



UTENOS TRIKOTAŽAS, AB

CONSOLIDATED AND COMPANY'S INTERIM FINANCIAL STATEMENTS
for the 9 months period ended 30 september 2018
(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	Registrų 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

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REVIEW OF ACTIVITY OF THE GROUP COMPANIES

Utenos trikotazas AB textile Group sales of products and services reached EUR 23,7 million over first three quarters of 2018, an increase of 28 % compared to last year, when the group sales amounted to EUR 18,5 million.

The Company's alone revenues has grown by almost a third (32,5 %) over the same period last year, reaching EUR 21,2 million year to date.

During nine months of 2018 The Group earned EUR 1,18 million of pre-tax profit, when in 2017 it amounted to EUR 420 thousand. The Group EBITDA reached EUR 1,87 million an increase of 56,2 % as compared to the same period in 2017.

Exports accounted for 83,4% of the Group's revenue. Compared to last year, exports increased by 38,4% in three quarters 2018 to EUR 19,7 million. The Company's export increase was key to with export sales up by 40,5% to reach EUR 18,3 million.

Sales in German speaking countries, Germany, Austria and Switzerland, (DACH) recorded 33,4 % growth, and the amount of orders delivered to this largest sales region in 2018 for the nine months amounted to EUR 10,6 million. In Scandinavia, Group's sales increased even stronger by 42%.

Growth is recorded in all business segments of „Utenos trikotazas“ Group. Sales of products manufactured on demand jumped 38 % to EUR 18,6 million driven by exports, UTENOS and ABOUT branded sales - grew by 1,5 % to EUR 2,6 million, while the sales of services of functional-technical garments manufacturing provided by Šatrija AB increased by 0,7% to EUR 2,4 million.

Key performance indicators of the Group

Trade

	Group			Company		
	2018 9M	2017 9M	Change %	2018 9M	2017 9M	Change %
Revenue (EUR '000)						
Products manufactured on demand of other clients	18 624	13 498	38,0	18 624	13 498	38,0
Own brands (ABOUT, UTENOS)	2 607	2 568	1,5	2 527	2 471	2,3
Services of functional-technical garments manufacture	2 442	2 425	0,7	-	-	-
	23 673	18 491	28,0	21 151	15 969	32,5

	Group			Company		
	2018 III Q	2017 III Q	Change %	2018 III Q	2017 III Q	Change %
Revenue (EUR '000)						
Products manufactured on demand of other clients	7 251	5 134	41,2	7 251	5 134	41,2
Own brands (ABOUT, UTENOS)	930	1 046	(11,1)	899	1 006	(10,6)
Services of functional-technical garments manufacture	928	765	21,3	-	-	-
	9 109	6 945	31,2	8 150	6 140	32,7

Sales by regions

	Group			Company		
	2018 9M	2017 9M	Change %	2018 9M	2017 9M	Change %
Revenue (EUR '000)						
Export	19 738	14 264	38,4	18 257	12 993	40,5
<i>DACH (Germany, Austria, Switzerland)</i>	10 633	7 973	33,4	9 965	7 153	39,3
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	6 611	4 657	42,0	6 430	4 351	47,8
<i>Other regions</i>	2 494	1 634	52,6	1 862	1 489	25,1
Domestic	3 935	4 227	(6,9)	2 894	2 976	(2,8)
	23 673	18 491	28,0	21 151	15 969	32,5

Revenue (EUR '000)	Group			Company		
	2018 III Q	2017 III Q	Change %	2018 III Q	2017 III Q	Change %
Export	7 690	5 501	39,8	7 238	5 086	42,3
<i>DACH (Germany, Austria, Switzerland)</i>	4 018	3 222	24,7	3 852	2 919	32,0
<i>Scandinavia (Sweden, Norway, Denmark, Finland)</i>	2 554	1 679	52,1	2 523	1 606	57,1
<i>Other regions</i>	1 118	600	86,3	863	561	53,8
Domestic	1 419	1 445	(1,8)	912	1 054	(13,5)
	9 109	6 946	31,1	8 150	6 140	32,7

