

CONFIRMATION OF RESPONSIBLE PERSONS

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, Algirdas Šabūnas, Managing Director of Utenos trikotazas, AB, Finance Director Andrej Grobov, and Chief Accountant Reda Kučinskienė, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the 3 months of 2017, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas, AB and the Group of undertakings.

ENCLOSURE: Unaudited consolidated financial statements for the 3 months of 2017 of Utenos trikotazas AB.

Managing Director

Algirdas Šabūnas

Finance Director

Andrej Grobov

Chief Accountant

Reda Kučinskienė

Utena, 28 April 2017



UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
for the 3 months period ended 31 March 2017
(UNAUDITED)

INFORMATION ABOUT COMPANY

Company name	Utenos Trikotažas AB
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 st December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 st September 1998.
Registration code	BĮ 98-257
Code of the Register of Legal Entities	183709468
Authorised share capital	EUR 2 755 870
Address	J.Basanavičiaus g.122, LT-28214, Utena, Lithuania
Name of Register of Legal Entities	Registru centras VĮ
Telephone	+370 389 51445
Fax	+370 389 69358
E-mail	utenos.trikotazas@ut.lt
Website	www.ut.lt
Main activities	production of knit-wear and textile articles
Auditors	ERNST&YOUNG BALTIC UAB

TABLE OF CONTENT

	PAGE
REVIEW OF ACTYVITY OF THE GROUP COMPANIES	4 - 8
FINANCIAL STATEMENTS:	
BALANCE SHEET	9
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENTS OF CHANGES IN EQUITY	11
STATEMENTS OF CASH FLOWS	12
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	14 - 21

REVIEW OF ACTIVITY OF THE GROUP COMPANIES

In the first quarter of 2017, the Utenos trikotažas AB group of companies (hereinafter „the Group“) sold products and provided services for EUR 6 million, which is by 20 per cent more than in the previous year when the Group's sales accounted for EUR 5 million. The Group exported 73,4 per cent of products.

During the first three months of 2017, the company Utenos trikotažas sold products and provided services for EUR 5 million. The sales volume, compared with the first quarter of 2016, grew by EUR 0,8 million, or 20,2 per cent. The company's export sales reached 79,7 per cent.

Compared with the respective period of the previous year, the sales of all business segments recorded a significant growth. The sales of the largest segment – on-demand knitwear – grew by 19,6 per cent and reached EUR 4,3 million, private brands UTENOS and ABOUT grew by 21,1 per cent and reached EUR 0,8 million, whereas the sales of functional-technical garments produced by its subsidiary Šatrija increased by 21,4 per cent up to EUR 0,9 million.

During the first three months of this year, the Group's exports grew by 9,4 per cent and reached EUR 4,4 million, whereas the exports of the company Utenos trikotažas increased by 15,5 per cent and accounted for EUR 4 million. The creation of new materials and supply of innovative production resulted in the development of the target customer portfolio in all regions, which in turn further increases export volume. A significant growth (5,1 per cent) was recorded in German-speaking countries (DACH) – products for EUR 2,8 million were exported to the largest sales region in the first quarter. A decreased demand for functional-technical garments resulted in a 5,3 per cent decrease in the Group's sales in Scandinavian countries, yet the sales of products by the company Utenos trikotažas increased by 11,9 per cent in this region. The Group's sales grew by 64,4 per cent in other markets.

In the first quarter of this year, the Group sold products for EUR 1,6 million in Lithuania, which is by EUR 0,6 million more than in the previous year. The sales of the company Utenos trikotažas in Lithuania amounted to EUR 1 million, which is by EUR 0,3 million more than during the same period a year ago. The growth of sales in Lithuania was mainly determined by the sales of functional-technical garments manufactured by Šatrija as well as the development of private brands UTENOS and ABOUT.

In the first three months of 2017, the Group earned a pre-tax profit of EUR 256 thousand, compared with a loss of EUR 50 thousand in the first quarter of 2016. During the same period, the company Utenos trikotažas earned a pre-tax profit of EUR 98 thousand, whereas it recorded a loss of EUR 54 thousand a year ago.

The Group's EBITDA amounted to EUR 502 thousand, which is by 73,7 per cent more than in the respective period of 2016. The company's EBITDA reached EUR 276 thousand, which is an increase of 1,5 times, compared with the first quarter of 2016, when the company's EBITDA accounted for EUR 109 thousand.

