



Utenos trikotažas

**AB UTENOS TRIKOTAZAS  
REPORT FOR THE NINE MONTHS OF 2006,  
PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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## I. GENERAL PROVISIONS

### 1. Accounting period for which the annual prospectus – report has been prepared.

The Report has been prepared for the nine months of 2006.

### 2. Key data on the Issuer

Company name	Akcinė bendrovė „Utenos trikotažas”
Authorized capital	LTL 19 834 442
Address	J. Basanavičiaus g. 122, LT-4910 Utena, Lithuania
Telephone	(+370-389) 51 445
Fax	(+370-389) 69 358
E-mail	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Internet website	<a href="http://www.utenostrikotazas.lt">www.utenostrikotazas.lt</a>
Legal – organization form	Legal entity, public limited company
Registration date and place	Registered on 06 December 1994 with the Companies’ Register of Utena region; reregistered on 18 September 1998 with the Ministry of Economy of the Republic of Lithuania.
Registration No	BĮ 98-257

### 3. Information about where and when one can get acquainted with the report and documents on which it is based and the name of the media.

The present report and other documents on which it is based (financial statements, auditors’ reports, etc.) are available in the registered office of the Company situated at J. Basanavičiaus st. 122, Utena on business days and hours. Information is available on telephone No +370-389 63093.

Media of AB Utenos Trikotažas – daily newspaper Lietuvos Rytas, Lithuanian Agency of Telegrams ELTA and news agency BNS.

### 4. Persons responsible for the information presented in the report:

5.1. Members of the Issuer’s governing bodies, employees and head of administration are responsible for the report:

Regina Sajienė, General Manager of AB Utenos Trikotažas, tel. (+370-389) 51 445, fax (+370-389) 69 358

Valda Gylienė, Chief Accountant of AB Utenos Trikotažas, tel. (+370-389) 51 445, fax (+370-389) 69 358

Aldona Šimkūnienė, Accountant of AB Utenos Trikotažas, tel. (+370-389) 63 093, fax (+370-389) 69 358

**5. Confirmation of the members of the Issuer's governing bodies, employees, the head of administration and the Issuer's consultants that the information contained in the report corresponds with the reality and it comprises no concealed facts that could have an impact on investor's decisions to buy or sell the issuer's securities, the market price or valuation of these securities**

General Manager, **Regina Sajienė**  
25 Aug 2006, Utena

Chief Accountant, **Valda Gylienė**  
25 Aug 2006, Utena

Accountant, **Aldona Šinkūnienė**  
25 Aug 2006, Utena

## II. INFORMATION ON THE ISSUER'S AUTHORIZED CAPITAL AND SECURITIES ISSUED

### 6. Issuer's authorized capital

6.1. Authorized capital registered with the Companies' Register is LTL 19 834 442.

6.1.1. Table. Structure of the authorized capital.

Kind of shares	Number of shares, units	Par value, LTL	Total par value, LTL
Ordinary registered shares 25 February 2003	19 834 442	1	19 834 442

All shares of AB Utenos Trikotažas are paid.

6.2. Information on the planned increase of the authorized capital by converting or changing into shares the issued securities of debt or derivative securities.

There are no securities of debt or derivative securities convertible or changeable into shares and granting the right to subscribe the issuer's shares.

### 7. Shareholders

AB Utenos Trikotažas had 1165 shareholders on the 30<sup>th</sup> of September 2006.

7.1. Table. The shareholders who on the 30<sup>th</sup> of September 2006 held or possessed by the right of ownership more than 5 per cent of the Issuer's authorized capital<sup>1</sup>.

Names of shareholders, kinds, addresses of registered offices, company codes	Number of ordinary registered shares held, units	Share of the capital held, per cents	Share of votes held, per cents
UAB koncernas SBA Donelaičio st. 62, Kaunas Company code 3220673	10 115 363	51,00	51,00
Amber Trust S.C.A.(SCA) Commandite par Actions 52 Route d'Esch 1- 2965,Luxembourg	3 000 000	15,13	15,13
East Capital Asset Management, Kungsgatan 30, Box 1364, Stockholm, Sweden Company code 556564- 5370	1 990 874	10,04	10,04

<sup>1</sup> There are no related persons.

### 8. Securities without a share of the authorized capital, but the circulation of which is regulated by the Law on the Securities Market, except debt securities.

No securities without a share of the authorized capital, but the circulation of which is regulated by the Law on the Securities Market, has been issued.

### 9. The secondary turnover of the issuer's securities.

The securities issued by AB Utenos Trikotažas (Securities Number 10932) have been included into the Current Trading List of National Stock Exchange since 29 September 1997.

