments for non-cash items: | | | | |
| Depreciation and amortization | 2 643 | 2 954 | 2 040 | 2 290 |
| Impairment of accounts receivable from subsidiaries | - | - | 1 200 | 1 307 |
| Impairment (reversal) of non-current assets held for sale | (59) | 654 | (1) | 437 |
| Loss (gain) on disposal of property, plant and equipment and investment property | (680) | 225 | (497) | - |
| Impairment and write-off (reversal) of inventories | 158 | 448 | 155 | 392 |
| Impairment and write-off (reversal) of accounts receivable | (9) | 94 | - | 94 |
| Provisions for employees benefits | 126 | 39 | 122 | 35 |
| Provisions for employees benefits | 2 688 | 2 501 | 2 705 | 2 352 |
| Income tax expense | 219 | (92) | (115) | (374) |
| Changes in working capital: | | | | |
| Decrease (increase) in inventories | 57 | (1 334) | (802) | (770) |
| Decrease (increase) in trade receivables | (218) | 1 033 | (1 901) | (83) |
| Decrease (increase) in receivables from subsidiaries | (1) | - | 786 | 787 |
| Decrease (increase) in other receivables and other current assets | 147 | (1 607) | (100) | (1 393) |
| Increase (decrease) in trade and other accounts payable | (873) | (1 202) | (1 700) | (1 287) |
| Increase (decrease) in taxes payable and other current liabilities | (485) | 2 327 | (47) | 1 069 |
| Cash generated from operating activities | 3 947 | 4 895 | 1 205 | 2 520 |
| Income tax (paid) | (168) | - | - | - |
| Net cash flows from operating activities | 3 779 | 4 895 | 1 205 | 2 520 |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment | (1 591) | (255) | (699) | (558) |
| Acquisition of intangible assets | - | (36) | - | (36) |
| Proceeds from sale of property, plant and equipment | 2 713 | 1 829 | 2 416 | 1 615 |
| Investments in term deposits | - | - | - | - |
| Interest received | 1 | 2 | 207 | - |
| Net cash flows generated from investing activities | 1 123 | 1 540 | 1 924 | 1 021 |

Statements of cash flows (cont'd)

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2014 | 2013 | 2014 | 2013 |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 6 624 | - | 6 624 | 834 |
| Repayment of borrowings | (9 973) | (4 301) | (8 726) | (3 242) |
| Interest paid | (604) | (712) | (827) | (768) |
| Net cash flows from financing activities | (3 953) | (5 013) | (2 929) | (3 176) |
| Net (decrease) in cash and cash equivalents | 949 | 1 422 | 200 | 365 |
| Cash and cash equivalents at the beginning of the period | 2 347 | 925 | 552 | 187 |
| Cash and cash equivalents at the end of the period | 3 296 | 2 347 | 752 | 552 |

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 December 2014 and 31 December 2013 the shareholders of the Company were as follows:

| | As of 31 December 2014 | | As of 31 December 2013 | |
|------------------------------------|------------------------|-------------------|------------------------|-------------------|
| | Number of shares held | Interest held (%) | Number of shares held | Interest held (%) |
| UAB Koncernas SBA | 2 556 | 51.12 | 10 140 | 51.12 |
| Investment Fund Amber Trust | 681 | 13.61 | 2 700 | 13.61 |
| Investment Fund East Capital Asset | 527 | 10.54 | 2 091 | 10.54 |
| Investment Fund KJK | 276 | 5.52 | 1 095 | 5.52 |
| Other shareholders | 960 | 19.21 | 3 808 | 19.21 |
| | 5 000 | 100.00 | 19 834 | 100.00 |

All the shares are registered ordinary shares with a par value of LTL 1 each. As of 31 December 2014 and 31 December 2013 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 December 2014 | 31 December 2013 | |
| 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 December 2014 the average number of employees of the Group was 1 143, while on 31 of December 2013 it was 1 086.