The improvement of profitability indicators of Utenos trikotažas has also been influenced by increasing labour productivity. With the sales growing, production processes have been organised more efficiently. During the first quarter, the Group manufactured 32,9 per cent more, and the company – 28,2 per cent more products than in the previous year, although the number of employees grew by 2,9 per cent and 1,6 per cent respectively

Key performance indicators of the Group
Trade

Revenue (EUR '000)	Group			Company		
	2017 I Q	2016 I Q	Change %	2017 I Q	2016 I Q	Change %
Products manufactured on demand of other clients	4 268	3 570	19.6	4 268	3 551	20.2
Own brands (ABOUT, UTENOS)	793	655	21.1	765	636	20.3
Services of functional-technical garments manufacture	896	738	21.4	-	-	-
	5 957	4 963	20.0	5 033	4 187	20.2

Sales by regions

Revenue (EUR '000)	Group			Company		
	2017 I Q	2016 I Q	Change %	2017 I Q	2016 I Q	Change %
Export	4 374	3 998	9.4	4 010	3 472	15.5
<i>DACH (Germany, Austria, Switzerland)</i>	2 761	2 627	5.1	2 535	2 399	5.7
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	870	919	(5.3)	779	696	11.9
<i>Other regions</i>	743	452	64.4	696	377	84.6
Domestic	1 583	965	64.0	1 023	715	43.1
	5 957	4 963	20.0	5 033	4 187	20.2

Operating figures

	Group			Company		
	2017 I Q	2016 I Q	Change %	2017 I Q	2016 I Q	Change %
Manufactured items units	877	660	32.9	546	426	28.2
Average number of employees	1 155	1 122	2.9	784	772	1.6

Financial ratios

	Group			Company		
	2017 I Q	2016 I Q	Change	2017 I Q	2016 I Q	Change
Revenue (EUR'000)	5 957	4 963	20.0%	5 033	4 187	20.2%
Operating profit (loss) (EUR'000)	296	94	214.9%	119	(31)	++
Operating profit (loss) margin (%)	5.0	1.9	3.1p.p	2.4	(0.7)	3.1p.p
EBITDA (EUR'000)	502	289	73.7%	276	109	153.2%
EBITDA margin (%)	8.4	5.8	2.6p.p	5.5	2.6	2.9p.p
Profit (loss) before tax (EUR'000)	256	(50)	++	98	(54)	++
Profit (loss) before tax, margin (%)	4.3	(1.0)	5.3p.p	1.9	(1.3)	3.2p.p
Net profit (loss) for the year (EUR'000)	259	(48)	++	100	(52)	++
Net profit (loss) for the year margin (%)	4.3	(1.0)	5.3p.p	2.0	(1.2)	3.2p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

Relative ratios

	Group			Company		
	2017 I Q	2016 I Q	Change p.p	2017 I Q	2016 I Q	Change p.p.
Return on capital employed (%)	49.4	6.2	43.1	26.1	(1.5)	27.5
Return on assets (%)	8.3	1.1	7.1	4.5	(0.3)	4.8
Return on shareholders' equity (%)	18.1	2.7	15.4	13.1	(0.8)	13.9
Debt ratio (%)	54.0	58.6	(4.6)	65.7	68.1	(2.4)
Debt-to-equity ratio (%)	117.6	134.1	(16.5)	191.2	198.6	(7.5)
Liquidity ratio (%)	162.6	156.4	6.1	149.0	136.8	12.2
Equity to assets ratio (%)	46.0	42.7	3.2	34.3	33.5	0.9

Ratios related with the share price

	2017 I Q	2016 I Q	Change p.p.
P/E	6.51	35.74	(29.2)
EPS	0.14	0.01	0.1
EV/EBITDA	4.24	7.02	(2.8)

Information regarding the price of shares and their dynamics

Utenos Trikotažas AB share price during 12 months period from 1 April 2016 to 31 March 2017:



Price ratios

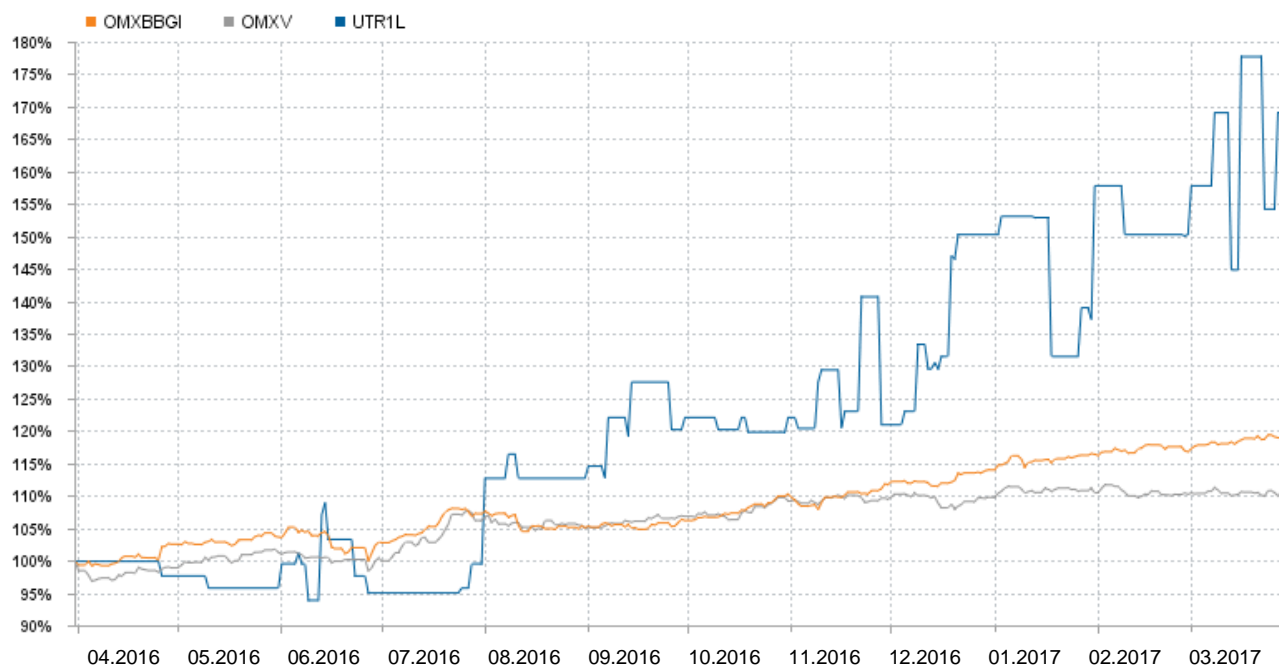
Open price, EUR
High price, EUR
Low price, EUR
Last price, EUR
Traded volume
Turnover, million EUR
Capitalisation, million EUR

2017 I Q

0.800
0.946
0.680
0.900
35 203
0.030
8.55

2016 I Q

0.400
0.534
0.351
0.534
2 833
0.001
5.07

Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics, during 12 months period from 1 April 2016 to 31 March 2017


Index/ Equity	2017.03.31	2016.03.31	2017.03.31/2016.03. change, %
—OMX Baltic Benchmark GI	822,47	685,72	19,94↑
—OMX Vilnius	565,13	505,45	11,81↑
—UTR1L	0,900 EUR	0,534 EUR	68,54↑

BALANCE SHEET

	Notes	Group		Company	
		2017.03.31	2016.12.31	2017.03.31	2016.12.31
ASSETS					
Non-current assets					
Intangible assets	7	722	744	67	75
Property, plant and equipment	8	6 959	7 046	5 291	5 379
Investment property		108	109	108	109
Investments into subsidiaries		-	-	1 499	1 499
Trade and other receivables		-	1	-	-
Receivables from subsidiaries		-	-	2 099	2 140
Deferred income tax asset		58	58	-	-
		7 847	7 958	9 064	9 202
Current assets					
Inventories	9	5 115	4 216	4 975	4 113
Trade receivables	10	1 208	1 239	946	704
Other current assets		264	365	206	226
Current financial assets		-	600	-	600
Cash and cash equivalents	11	1 961	1 230	806	598
		8 548	7 650	6 933	6 241
Total assets		16 395	15 608	15 997	15 443
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital		2 756	2 756	2 756	2 756
Revaluation surplus	12	3 156	3 173	1 741	1 751
Legal reserve	12	574	574	574	574
Reserve for acquisition of own shares	12	269	269	-	-
Foreign currency translation reserve	12	115	119	-	-
Cash flow hedge reserve	12	(43)	(43)	(43)	(43)
Accumulated retained earnings/ (losses)	12	226	(41)	465	355
		7 053	6 807	5 493	5 393
Non-controlling interest		481	466	-	-
Total equity		7 534	7 273	5 493	5 393
LIABILITIES					
Non-current liabilities					
Borrowings	13	2 862	3 046	2 862	3 046
Borrowings from subsidiaries	13	-	-	2 422	2 422
Deferred income tax liabilities		403	407	268	270
Non-current portion of derivative financial instruments		28	28	28	28
Provisions for employee benefits		310	310	271	271
		3 603	3 791	5 851	6 037
Current liabilities					
Current portion of non-current borrowings	13	738	738	738	738
Current portion of derivative financial instruments		24	24	24	24
Trade payables		2 028	1 461	1 928	1 430
Payables to other related parties and subsidiaries		119	129	266	240
Income tax payable		23	22	7	7
Accrued expenses and other current liabilities	14	2 326	2 170	1 690	1 574
		5 258	4 544	4 653	4 013
Total liabilities		8 861	8 335	10 504	10 050
Total equity and liabilities		16 395	15 608	15 997	15 443