The shares of the Company have been included into the Official Trading List since 01 June 1999.

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### 10. Agreements with the stakeholders of public circulation of securities

The issuer entered into Service Agreement with Financial Broker Firm AB FMĮ Finasta located at Konstitucijos pr. 23, Vilnius. According to the Agreement AB FMĮ Finasta manages the accounts of the issuer's securities and prepares annual prospecti.

### 11. Members of the Governing Bodies

#### 11.1. Official duties, names and surnames, data on the participation in the Issuer's authorized capital.

Name, surname, personal number	Official duties	Share of the authorized capital, per cents	Share of votes, per cents
<b>MANAGEMENT BOARD</b>			
Arūnas Martinkevičius Personal No 36205250800	Chairman	-	-
Regina Sajienė Personal No 45510310123	Member	-	-
Martynas Česnavičius Personal No 37212090078	Member	-	-
<b>ADMINISTRATION</b>			
Regina Sajienė Personal No 45510310123	General Manager	-	-
Darius Varnas Personal No 37809220177	Finance Manager	-	-
N. Vilūnas Personal No 37011300474	Marketing Manager	-	-
L. Žurauskas Personal No 36110010367	Engineering Manager	-	-
Diana Brašiškienė Personal No 44807050149	Production Manager	-	-

11.2 Data on participation in the activities of other companies, institutions and organizations (name of the company, institution or organization and official duties) and the held share of the capital and votes, per cents):

Name, surname	Name of the organization, official duties	Share of the capital and votes of other companies, per cents	
Arūnas Martinkevičius	UAB koncernas SBA, Chairman of Management Board	100	
	UAB Utenos Trikotažo Prekyba, Chairman of Management Board	-	
	UAB Pastatų Idėjų Įgyvendinimas, Chairman of Management Board	-	
	UAB Klaipėdos Baldų Prekyba, Chairman of Management Board	-	
	UAB SBA Baldų Kompanija, Chairman of Management Board	100	
	UAB SBA Furniture Group, Chairman of Management Board	-	
Regina Sajienė	AB Šatrija, Chairwoman of Management Board	-	
	UAB Utenos Trikotažo Prekyba, Member of Management Board	-	
	UAB SBA Baldų Kompanija, Member of Management Board	-	
	Association Centre of Industry and Marketing Business, Chairwoman of Management Board	-	
	AB Kauno Baldai, Chairwoman of Supervisory Council	-	
	UAB koncernas SBA, Member of Management Board	-	
	AB Šilutės Baldai, Chairwoman of Supervisory Council	-	
	UAB Klaipėdos Baldų Prekyba, Member of Management Board	-	
	AB Karigė, Chairwoman of Supervisory Council	-	
OAD MTF Mrija, Chairwoman of Supervisory Council	-		
Martynas Česnavičius	UAB LNK, Member of Management Board	-	
	AB Snaigė, Chairwoman of Supervisory Council	-	
	UAB Litagros Chemija, Member of Management Board		
	UAB Atradimų Studija, Member of Management Board		
	AB Sidabra, Member of Management Board		
	UAB 1Lekspres, Chairman of Management Board	48	
	AB Kauno Pieno Centras, Member of Management Board		
N. Vilūnas	- OAO„MTF Mrija”, Member of the Supervisory Board	-	
L. Žurauskas	- OAO„MTF Mrija”, Chairman of the Management Board	-	
D.Brašiškienė	- OAO„MTF Mrija”, Member of the Supervisory Board	-	
D.Varnas	-		
Valda Gylienė	-	-	