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 2014 and 2013:

| of 31 December 2014 | Production of knitted articles | Production of working clothes | Retail in knitted articles | Eliminations | Total |
|-------------------------------------|--------------------------------|-------------------------------|----------------------------|----------------|-------------------|
| External sales | 55 519 | 12 002 | 727 | - | 68 248 |
| Internal sales | 1 853 | 53 | - | (1 906) | - |
| Total revenue | 57 372 | 12 055 | 727 | (1 906) | 68 248 |
| Gross profit | 10 797 | 3 161 | 318 | - | 14 276 |
| EBITDA | 3 428 | 2 198 | 68 | - | 5 694 |
| Profit (loss) for the period | (1 692) | 1 815 | 111 | - | 234 |

| of 31 December 2013 | Production of knitted articles | Production of working clothes | Retail in knitted articles | Eliminations | Total |
|-------------------------------------|--------------------------------|-------------------------------|----------------------------|----------------|----------------|
| External sales | 57 208 | 11 730 | 610 | - | 69 548 |
| Internal sales | 3 389 | 44 | - | (3 433) | - |
| Total revenue | 60 597 | 11 774 | 610 | (3 433) | 69 548 |
| Gross profit | 8 473 | 2 925 | 273 | - | 11 671 |
| EBITDA | 3 599 | 1 912 | 24 | - | 5 535 |
| Profit (loss) for the period | (2 538) | 1 320 | 73 | - | (1 145) |

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 2 643 thousand as of 31 December 2014, LTL 2 121 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 | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| Raw materials | 5 551 | 5 895 | 4 154 | 3 937 |
| Work in progress | 3 525 | 3 602 | 3 408 | 3 243 |
| Finished goods | 5 143 | 4 728 | 4 955 | 4 535 |
| Goods for resale | 178 | 231 | - | - |
| | 14 397 | 14 456 | 12 517 | 11 715 |
| Write-down to net realisable value: | | | | |
| Opening balance | (2 368) | (1 922) | (1 231) | (839) |
| Change | (156) | (446) | (155) | (392) |
| Closing balance | (2 524) | (2 368) | (1 386) | (1 231) |
| | 11 873 | 12 088 | 11 131 | 10 484 |

9. Trade receivables

| | Group | | Company | |
|----------------------------------|--------------|--------------|--------------|--------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| Trade receivables, gross | 4 973 | 4 842 | 3 901 | 3 296 |
| Allowance for trade receivables: | | | | |
| Opening balance | (560) | (780) | 487) | (707) |
| Change | 96 | 220 | 96 | 220 |
| Closing balance | (464) | (560) | (391) | (487) |
| | 4 509 | 4 282 | 3 510 | 2 809 |

Changes in impairment allowance for doubtful trade receivables as of 31 December 2014 and 31 December 2013 were recorded within general and administrative expenses in the Group's Profit (loss) statement.

10. Cash and cash equivalents

| | Group | | Company | |
|--------------------------|--------------|--------------|------------|------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| Cash at bank and on hand | 3 296 | 2 347 | 752 | 552 |
| | 3 296 | 2 347 | 752 | 552 |

11. Share capital

The authorized capital of the Company was reduced by implementing the Decision of the Extraordinary General Meeting of Shareholders which had been held on 12th of September, 2014. The purpose of reduction of the Company's authorised capital is - to eliminate the losses recorded in the balance sheet of the Company.

On 8th of October 2014, the Register of Legal Entities of the Republic of Lithuania registered a new edition of the Company's Articles of Association with regard to reduced Company's authorized capital. The authorized capital of the Company was reduced from LTL 19.834.442 (nineteen million eight hundred thirty four thousand four hundred forty two litas) to LTL 5.000.000 (five million litas).

On 20th of October 2014, the procedure of the reduction of Company's authorized capital was completed and Company's ordinary registered shares' (ISIN code LT0000109324) issue registration account was amended: issue was reduced to 5.000.000 (five million) ordinary registered shares of LTL 1 (one litas) par value each by cancelling 14.834.442 (fourteen million eight hundred thirty four thousand four hundred forty two) ordinary registered shares. After the cancelling of part of Company's shares the share issue of the Company consist of 5.000.000 (five million) ordinary registered shares of LTL 1 (one litas) par value each.

12. 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 December 2014 and 31 December 2013 were as follows:

| | Group | | Company | |
|----------------------|---------------|---------------|--------------|--------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| Legal reserve | 1 983 | 1 983 | 1 983 | 1 983 |
| Revaluation reserves | 11 454 | 12 695 | 6 406 | 7 509 |
| | 13 437 | 14 678 | 8 389 | 9 492 |

13. Borrowings and convertible bonds issued

| | Group | | Company | |
|--|--------------|--------------|---------------|---------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| Current | | | | |
| Current portion of non-current bank borrowings | 1 714 | 1 214 | 1 714 | - |
| Finance lease liabilities | - | 7 392 | - | 7 392 |
| | 1 714 | 8 606 | - | 7 392 |
| Non-current | | | | |
| Long-term loans | 3 576 | - | 3 576 | - |
| Borrowings from subsidiaries | - | - | 6 284 | 6 284 |
| | 3 576 | - | 9 860 | 6 284 |
| Total borrowings | 5 290 | 8 606 | 11 574 | 13 676 |

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 28 of April 2014, the Company and Swedbank Lizingas UAB entered into the new agreements concerning the lease contracts. The finance lease totalling LTL 6 742 thousand settlement term was changed to 31 December 2016.