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group January-March		Company January-March	
		2017	2016	2017	2016
Sales	6,15	5 957	4 963	5 033	4 187
Cost of sales	16	(4 609)	(4 018)	(4 032)	(3 510)
Gross profit		1 348	945	1 001	677
Selling expenses	17	(536)	(416)	(512)	(394)
General and administrative expenses	17	(541)	(471)	(377)	(329)
Other operating income	18	29	44	10	19
Other operating expenses	18	(4)	(8)	(3)	(4)
Operating profit (losses)		296	94	119	(31)
Finance income	19	90	15	21	19
Finance costs	19	(130)	(159)	(42)	(42)
Profit (losses) before tax		256	(50)	98	(54)
Income tax		3	2	2	2
Net profit (losses)		259	(48)	100	(52)
Net profit (losses) attributable to:					
Equity shareholders of the Company	20	244	(54)	-	-
Non-controlling interest		15	6	-	-
		259	(48)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation gain (loss)		(4)	8	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(4)	8	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods					
Other comprehensive income (loss)		6	-	-	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		6	-	-	-
Other comprehensive income (loss)		2	8	-	-
Total comprehensive income (loss) for the period		261	(40)	100	(52)
Basic/dilutive earnings per share	20	0,03	(0,01)	-	-

STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Foreign currency translation reserve	Reserve for acquisition of own shares	Other reserve	Legal reserve	Revaluation surplus	Accumulated retained earnings/ (losses)	Total	Non-controlling interest	Total equity
	Balance as of 31 March 2016	2 756	120	269	(42)	574	3 223	(974)	5 926	434
Net profit (loss) for the year	-	-	-	-	-	-	1 069	1 069	32	1 101
Other comprehensive income	-	(1)	-	(1)	-	-	(186)	(188)	-	(188)
Total comprehensive income (loss)	-	(1)	-	(1)	-	-	883	881	32	913
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	(50)	50	-	-	-
Balance as of 31 December 2016	2 756	119	269	(43)	574	3 173	(41)	6 807	466	7 273
Net profit (loss) for the year	-	-	-	-	-	-	244	244	15	259
Other comprehensive income	-	(4)	-	-	-	-	6	2	-	2
Total comprehensive income (loss)	-	(4)	-	-	-	-	246	246	15	261
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	(17)	17	-	-	-
Balance as of 31 March 2017	2 756	115	269	(43)	574	3 156	226	7 053	481	7 534

Company	Share capital	Legal reserve	Revaluation surplus	Other reserve	Accumulated retained earnings/ (losses)	Total
	Balance as of 31 March 2016	2 756	574	1 783	(42)	(112)
Net profit (loss) for the year	-	-	-	-	621	621
Other comprehensive income (loss)	-	-	-	(1)	(186)	(187)
Total comprehensive income (loss)	-	-	-	(1)	435	434
Transfer of revaluation surplus to retained earnings	-	-	(32)	-	32	-
Balance as of 31 December 2016	2 756	574	1 751	(43)	355	5 393
Net profit (loss) for the year	-	-	-	-	100	100
Other comprehensive income (loss)	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	100	100
Transfer of revaluation surplus to retained earnings	-	-	(10)	-	10	-
Balance as of 31 March 2017	2 756	574	1 741	(43)	465	5 493