Operating figures

	Group			Company		
	2018 9M	2017 9M	Change %	2018 9M	2017 9M	Change %
Manufactured items units .	2 455	2 432	0,9	2 364	2 331	1,4
Average number of employees	1 047	1 065	(1,7)	710	715	(0,7)

Financial ratio

	Group			Company		
	2018 9M	2017 9M	Change	2018 9M	2017 9M	Change
Revenue (EUR'000)	23 673	18 491	28,0%	21 151	15 969	32,5%
Operating profit (loss) (EUR'000)	1 247	576	116,5%	1 108	218	408,3%
Operating profit (loss) margin (%)	5,3	3,1	2,2p.p	5,2	1,4	3,8p.p
EBITDA (EUR'000)	1 870	1 197	56,2%	1 587	687	131,0%
EBITDA margin (%)	7,9	6,5	1,4p.p	7,5	4,3	3,2p.p
Profit (loss) before tax (EUR'000)	1 183	420	181,7%	1 068	1 255	(14,9)%
Profit (loss) before tax, margin (%)	5,0	2,3	2,7p.p	5,0	7,9	(2,9)p.p
Net profit (loss) for the year (EUR'000)	1 157	362	219,6%	1 041	1 197	(13,0)%
Net profit (loss) for the year margin (%)	4,9	2,0	2,9p.p	4,9	7,5	(2,6)p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

	Group			Company		
	2018	2017	Change	2018	2017	Change
	III Q	III Q		III Q	III Q	
Revenue (EUR'000)	9 109	6 945	31,2%	8 150	6 140	32,7%
Operating profit (loss) (EUR'000)	741	305	143,0%	681	220	209,5%
Operating profit (loss) margin (%)	8,1	4,4	3,7p.p	8,4	3,6	4,8p.p
EBITDA (EUR'000)	952	514	85,2%	841	377	123,1%
EBITDA margin (%)	10,5	7,4	3,1p.p	10,3	6,1	4,2p.p
Profit (loss) before tax (EUR'000)	616	229	169,0%	664	811	(18,1)%
Profit (loss) before tax, margin (%)	6,8	3,3	3,5p.p	8,1	13,2	(5,1)p.p
Net profit (loss) for the year (EUR'000)	594	240	147,5%	641	823	(22,1)%
Net profit (loss) for the year margin (%)	6,5	3,5	3,0p.p	7,9	13,4	(5,5)p.p
Number of shares, (thousand)	9 503	9 503	-	9 503	9 503	-

Relative ratios

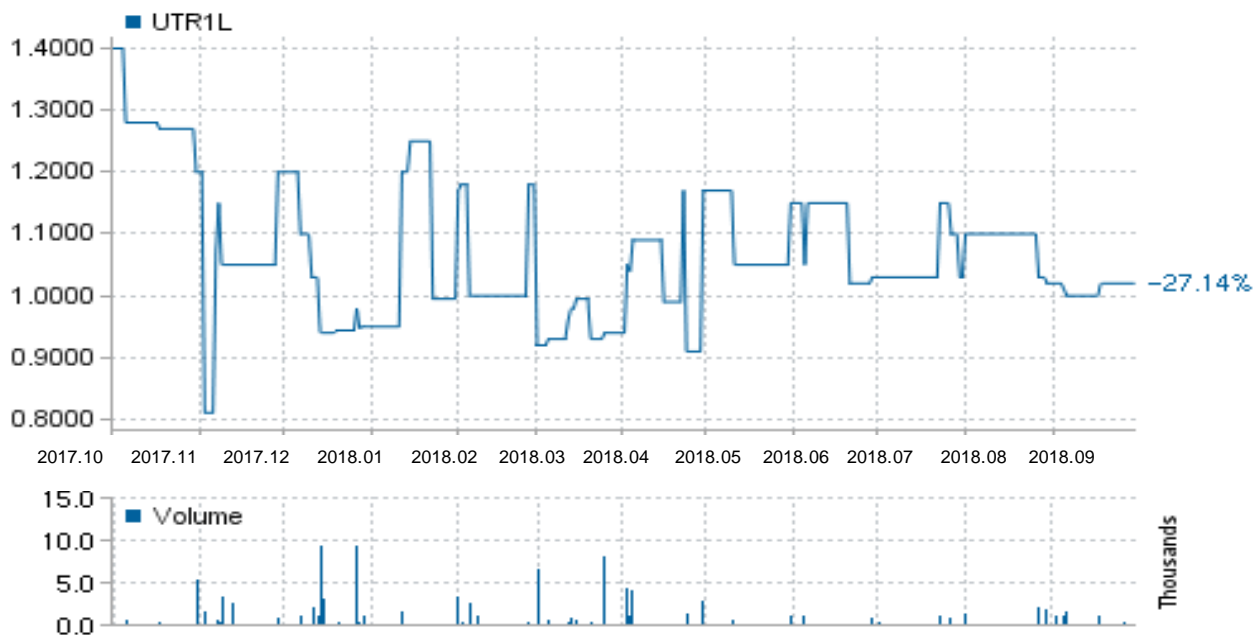
	Group			Company		
	2018 9M	2017 9M	Change p.p	2018 9M	2017 9M	Change p.p.
Return on capital employed (%)	39,8	21,4	18,4	75,4	49,7	25,7
Return on assets (%)	6,0	3,5	2,5	11,2	8,0	3,2
Return on shareholders' equity (%)	13,1	7,8	5,3	23,7	20,8	2,9
Debt ratio (%)	52,8	55,5	(2,7)	52,8	61,3	(8,5)
Debt-to-equity ratio (%)	111,8	124,8	(13,0)	112,0	158,4	(46,4)
Liquidityratio (%)	107,7	153,7	(46,0)	94,1	140,7	(46,6)
Equity to assets ratio (%)	47,2	44,5	2,7	47,2	38,7	8,5