On 28 of April 2014, the Company and Swedbank AB entered into the agreement concerning the credit. The Company received LTL 1 335 thousand, which settlement date was 31 December 2014. The agreed fixed interest rate – 5 percent.

On 29th of January 2014, 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 – 28 January 2015 and a new annual interest rate was agreed – 15 per cent.

In November, 2014 the subsidiary Company PAT MTF Mrija repaid the loan and fulfilled all obligations to FIDO bank.

On 26th of November 2014 the Company and AB DNB entered into and signed a long-term loan agreement according to which the Company will be granted a loan of EUR 4 634 000 (four million six hundred thirty four thousand euros). The loan term – 5 (five) years. The funds will be used to refinance the Company's financial liabilities 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).

On 29th of December 2014 the Company fulfilled all obligations to UAB "Swedbank lizingas".

As at 31th of December 2014, the used part of loan granted by AB DNB amounted to LTL 5 290 thousand.

In 2014 and 2013, the bank borrowings are secured by property plant and equipment.

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.

On 26 March 2014 the extraordinary General shareholders meeting decided to make the Amendment to the issue terms and conditions of non-public issue of convertible bonds (ISIN code LT1000450007) adopted in the extraordinary general meeting of the shareholders of the Company as of 3 December 2009 and to determine the order of the Amendment enforcement. A more detailed information concerning decisions of extraordinary general shareholder's meeting might be found on the Companies internet site (www.ut.lt) investors relations-public announcements section.

On 24 April 2014 the Company get information, that a Swedish company FR&R Invest AB sold all it had (50 units) convertible bonds of the Company to the following shareholders of the Company:

- ✓ UAB koncernas „SBA“ (number of acquired bonds: 34 units);
- ✓ AmberTrust S.C.A., SICAF-SIF (number of acquired bonds: 9 units);
- ✓ KJK Fund, SICAF-SIF (number of acquired bonds: 4 units);
- ✓ FIREBIRD REPUBLICS FUND LTD (number of acquired bonds: 2 units);
- ✓ FIREBIRD AVRO
- ✓ RA FUND LTD (number of acquired bonds: 1 units).

Convertible bonds obligations:

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| FR&R Invest AB | - | 10 209 | - | 10 209 |
| AmberTrust S.C.A., SICAF-SIF | 2 133 | - | 2 133 | - |
| KJK Fund, SICAF-SIF | 948 | - | 948 | - |
| FIREBIRD REPUBLICS FUND LTD | 474 | - | 474 | - |
| FIREBIRD AVRORA FUND LTD | 237 | - | 237 | - |
| UAB Koncernas „SBA“ | 11 226 | 2 723 | 11 226 | 2 723 |
| Total convertible bonds obligations: | 15 018 | 12 932 | 15 018 | 12 932 |

14. Accrued expenses and other current liabilities

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2014.12.31 | 2013.12.31 | 2014.12.31 | 2013.12.31 |
| Amounts payable for services and non-current assets | 1 403 | 1 355 | 1 242 | 1 255 |
| Wages, salaries and social security | 1 260 | 1 437 | 1 056 | 1 002 |
| Accrual for vacation reserve | 2 045 | 2 222 | 1 007 | 1 309 |
| Prepayments received | 509 | 283 | 495 | 268 |
| Bonuses for employees | - | 150 | - | - |
| Taxes payable, except for profit tax | 316 | 360 | 280 | 293 |
| Other liabilities | 133 | 135 | - | 4 |
| | 5 666 | 5 942 | 4 080 | 4 131 |

15. Revenue

| Group | January - December | | October- December | |
|--|--------------------|---------------|-------------------|---------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Revenue from sales of goods and services | 68 056 | 69 342 | 17 098 | 17 470 |
| Revenue from sales of materials | 192 | 206 | 62 | 59 |
| | 68 248 | 69 548 | 17 160 | 17 529 |

| Company | January - December | | October- December | |
|--|--------------------|---------------|-------------------|---------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Revenue from sales of goods and services | 55 242 | 57 291 | 14 131 | 13 888 |
| Revenue from sales of materials | 143 | 98 | 89 | 37 |
| | 55 385 | 57 389 | 14 220 | 13 925 |