STATEMENTS OF CASH FLOWS

	Group		Company	
	31 March		31 March	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) for the period	259	(48)	100	(52)
Adjustments for non-cash items:				
Depreciation and amortization	206	195	156	147
(Gain) on disposal of property, plant and equipment and investment property	(4)	(4)	(4)	-
Impairment and write-off accounts receivable	2	-	2	-
Interest expense, net of interest income	13	28	20	22
Income tax (income) expense	(3)	(2)	(2)	(2)
Changes in working capital:	(901)	(220)	(864)	(128)
(Increase) decrease in inventories	31	(129)	(243)	(5)
(Increase) decrease in trade receivables	-	-	41	90
Decrease (increase) in receivables from subsidiaries	700	93	621	(17)
(Increase) decrease in other receivables and other current assets	733	406	678	353
(Increase) decrease in trade and other accounts payable	12	91	(36)	24
Increase (decrease) in taxes payable and other current liabilities	(6)	(8)	(2)	(8)
Income tax (paid)	1 042	402	467	424
Net cash generated from operating activities				
Cash flows from investing activities				
Acquisition of property, plant and equipment	(118)	(94)	(60)	(94)
Proceeds from sale of property, plant and equipment	4	4	4	-
Interest received	-	-	15	15
Net cash flows generated from (to) investing activities	(114)	(90)	(41)	(79)
Cash flows from financing activities				
Proceeds from borrowings	-	200	-	200
Repayment of borrowings and financial lease payments	(185)	(170)	(185)	(170)
Interest paid	(12)	(28)	(34)	(37)
Net cash flows from financing activities	(197)	2	(219)	(7)
Net increase in cash and cash equivalents	731	314	207	338
Cash and cash equivalents at the beginning of the period	1 230	1 079	599	265
Cash and cash equivalents at the end of the period	1 961	1 393	806	603

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is engaged in production of knit-wear and textile articles.

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

As of 31 March 2017 and 31 December 2016 the shareholders of the Company were as follows:

	As of 31 March 2017		As of 31 December 2016	
	Number of shares held	Interest held (%)	Number of shares held	Interest held (%)
Koncernas SBA UAB	7 294	76.76	7 294	76.76
Algirdas Šabūnas	950	10.00	950	10.00
Investment Fund East Capital Asset	527	5.55	527	5.55
Other shareholders	732	7.69	732	7.69
	9 503	100.00	9 503	100.00

All the shares are registered ordinary shares with a par value of EUR 0.29 each. As of 31 March 2017 and 31 December 2016 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

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

	Registered address	Group's share (%)		Profile
		31 March 2017	31 December 2016	
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	Matrosovo Str. 13, Mukachev, Ukraine	98,95	98,95	Production of knitted articles

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 Utenos trikotažas AB 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. Financial risk factors

Due to the geo-political situation in Ukraine and significant drop in the value of UAH against EUR, the Management of the Group and the Company re-designated loan granted, related interests and other long term receivables as a part of net investment in Mrija PAT MTF. Accordingly gains (losses) arising from foreign exchange related to the monetary items considered to be part of net investment into foreign operation is accounted in Group's consolidated financial statements through other comprehensive income (loss).

Amount of monetary items attributed to net investment amounts to EUR 3.5 million and foreign currency exchange difference related to this amount for the 3 months of 2017 comprises EUR 66 thousand, which is accounted in the Group's consolidated financial statements through other comprehensive income.

Other comprehensive income (loss) from foreign currency translation included in the consolidated statements of changes in equity in other comprehensive income attributable to the equity holders of the Company:

Foreign currency exchange difference on monetary items attributed to net investments, EUR	65 684
Foreign currency translation reserve on other items, EUR	(70 080)
Other comprehensive income EUR, net	(4 396)

6. Segment information

The Group has two main business segments: production of knitted articles and production of functional-technical garments.

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 3 months of 2017 and for the 3 months of 2016:

of 31 March 2017	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
External sales	5 061	896	-	5 957
Internal sales	210	-	(210)	-
Total revenue	5 271	896	(210)	5 957
Gross profit	1 099	249	-	1 348
EBITDA	325	177	-	502
Profit (loss)	112	147	-	259

of 31 March 2016	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
External sales	4 225	738	-	4 963
Internal sales	90	-	(90)	-
Total revenue	4 315	738	(90)	4 963
Gross profit	792	153	-	945
EBITDA	197	92	-	289
Profit (loss)	(110)	62	-	(48)

7. Non-current intangible assets

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

8. Non-current tangible assets

Depreciation of non-current tangible property amounted to EUR 206 thousand as of 31 March 2017, EUR 153 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.