Ratios related with the share price

	2018 9M	2017 9M	Change
P/E	8,79	21,75	(12,96)
EPS	0,11	0,06	0,05
EV/EBITDA	6,15	8,14	(1,99)

Information regarding the price of shares and their dynamics

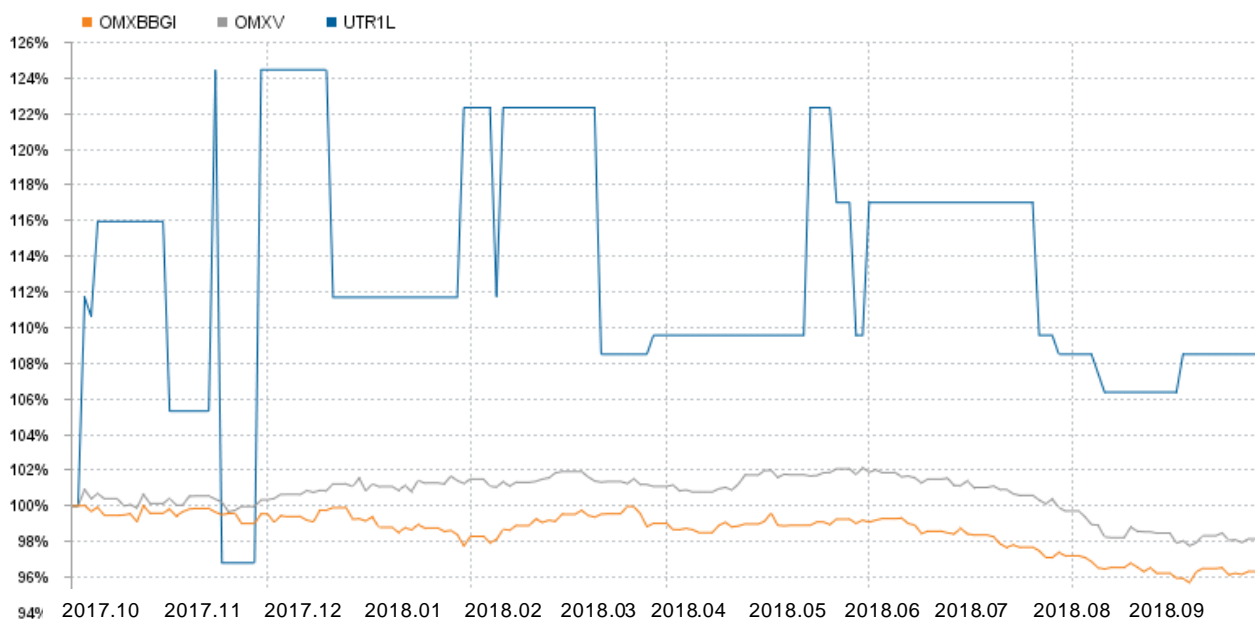
Utenos Trikotažas AB share price dynamics, during 12 months period from 1 October 2017 to 30 September 2018