### **III. FINANCIAL POSITION.**

#### **12. Consolidated financial statements**

**Balance sheets under IFRS (LTL thousand)**

Notes

Group

	As of 30 September 2006	As of 31 December 2005	As of 30 September 2005
<b>ASSETS</b>			
<b>A Non-current assets</b>			
I. Non-current intangible assets			-
I.1. Goodwill	2.622	2.622	2.651
I.2. Other intangible assets	115	137	154
I.3. Prepayments for non-current intangible assets	704	641	728
Total non-current intangible assets	3.441	3.400	3.533
II. Non-current tangible assets			
II.1. Land and buildings	8.505	13.605	6.603
II.2. Structures and equipment	430	498	445
II.3. Vehicles and other non-current tangible assets	39.992	35.403	32.196
II.4. Construction in progress and prepayments	3.601	1.359	1.913
Total non-current tangible assets	49.528	50.865	41.157
III. Investment property	5.289	931	5.124
IV. Non-current financial assets	47		4.367
V. Non-current receivables	1.100	1.151	
VI. Deferred income tax asset	872	811	973
<b>Total non-current assets</b>	<b>60.277</b>	<b>57.158</b>	<b>55.154</b>
<b>B Current assets</b>			
I. Inventories, prepayments and contracts in progress			
I.1. Inventories	20.719	23.878	20.632
I.2. Prepayments	518	385	519
Total inventories, prepayments and contracts in progress	21.237	24.263	21.151
II. Accounts receivable within one year			
II.1. Trade receivables	26.720	16.262	19.563
II.2. Receivables from subsidiaries	-	-	-
II.3. Prepaid income tax	2.068	1.156	557
II.4. Other taxes receivable	233	1.451	859
II.5. Other receivables	2.372	74	1.702
Total accounts receivable within one year	31.393	18.943	22.681
III. Other current assets	106	328	599
IV. Cash and cash equivalents	1.661	1.790	1.010
<b>Total current assets</b>	<b>54.397</b>	<b>45.324</b>	<b>45.441</b>
<b>Total assets</b>	<b>117.674</b>	<b>102.482</b>	<b>100.595</b>

Notes

	Group		
	As of 30 September 2006	As of 31 December 2005	As of 30 September 2005
<b>EQUITIES AND LIABILITIES</b>			
<b>C. Equity</b>			
I. Capital	19.834	19.834	19.834

II. Reserves			
II.1. Foreign currency translation reserve	55	(84)	(52)
II.2. Other reserves	1.983	1.983	1.983
Total reserves	2.038	1.899	1.931
III. Retained earnings (loss)	15.031	13.552	14.363
<b>Total equity</b>	<b>36.903</b>	<b>35.285</b>	<b>36.128</b>
Minority interest	1.077	1.206	1.277
<b>D. Accounts payable and liabilities</b>			
I. Liabilities and accounts payable in one year			
<b>I.1. Non-current borrowings</b>	31.127	25.892	31.414
<b>I.2. Leasing (financial lease) liabilities</b>	4.324		18
<b>I.3. Grants and subsidies</b>			
Total liabilities and accounts payable in one year	<b>35.451</b>	<b>25.892</b>	<b>31.432</b>
<b>II. Liabilities and accounts payable within one year</b>			
II.1. Current portion of non-current borrowings	11.613	11.048	8.388
II.2. Financial debts to credit institutions	3.819	1.267	
II.3. Current portion of non-current leasing (financial lease) liabilities	2	18	5
II.4. Trade payables	20.402	18.488	18.297
II.5. Other taxes payable	600	1.058	1.601
II.6. Accrued expenses and other current liabilities	7.807	8.220	3.467
<b>Total liabilities and accounts payable within one year</b>	<b>44.243</b>	<b>40.099</b>	<b>31.758</b>
<b>Total equity and liabilities</b>	<b>117.674</b>	<b>102.482</b>	<b>100.595</b>

### 13. Income (loss) statements according to IFRS (LTL thousand)

	Notes	Group	
		30-09-2006	30-09-2005
I. Sales income		122.116	132.168
II. Cost of sales		(101.533)	(102.051)

III. Gross profit (loss)	<b>20.583</b>	<b>37.375</b>	<b>30.117</b>
IV. Operating expenses	(12.873)	(27.810)	(18.919)
<b>V. Profit (loss) from typical operations</b>	<b>7.710</b>	<b>9.565</b>	<b>11.198</b>
VI. Other operating income (expenses) – net	810	1.268	760
VII. Income (expenses) from financial and investment activities - net	(1.540)	(1.056)	(1.157)
<b>VIII. Profit (loss) from ordinary operations</b>	<b>6.980</b>	<b>9.777</b>	<b>10.801</b>
IX. Result of subsidiaries	-	-	-
<b>X. Profit (loss) before tax</b>	<b>6.980</b>	<b>9.777</b>	<b>10.801</b>
XI. Income tax	(1.663)	(2.102)	(1.286)
<b>XII. Profit (loss) before minority share</b>	<b>5.317</b>	<b>7.675</b>	<b>9.515</b>
XIII. Share of annual result attributable to minority	129	73	(41)
<b>XIV. Net profit (loss)</b>	<b>5.446</b>	<b>7.748</b>	<b>9.474</b>
Basic and diluted earnings per share (in LTL)	0,27	0,39	0,48