As of 31 March 2017 and 31 December 2016 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

9. Inventories

	Group		Company	
	2017.03.31	2016.12.31	2017.03.31	2016.12.31
Raw materials	2 045	1 759	1 688	1 416
Work in progress	2 018	1 734	1 997	1 724
Finished goods	1 655	1 321	1 616	1 299
Goods for resale	47	51	-	-
	5 765	4 865	5 301	4 439
Write-down to net realisable value:				
Opening balance	(650)	(724)	(326)	(381)
Change	-	74	-	55
Closing balance	(650)	(650)	(326)	(326)
	5 115	4 216	4 975	4 113

10. Trade receivables

	Group		Company	
	2017.03.31	2016.12.31	2017.03.31	2016.12.31
Trade receivables, gross	1 323	1 354	1 040	798
Allowance for trade receivables:				
Opening balance	(115)	(115)	(94)	(94)
Change	-	-	-	-
Closing balance	(115)	(115)	(94)	(94)
	1 208	1 239	946	704

Changes in impairment allowance for doubtful trade receivables as of 31 March 2017 and 31 December 2016 were recorded within the Group's and Company's general and administrative expenses.

11. Cash and cash equivalents

	Group		Company	
	2017.03.31	2016.12.31	2017.03.31	2016.12.31
Cash at bank and on hand	1 961	1 230	806	598
	1 961	1 230	806	598

12. Other reserves and retained earnings (deficit)
Revaluation surplus

Revaluation surplus reflects the result of the revaluation (net of deferred tax) of the property, plant and equipment.

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of not less than 5 % of net profit of the Company calculated according to the Lithuanian Company's law, are compulsory until the reserve reaches 10 % of the share capital. Legal reserve is fully formed by the Company. The legal reserve cannot be distributed as dividends but can be used to cover cumulated losses.

Foreign currency translation reserve

The foreign currency translation reserve represents translation differences arising on consolidation of financial statements of foreign subsidiaries.

Reserve for acquisition of own shares

In 2015 according to the decision of the shareholders of Šatrija AB the reserve for acquisition of own shares of EUR 300 thousand was formed.

Cash flow hedge reserve

The Company's loan with DNB Bankas AB is with floating interest rate that is linked to EURIBOR. On 26 November 2014 the Company signed interest rate swap contract with DNB Bankas AB in order to avoid the interest rate fluctuations. The agreement is valid until 25 November 2019. The fair value of interest rate swap contract used for interest rate risk hedging was EUR 52 thousand as of 31 December 2016 (EUR 51 thousand as of 31 December 2015) and was accounted for under current amounting EUR 28 thousand (EUR 2 thousand as of 31 December 2015) and non-current liabilities amounting EUR 24 thousand (EUR 23 thousand as of 31 December 2015).

Accumulated retained earnings (losses)

Pursuant to the provisions of the Law on Limited Liability Companies of the Republic of Lithuania, if the total of retained earnings at the beginning of the financial year and net profit (loss) for the year is negative, the General Shareholders' Meeting has to make a decision to cover these losses. Transfers to distributable results should be made in the following sequence:

transfer from reserves not used in the reporting financial year;
 transfer from the compulsory legal reserve;
 transfer from the share premium.

At the date of these financial statements the Company was not informed about any actions of the shareholders of the Co. regarding retained deficit.

The balances of other reserves as of 31 March 2017 and 31 December 2016 were as follows:

	Group		Company	
	2017.03.31	2016.12.31	2017.03.31	2016.12.31
Revaluation surplus	3 156	3 173	1 741	1 751
Legal reserve	574	574	574	574
Reserve for acquisition of own shares	269	269	-	-
Foreign currency translation reserve	115	119	-	-
Accumulated retained earnings/ (losses)	226	(41)	465	355
Cash flow hedge reserve	(43)	(43)	(43)	(43)
	4 297	4 051	2 737	2 637

13. Borrowings

	Group		Company	
	2017.03.31	2016.12.31	2017.03.31	2016.12.31
Current				
Current portion of non-current bank borrowings	738	738	738	738
	738	738	738	738
Non-current				
Borrowings from subsidiaries	-	-	2 422	2 422
Long-term bank borrowings	2 862	3 046	2 862	3 046
	2 862	3 046	5 284	5 468
Total borrowings	3 600	3 784	6 022	6 206

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Satrija AB, amounting EUR 2 060 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 % and loan granted by subsidiary Gotija UAB, amounting EUR 362 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 %.