Price ratios

	2018 9M	2017 9 M
Open price, EUR	0,950	0,800
High price, EUR	1,250	1,500
Low price, EUR	0,900	0,680
Last price, EUR	1,000	1,270
Traded volume	59 955	93 911
Turnover, million EUR	0,06	0,10
Capitalisation, million EUR	9,50	12,07

Utenos Trikotažas AB, OMX Baltic Benchmark GI and OMX Vilnius Index dynamics during 12 months period from 1 October 2017 to 30 September 2018



Index/ Equity	2018.09.30	2017.09.30	2018.09.30/2017.09.30 Change, %
—OMX Baltic Benchmark GI	948,29	939,54	0,9
—OMX Vilnius	689,27	641,84	7,4
—UTR1L	1,02 EUR	1,40 EUR	(27,1)

BALANCE SHEET

	Notes	Group		Company	
		2018.09.30	2017.12.31	2018.09.30	2017.12.31
ASSETS					
Non-current assets					
Intangible assets	7	703	661	109	68
Property, plant and equipment	8	7 024	6 979	5 382	5 346
Investment property		91	106	91	106
Investments into subsidiaries		-	-	1 550	1 550
Trade and other receivables		-	-	-	-
Receivables from subsidiaries		-	-	2 221	2 137
Deferred income tax asset		63	63	-	-
		7 881	7 809	9 353	9 207
Current assets					
Inventories	9	7 119	6 853	6 952	6 726
Trade receivables	10	2 257	1 715	1 819	1 445
Other current assets		369	502	279	370
Current financial assets		-	-	-	-
Cash and cash equivalents	11	630	675	193	205
		10 375	9 745	9 243	8 746
Total assets		18 256	17 554	18 596	17 953
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital		2 756	2 756	2 756	2 756
Revaluation surplus	12	574	574	574	574
Legal reserve	12	3 058	3 107	1 678	1 709
Reserve for acquisition of own shares	12	90	90	-	-
Foreign currency translation reserve	12	122	142	-	-
Cash flow hedge reserve	12	(8)	(21)	(8)	(21)
Accumulated retained earnings/(losses)	12	1 748	528	3 771	2 672
		8 340	7 176	8 771	7 690
Non-controlling interest		279	260	-	-
Total equity		8 619	7 436	8 771	7 690
LIABILITIES					
Non-current liabilities					
Borrowings	13	2 275	2 836	2 275	2 836
Borrowings from subsidiaries	13	-	-	1 200	1 061
Deferred income tax liabilities		363	390	245	270
Non-current portion of derivative financial instruments		5	10	5	10
Provisions for employee benefits		281	309	231	260
		2 924	3 545	3 956	4 437
Current liabilities					
Current portion of non-current borrowings	13	1 024	860	1 024	860
Current financial liabilities		999	-	1 000	200
Current portion of derivative financial instruments		12	19	12	19
Trade payables		1 776	2 668	1 729	2 649
Payables to other related parties and subsidiaries		63	239	42	221
Income tax payable		3	37	-	12
Accrued expenses and other current liabilities	14	2 836	2 750	2 062	1 865
		6 713	6 573	5 869	5 826
Total liabilities		9 637	10 118	9 825	10 263
Total equity and liabilities		18 256	17 554	18 596	17 953