16. Cost of sales

| Group | January - December | | October- December | |
|--|--------------------|---------------|-------------------|---------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Materials | 19 885 | 23 992 | 4 295 | 5 072 |
| Wages and salaries and social security | 22 508 | 21 068 | 5 658 | 5 916 |
| Other overhead expenses | 9 342 | 10 329 | 2 964 | 2 275 |
| Depreciation and amortisation | 2 121 | 2 424 | 584 | 577 |
| Cost of materials sold | 116 | 64 | 45 | 13 |
| | 53 972 | 57 877 | 13 546 | 13 853 |

| Company | January - December | | October- December | |
|--|--------------------|---------------|-------------------|---------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Materials | 17 812 | 17 110 | 4 025 | 4 541 |
| Wages and salaries and social security | 16 207 | 19 241 | 4 080 | 3 972 |
| Other overhead expenses | 9 794 | 11 366 | 3 112 | 2 506 |
| Depreciation and amortisation | 1 724 | 1 969 | 399 | 435 |
| Cost of materials sold | 17 | 8 | 2 | 3 |
| | 45 554 | 49 694 | 11 618 | 11 457 |

17. Selling general and administrative expenses

| Group | January - December | | October- December | |
|--|--------------------|--------------|-------------------|------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Selling expenses | | | | |
| Wages and salaries and social security | 1 180 | 1 059 | 325 | 265 |
| Other selling expenses | 2 142 | 1 755 | 442 | 419 |
| Total selling expenses | 3 322 | 2 814 | 767 | 684 |
| General and administrative expenses | | | | |
| Wages and salaries and social security | 2 506 | 2 502 | 668 | 627 |
| Communications and consulting services | 958 | 780 | 332 | 188 |
| Taxes other than income tax | 242 | 278 | 36 | 51 |
| Depreciation and amortization | 502 | 518 | 125 | 173 |
| Vehicles exploitation expenses | 241 | 205 | 65 | 55 |
| Premises exploitation expenses | 135 | 114 | 53 | 28 |
| Security | 316 | 337 | 78 | 84 |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Services of financial institutions | 220 | 188 | 71 | 46 |
| Representation expenses | 193 | 111 | 110 | 31 |
| Business trips | 93 | 101 | 10 | 17 |
| Impairment and write-off (reversal) of inventories | 91 | 445 | (165) | 232 |
| Other | 848 | 1 503 | 277 | 290 |
| Total general and administrative expenses | 6 345 | 7 082 | 1 660 | 1 822 |
| | 9 667 | 9 896 | 2 427 | 2 506 |

| Company | January - December | | October- December | |
|--|--------------------|--------------|-------------------|--------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Selling expenses | | | | |
| Wages and salaries and social security | 932 | 829 | 268 | 202 |
| Other selling expenses | 1 984 | 1 582 | 400 | 376 |
| Total selling expenses | 2 916 | 2 411 | 668 | 578 |
| General and administrative expenses | | | | |
| Wages and salaries and social security | 1 700 | 1 690 | 444 | 417 |
| Communications and consulting services | 793 | 603 | 275 | 151 |
| Taxes other than income tax | 187 | 217 | 24 | 34 |
| Depreciation and amortization | 297 | 288 | 73 | 79 |
| Vehicles exploitation expenses | 192 | 151 | 54 | 41 |
| Premises exploitation expenses | 104 | 83 | 55 | 22 |
| Security | 145 | 144 | 37 | 35 |
| Services of financial institutions | 177 | 149 | 61 | 37 |
| Representation expenses | 180 | 85 | 110 | 23 |
| Business trips | 79 | 77 | 10 | 11 |
| Impairment and write-off (reversal) of inventories | 155 | 392 | (100) | 180 |
| Other | 1 622 | 2 139 | 1 307 | 1 233 |
| Total general and administrative expenses | 5 631 | 6 018 | 2 350 | 2 263 |
| | 8 547 | 8 429 | 3 018 | 2 841 |