As at 31 March 2017 and at 31 December 2016 the bank borrowings were secured by property plant and equipment.

On 22 March 2016 the Company has signed the amendment with DNB Bankas AB, based on which the additionally granted amount of the loan was decreased to EUR 423 thousand and the interest rate determination principle was changed.

The interest rate for the borrowings is based on variable interest rate, therefore, in the opinion of management, the carrying amount of borrowings approximates their fair value.

14. Accrued expenses and other current liabilities

	Group		Company	
	2017.03.31	2016.12.31	2017.03.31	2016.12.31
Accrual for vacation reserve	926	849	556	513
Wages, salaries and social security	653	577	502	461
Amounts payable for services and non-current assets	193	228	202	226
Taxes payable, except for income tax	156	150	91	128
Prepayments received	172	141	170	116
Other liabilities	226	225	169	130
	2 326	2 170	1 690	1 574

15. Revenue

	Group		Company	
	January-March		January-March	
	2017	2016	2017	2016
Revenue from sales of goods and services	5 741	4 953	4 823	4 183
Revenue from sales of materials	216	10	210	4
	5 957	4 963	5 033	4 187

16. Cost of sales

	Group		Company	
	January-March		January-March	
	2017	2016	2017	2016
Wages and salaries and social security	1 948	1 878	1 409	1 419
Materials	1 727	1 574	1 585	1 423
Other overhead expenses	568	409	742	546
Cost of materials sold	213	-	181	-
Depreciation and amortisation	153	157	115	122
	4 609	4 018	4 032	3 510

17. Selling general and administrative expenses

	Group January-March		Company January-March	
	2017	2016	2017	2016
Selling expenses				
Wages and salaries and social security	194	134	177	119
Advertising and marketing costs	127	72	126	72
Other selling expenses	215	210	209	203
	536	416	512	394
General and administrative expenses				
Wages and salaries and social security	249	192	179	140
Communications and consulting services	73	67	56	52
Taxes other than income tax	27	25	15	10
Depreciation and amortization	37	27	24	14
Security	28	25	14	13
Vehicles exploitation expenses	20	10	17	10
Services of financial institutions	10	16	9	15
Premises exploitation expenses	11	12	10	11
Travel expenses	8	7	8	6
Representation expenses	4	3	3	3
Impairment and write-off (reversal) of inventories	2	18	2	23
Other	72	69	40	32
	541	471	377	329
	1 077	887	889	723

18. Other income and expenses

	Group January-March		Company January-March	
	2017	2016	2017	2016
Gain from disposal of non-current assets	4	4	4	-
Rent income	5	5	4	5
Other income	20	35	2	14
Other income	29	44	10	19
Rent costs	(3)	(3)	(2)	(3)
Other expenses	(1)	(5)	(1)	(1)
Other expenses	(4)	(8)	(3)	(4)

19. Finance costs, net

	Group January-March		Company January-March	
	2017	2016	2017	2016
Foreign exchange gain (loss)	(17)	(116)	(2)	-
Interest expenses	(23)	(28)	(34)	(38)
Interest income	-	-	15	15
	(40)	(144)	(21)	(23)

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-March	
	2017	2016
Profit/ (loss) attributable to the equity holders of the Group	244	(54)
Weighted average number of shares in issue (thousand)	9 503	9 503
Basic/dilutive earnings per share (in EUR)	0.03	(0.01)

21. Post balance sheet events

Utenos Trikotažas AB on 11 April 2017 concluded Shares Sale-Purchase Agreement for 1 805 units of Uždaroji akcinė bendrovė "Gotija", legal entity code 134181619, shares. The Company's acquired shares of Uždaroji akcinė bendrovė "Gotija" comprise 9,5% of all issued shares and together with the Company's currently owned 90,5% shares' package constitute 100% of the authorized capital of Uždaroji akcinė bendrovė "Gotija" and grant all 19 000 votes at the General Shareholders Meetings.

Agreements signed on 12 April 2017:

- Agreement with DNB bank to increase loan up to EUR 4 250 thousand (additional amount of EUR 650 thousand with termination on 31 March 2022).
- Agreement with DNB bank regarding credit line up to EUR 500 thousand for the term of one year.

There were no material post balance sheet events, that could make a significant impact for the financial statement of the Group and the Company.