STATEMENT OF COMPREHENSIVE INCOME

Group	Notes	January-September		July-September	
		2018	2017	2018	2017
Sales	6,15	23 673	18 491	9 109	6 945
Cost of sales	16	(18 997)	(14 777)	(7 190)	(5 526)
Gross profit		4 676	3 714	1 919	1 419
Selling expenses	17	(1 521)	(1 504)	(555)	(527)
General and administrative expenses	17	(1 999)	(1 720)	(649)	(616)
Other operating income	18	103	93	31	31
Other operating expenses	18	(12)	(7)	(5)	(2)
Operating profit (losses)		1 247	576	741	305
Finance income	19	186	118	8	8
Finance costs	19	(250)	(274)	(133)	(84)
Profit (losses) before tax		1 183	420	616	229
Income tax		(26)	(58)	(22)	11
Net profit (losses)		1 157	362	594	240
Net profit (losses) attributable to:					
Equity shareholders of the Company	20	1 141	334	586	235
Non-controlling interest		16	28	8	5
		1 157	362	594	240
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation gain (loss)		(20)	12	30	12
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(20)	12	30	12
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods					
Other comprehensive income (loss)		32	(83)	16	(63)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		32	(83)	16	(63)
Other comprehensive income (loss)		12	(71)	46	(51)
Total comprehensive income (loss) for the period		1 169	291	640	189
Basic/dilutive earnings per share	20	0,12	0,04	0,06	0,02

Statements of comprehensive income (cont'd)

Company

	Notes	January-September		July-September	
		2018	2017	2018	2017
Sales	15	21 151	15 969	8 150	6 140
Cost of sales	16	(17 115)	(13 120)	(6 463)	(4 964)
Gross profit		4 036	2 849	1 687	1 176
Selling expenses	17	(1 432)	(1 430)	(524)	(503)
General and administrative expenses	17	(1 531)	(1 233)	(490)	(462)
Other operating income	18	42	37	10	10
Other operating expenses	18	(7)	(5)	(2)	(1)
Operating profit (losses)		1 108	218	681	220
Finance income	19	80	1 166	25	633
Finance costs	19	(120)	(129)	(42)	(42)
Profit (losses) before tax		1 068	1 255	664	811
Income tax		(27)	(58)	(23)	12
	20	1 041	1 197	641	823

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	
									Terest	Total equity
Balance as of 30 June 2017	2 756	131	90	(43)	574	3 123	539	7 170	373	7 543
Net profit (loss) for the year	-	-	-	-	-	-	34	34	(3)	31
Other comprehensive income	-	11	-	22	-	-	(45)	(12)	(110)	(122)
Total comprehensive income (loss)	-	11	-	22	-	-	(11)	22	(113)	91
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	(16)	-	(16)	-	(16)
Balance as of 31 December 2017	2 756	142	90	(21)	574	3 107	528	7 176	260	7 436
Net profit (loss) for the year	-	-	-	-	-	-	1 141	1 141	16	1 157
Other comprehensive income	-	(20)	-	-	-	-	29	9	3	12
Total comprehensive income (loss)	-	(20)	-	-	-	-	1 170	1 150	19	1 169
Reserve for acquisition of own shares	-	-	-	13	-	(49)	50	14	-	14
Balance as of 30 September 2018	2 756	122	90	(8)	574	3 058	1 748	8 340	279	8 619

Company	Share capital	Legal reserve	Revaluation surplus	Other reserve	Accumulated retained earnings/ (losses)	Total
Balance as of 30 September 2017	2 756	574	1 721	(43)	1 592	6 600
Net profit (loss) for the year	-	-	-	-	1 035	1 035
Other comprehensive income (loss)	-	-	-	22	33	55
Total comprehensive income (loss)	-	-	-	22	1 068	1 090
Transfer of revaluation surplus to retained earnings	-	-	(12)	-	12	-
Balance as of 31 December 2017	2 756	574	1 709	(21)	2 672	7 690
Net profit (loss) for the year	-	-	-	-	1 041	1 041
Other comprehensive income (loss)	-	-	-	13	27	40
Total comprehensive income (loss)	-	-	-	-	3 753	1 207
Transfer of revaluation surplus to retained earnings	-	-	(31)	-	31	-
Balance as of 30 September 2018	2 756	574	1 678	(8)	3 771	8 771