18. Other income and expenses

| Group | January - December | | October- December | |
|--|--------------------|--------------|-------------------|-------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Rent income | 61 | 67 | (187) | 18 |
| Other income | 486 | 381 | 339 | 97 |
| Gain from disposal of non-current assets | 750 | 225 | 197 | 6 |
| Other income | 1 297 | 673 | 349 | 121 |
| Loss from disposal of non-current assets | (70) | - | - | - |
| Rent costs | (32) | (22) | (19) | 1 |
| Other expenses | (110) | (96) | (20) | (16) |
| Other expenses | (212) | (118) | (39) | (15) |

| Company | January - December | | October- December | |
|--|--------------------|-------------|-------------------|------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Rent income | 61 | 66 | 14 | 18 |
| Other income | 194 | 106 | 66 | 53 |
| Gain from disposal of non-current assets | 567 | 218 | 14 | - |
| Other income | 822 | 390 | 94 | 71 |
| Loss from disposal of non-current assets | (70) | - | - | - |
| Rent costs | (32) | (22) | (19) | 1 |
| Other expenses | (42) | 9 | (4) | (2) |
| Other expenses | (144) | (13) | (23) | (1) |

19. Finance costs, net

| Group | January - December | | October- December | |
|----------------------------------|--------------------|----------------|-------------------|----------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Net foreign exchange gain (loss) | (2 553) | (1 066) | 4 024 | (430) |
| Interest expenses | (2 689) | (2 503) | (797) | (619) |
| Interest income | 1 | 2 | - | - |
| | (5 241) | (3 567) | 3 227 | (1 049) |

Since 1st January 2014 the management considers loans granted and long term receivables from PAT MTF Mrija as net investment, as no request for repayment is planned nor likely to occur. Foreign currency exchange difference related to these amounts, are accounted through other comprehensive income (expenses) in Group's consolidated financial statements.

Net investment amounts LTL 11.9 million (EUR 3.5 million) and related foreign currency exchange difference for the year 2014 amounts LTL 6.6 million (EUR 1.9 million), which is accounted through other comprehensive income (expenses) in Group's consolidated financial statements.

| Company | January - December | | October- December | |
|----------------------------------|--------------------|----------------|-------------------|--------------|
| | of 2014 | of 2013 | of 2014 | of 2013 |
| Net foreign exchange gain (loss) | (13) | (1) | (12) | - |
| Interest expenses | (2 911) | (2 559) | (870) | (644) |
| Interest income | 207 | 207 | 55 | 52 |
| | (2 717) | (2 353) | (827) | (592) |

20. Basic/dilutive earnings per share

Profit (loss) per share reflect the Group's net profit/(loss), divided by the outstanding number of shares. Calculation of the profit/(loss) per share is presented below:

| Group | January - December | |
|--|--------------------|----------------|
| | of 2014 | of 2013 |
| Profit/ (loss) attributable to the equity holders of the Group | 124 | (1 272) |
| Weighted average number of shares in issue (thousand) | 5 000 | 19 834 |
| Basic / diluted earnings per share (in LTL) | 0,025 | (0,064) |

21. Post balance sheet events

1. AB „Utenos trikotažas“, legal entity code 183709468, registered address at J. Basanavičiaus str. 122, Utena, Republic of Lithuania (hereinafter – the Company) hereby announces that on 14 January 2015, the procedure of the increase of Company's authorized capital was completed and Company's ordinary registered shares' (ISIN code LT0000109324) issue registration account was amended: issue was increased to 9 503 000 (nine million five hundred three thousand) ordinary registered shares of EUR 0.29 (twenty nine euro cents) par value each (the previously registered issue of ordinary registered shares which amounted to 5 000 000 ordinary registered shares was merged with a new issue of 4 503 000 ordinary registered shares).

Since January 14, 2015, the shares issue of the Company consist of 9 503 000 (nine million five hundred three thousand) ordinary registered shares of EUR 0.29 (twenty nine euro cents) par value each. The total nominal value of the shares amounts to EUR 2 755 870 (two million seven hundred fifty five thousand eight hundred seventy euros). Amount of voting rights - 9 503 000 (nine million five hundred three thousand).

The authorized 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 convertible bonds into 4 503 000 ordinary registered shares of the Company.

2. On 26th of November 2014 the Company and AB DNB entered into and signed a long-term loan agreement according to which the Company will be granted a loan of EUR 4 634 000 (four million six hundred thirty four thousand euros). The loan term – 5 (five) years. The funds will be used to refinance the Company's financial liabilities 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).

On 15th of January 2015, the Company used EUR 3 044 thousand to pay the redemption price of the convertible bonds.

3. On 19 th of February 2015, the Company and Swedbank AB entered into the agreement on termination of bank guarantee provided on 2014 July 24th.