STATEMENTS OF CASH FLOWS

	Group		Company	
	30 September 2018	2017	30 September 2018	2017
Cash flows from operating activities				
Profit (loss) for the period	1 157	362	1 041	1 197
Adjustments for non-cash items:				
Depreciation and amortization	623	620	478	469
(Gain) on disposal of property, plant and equipment and investment property	2	(13)	-	(11)
Impairment and write-off of i accounts receivable	(1)	4	-	-
Impairment and write-off of inventories	120	8	120	8
Interest expense, net of interest income	61	73	44	60
Income tax (income) expense	26	68	27	68
Changes in working capital:				
(Increase) decrease in inventories	(377)	(2 036)	(346)	(2 031)
(Increase) decrease in trade receivables	(542)	(424)	(374)	(580)
(Increase) decrease in trade receivables	-	-	(140)	(1 062)
(Increase) decrease in other receivables and other current assets	191	607	105	565
(Increase) decrease in trade and other accounts payable	(1 645)	1 104	(1 425)	886
Increase (decrease) in taxes payable and other current liabilities	452	(24)	504	(13)
Income tax (paid)	(19)	(22)	(19)	(10)
Net cash generated from operating activities	48	327	15	(454)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(571)	(551)	(524)	(398)
Acquisition of intangible assets	(15)	(32)	(15)	(31)
Proceeds from sale of property, plant and equipment	(2)	13	-	11
Investments in subsidiaries (acquisition)	-	-	-	(51)
Interest received	-	-	-	44
Net cash flows generated from (to) investing activities	(588)	(570)	(539)	(425)
Cash flows from financing activities				
Proceeds from borrowings	1 302	504	1 502	904
Repayment of borrowings and financial lease payments	(759)	(554)	(959)	(1 420)
Dividends	13	-	13	479
Share capital reduction income	-	-	-	611
Interest paid	(61)	(73)	(45)	(104)
Net cash flows from financing activities	495	(123)	511	470
Net increase in cash and cash equivalents	(46)	(366)	(13)	(409)
Cash and cash equivalents at the beginning of the period	675	1 230	205	599
Cash and cash equivalents at the end of the period	630	864	192	190

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 additional List of the NASDAQ OMX Vilnius Stock Exchange.

As of 30 September 2018 and 31 December 2017 the shareholders of the Company were as follows:

	As of 30 September 2018		As of 31 December 2017	
	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 30 September 2018 and 31 December 2017 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 September 2018	31 December 2017	
Šatrija AB	Šatrijos str. 3, Raseiniai	89,78	89,78	Sewing of clothes
Gotija UAB	Laisvės Str. 33, Kaunas	100,00	100,00	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 9 months of 2018 comprises EUR (20) 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	(22 807)
Foreign currency translation reserve on other items, EUR	2 807
Other comprehensive income EUR, net	(20 000)

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 9 months of 2018 and for the 9 months of 2017:

of 30 September 2018	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
External sales	21 231	2 442	-	23 673
Internal sales	711	-	(711)	-
Total revenue	21 942	2 442	(711)	23 673
Gross profit	4 162	514	-	4 676
EBITDA	1 572	298	-	1 870
Profit (loss)	949	208	-	1 157

of 30 September 2017	Production of knitted articles	Production of functional-technical garments	Eliminations	Total
External sales	16 066	2 425	-	18 491
Internal sales	726	-	(726)	-
Total revenue	16 792	2 425	(726)	18 491
Gross profit	3 047	667	-	3 714
EBITDA	827	370	-	1 197
Profit (loss)	75	287	-	362

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 623 thousand as of 30 September 2018, EUR 492 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 30 September 2018 and 31 December 2017 the Companies' and the Group's Non-current assets Buildings group is recognized at fair value.

9. Inventories

	Group		Company	
	2018.09.30	2017.12.31	2018.09.30	2017.12.31
Raw materials	2 785	2 652	2 426	2 286
Work in progress	2 633	2 460	2 624	2 451
Finished goods	2 540	2 489	2 473	2 460
Goods for resale	56	47	-	-
	8 014	7 648	7 523	7 197
Write-down to net realisable value:				
Opening balance	(795)	(650)	(471)	(326)
Change	(100)	(145)	(100)	(145)
Closing balance	(895)	(795)	(571)	(471)
	7 119	6 853	6 952	6 726

10. Trade receivables

	Group		Company	
	2018.09.30	2017.12.31	2018.09.30	2017.12.31
Trade receivables, gross	2 450	1 908	1 985	1 611
allowance for trade receivables:				
opening balance	(193)	(115)	(166)	(94)
change	-	(78)	-	(72)
closing balance	(193)	(193)	(166)	(166)
	2 257	1 715	1 819	1 445

Changes in impairment allowance for doubtful trade receivables as of 30 September 2018 and 31 December 2017 were recorded within the Group's and Company's general and administrative expenses.

11. Cash and cash equivalents

	Group		Company	
	2018.09.30	2017.12.31	2018.09.30	2017.12.31
Cash at bank and on hand	630	675	193	205
	630	675	193	205

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. In 2017 according to the decision of the shareholders of Šatrija AB the reserve for acquisition of own shares was reduced to EUR 100 thousand.

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 17 thousand as of 30 September 2018 (EUR 29 thousand as of 31 December 2017) and was accounted for under current amounting EUR 5 thousand (EUR 10 thousand as of 31 December 2017) and non-current liabilities amounting EUR 12 thousand (EUR 19 thousand as of 31 December 2017).

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 30 September 2018 and 31 December 2017 were as follows:

	Group		Company	
	2018.09.30	2017.12.31	2018.09.30	2017.12.31
Revaluation surplus	3 058	3 107	1 678	1 709
Legal reserve	574	574	574	574
Reserve for acquisition of own shares	90	90	-	-
Foreign currency translation reserve	122	142	-	-
Cash flow hedge reserve	(8)	(21)	(8)	(21)
Accumulated retained earnings/ (losses)	1 748	528	3 771	2 672
	5 584	4 420	6 015	4 934

13. Borrowings

	Group		Company	
	2018.09.30	2017.12.31	2018.09.30	2017.12.31
Current				
Current portion of non-current bank borrowings	2 023	860	2 024	860
Other short term liabilities				
	2 023	860	2 024	860
Non-current	-	-		
Borrowings from subsidiaries	-	-	1 200	1 061
Long-term bank borrowings	2 275	2 836	2 275	2 836
	2 275	2 836	3 475	3 897
Total borrowings	4 298	3 696	5 499	4 757

The Company's borrowings from subsidiaries consist of the loan granted by subsidiary Šatrija AB, amounting EUR 1 200 thousand with maturity as at 26 November 2019 and variable interest rate 12 month Euribor + 1.9 %.

On 1 June 2017 a zero balance service agreement was signed between AB DNB Bankas, AB Utenos Trikotažas and AB Šatrija. Under this contract, on 30 September 2018, AB "Utenos trikotažas" was owed EUR 1 thousand to AB Šatrija.

On 12 April 2018 The company signed agreement with Luminor AB regarding credit line up to EUR 1 300 thousand (additional amount of EUR 800 thousand with termination as at 31 March 2019).

On 26 April 2018 The company signed agreement with Luminor AB regarding loan up to EUR 4 562 thousand (additional amount of EUR 1 050 thousand with termination as at 25 November 2019).

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	
	2018.09.30	2017.12.31	2018.09.30	2017.12.31
Accrual for vacation reserve	1 057	1 043	662	655
Wages, salaries and social security	681	679	506	528
Amounts payable for services and non-current assets	364	329	366	319
Taxes payable, except for income tax	188	203	162	146
Prepayments received	138	154	158	136
Other liabilities	408	342	208	81
	2 836	2 750	2 062	1 865

15. Revenue

	Group			Company		
	2018 9M	2017 9M	Change %	2018 9M	2017 9M	Change %
Revenue (EUR '000)						
Products manufactured on demand of other clients	18 624	13 498	38,0	18 624	13 498	38,0
Own brands (ABOUT, UTENOS)	2 607	2 568	1,5	2 527	2 471	2,3
Services of functional-technical garments manufacture	2 442	2 425	0,7	-	-	-
	23 673	18 491	28,0	21 151	15 969	32,5

	Group			Company		
	2018 III Q	2017 III Q	Change %	2018 III Q	2017 III Q	Change %
Revenue (EUR '000)						
Products manufactured on demand of other clients	7 251	5 134	41,2	7 251	5 134	41,2
Own brands (ABOUT, UTENOS)	930	1 046	(11,1)	899	1 006	(10,6)
Services of functional-technical garments manufacture	928	765	21,3	-	-	-
	9 109	6 945	31,2	8 150	6 140	32,7

16. Cost of sales

Group	January-September		July-September	
	2018	2017	2018	2017
Wages and salaries and social security	7 159	6 762	2 740	2 928
Materials	7 868	5 357	2 938	1 403
Other overhead expenses	3 478	2 187	1 349	1 022
Depreciation and amortisation	492	471	163	174
	18 997	14 777	7 190	5 526

Company

Company	January-September		July-September	
	2018	2017	2018	2017
Wages and salaries and social security	5 268	5 119	2 047	2 354
Materials	7 758	5 019	2 887	1 268
Other overhead expenses	3 734	2 625	1 417	1 202
Depreciation and amortisation	355	357	112	140
	17 115	13 120	6 463	4 964

17. Selling general and administrative expenses**Group**

Group	January-September		July-September	
	2018	2017	2018	2017
Selling expenses				
Wages and salaries and social security	581	547	210	175
Advertising and marketing costs	297	393	98	162
Other selling expenses	643	564	247	190
	1 521	1 504	555	527
General and administrative expenses				
Wages and salaries and social security	858	724	284	238
Communications and consulting services	314	266	115	87
Taxes other than income tax	105	102	30	39
Depreciation and amortization	60	109	21	35
Security	85	85	30	28
Vehicles exploitation expenses	69	66	23	21
Services of financial institutions	48	41	19	15
Premises exploitation expenses	35	29	13	9
Travel expenses	14	22	4	4
Representation expenses	26	18	9	10
Impairment and write-off (reversal) of Inventories	120	8	8	30
Other	265	250	93	99
	1 999	1 720	649	616
	3 520	3 224	1 204	1 143

Company

	January-September		July-September	
	2018	2017	2018	2017
Selling expenses				
Wages and salaries and social security	525	494	190	158
Advertising and marketing costs	294	390	97	161
Other selling expenses	613	546	237	184
	1 432	1 430	524	503
General and administrative expenses				
Wages and salaries and social security	654	524	211	175
Communications and consulting services	262	221	99	74
Taxes other than income tax	75	64	22	27
Depreciation and amortization	53	72	18	23
Security	44	42	15	14
Vehicles exploitation expenses	57	53	18	18
Services of financial institutions	43	36	17	14
Premises exploitation expenses	33	25	12	8
Travel expenses	9	16	1	4
Representation expenses	24	16	8	10
Impairment and write-off (reversal) of inventories	120	8	10	30
Other	157	157	59	65
	1 531	1 233	490	462
	2 963	2 662	1 014	965

18. Other income and expenses
Group

	January-September		July-September	
	2018	2017	2018	2017
Gain from disposal of non-current assets	-	13	-	6
Rent income	13	13	4	4
Other income	90	67	27	21
Other income	103	93	31	31
Rent costs	(9)	(4)	(3)	(1)
Other expenses	(3)	(3)	(2)	(1)
Other expenses	(12)	(7)	(5)	(2)

Company

	January-September		July-September	
	2018	2017	2018	2017
Gain from disposal of non-current assets	-	11	-	3
Rent income	10	11	3	3
Other income	32	15	7	4
Other income	42	37	10	10
Rent costs	(6)	(5)	(2)	(1)
Other expenses	(1)	-	-	-
Other expenses	(7)	(5)	(2)	(1)

19. Finance costs, net

Group	January-September		July-September	
	2018	2017	2018	2017
Foreign exchange gain (loss)	20	(93)	(85)	(52)
Interest expenses	(84)	(73)	(30)	(24)
Interest income	-	10	(10)	-
	(64)	(156)	(125)	(76)

Company	January-September		July-September	
	2018	2017	2018	2017
Foreign exchange gain (loss)	6	(4)	5	(1 962)
Interest expenses	(101)	(104)	(37)	(34)
Interest income	45	44	15	16
Dividends	10	479	-	-
Share capital reduction income	-	611	-	611
Other	-	11	-	-
	(40)	1 037	(17)	591

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-September		July-September	
	2018	2017	2018	2017
Profit/ (loss) attributable to the equity holders of the Group	1 141	334	586	235
Weighted average number of shares in issue (thousand)	9 503	9 503	9 503	9 503
Basic/dilutive earnings per share (in EUR)	0,12	0,04	0,06	0,02

21. Post balance sheet events

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