## Statements of changes in equity (LTL thousands)

Group and company	Notes	Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Minority share	Total equity
<b>Balance as of 31 December 2003</b>		19.834	175	4.507	20.348	44.864	1.951	46.815
Dividends paid					(11.900)	(11.900)		(11.900)
Transferred from reserves				(2.524)	2.524			
Share sold							43	43
Reserve for acquisition of own shares				10.000	(10.000)			
Transfer to foreign currency reserve			(155)			(155)		(155)
Net profit for the year					10.032	10.032	(86)	9.946
<b>Balance as of 31 December 2004</b>		19.834	20	11.983	11.004	42.841	1.908	44.749
Application of IFRS 3 (write-off negative goodwill of UAB Šatrija)					2.097	2.097		2.097
<b>Restated balance as of 1 January 2005</b>		19.834	20	11.983	13.101	44.938	1.908	46.846
Transfers to foreign currency reserve			(72)			(72)		(72)
Reserve for own shares				(10.000)	10.000			
Bonuses paid					(360)	(360)		(360)
Dividends paid					(17.852)	(17.852)	(672)	(18.524)
Net profit for the year					9.474	9.474	41	9.515
<b>Balance as of 30 September 2005</b>		19.834	(52)	1.983	14.363	36.128	1.277	37.405
Negative goodwill								
Recovery of bonuses paid					360	360		360
Acquisition of minority share of subsidiaries					554	554	43	597
Transfers to foreign currency reserve			(32)			(32)		(32)
Net profit for the year					(1.725)	(1.725)	(114)	(1839)
<b>Balance as of 31 December 2005.</b>		19.834	(84)	1.983	13.552	35.285	1.206	36.491
Transfer to foreign currency reserve			139			139		139
Dividends paid					(3.967)	(3.967)		(3.967)
Net profit for the period					5.446	5.446	(129)	5217
<b>Balance as of 30 September 2006.</b>		19.834	55	1.983	15.031	36.903	1.077	37.980

## Cash flow statements (LTL thousand)

Notes	Group		
	30-09-2006	31-12-2005	30-09-2005
<b>I. Cash flows from operating activities</b>			
I.1. Net profit for the year	5.446	7.675	9.474
<b>Recovery of non-cash expenses (income):</b>			
I.2. Result of subsidiaries	-	-	-
I.3. Depreciation and amortisation	5.927	7.629	5.563
I.4. Impairment of non-current tangible assets and investment property		(54)	(80)
I.5. Negative goodwill		(457)	(5.536)
I.6. Change in minority share	(129)		(559)
I.7. (Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories	(195)	(912)	(806)
I.8. Impairment and write-off of accounts receivable		(81)	(1.827)
I.9. Impairment of inventories		(168)	85
I.10. Interest (income)	(120)	(64)	(50)
I.11. Interest expenses	1.455	1.376	821
I.12. Change in deferred income tax	(61)	162	
	12.323	15.106	7.085
<b>Changes in working capital</b>			
I.13. Decrease in inventories	3.159	(6.603)	(4.283)
I.14. Decrease (increase) in trade receivables	(10.458)	1.676	(1.945)
I.15. Decrease in other receivables	(1.457)	730	69
I.16. (Increase) in receivables from subsidiaries		-	-
I.17. Decrease (increase) in other current assets	395	730	(296)
I.18. Increase in trade and other accounts payable	1.914	7.823	7.632
I.19. (Decrease) increase in taxes payable and other current liabilities	871	(891)	(2.201)
<b>Net cash flows from operating activities</b>	<b>5 005</b>	<b>17.841</b>	<b>6.061</b>
<b>II. Cash flows from investing activities</b>			
II.1. (Acquisition) of non-current tangible assets (excl. investments)	(11.989)	(11.774)	(7.171)
II.2. Prepayments for and (acquisition) of intangible assets	(72)	(213)	
II.3. Transfer of non-current assets (excl. investments)		1.878	1.018
II.4. (Acquisition) of investments to subsidiaries, net of cash acquired in the Group		(2.841)	19
II.5. (Prepayments) for financial assets	(47)		(4.221)
II.6. Collection of loans granted	51	100	
II.7. Interest received	120	64	50
<b>Net cash flows from investing activities</b>	<b>(11.937)</b>	<b>(12.786)</b>	<b>(10.305)</b>
<b>III. Cash flows to financial activities</b>			
III.1. Cash flows related to company shareholders			
III.1.1. Dividends received			5.832
III.1.2. Dividends (paid)	(3.967)	(18.523)	(18.211)
	(3.967)	(18.523)	(12.379)

III.2. Cash flows related to other sources of financing			
III.2.1. Loans received	20.502	22.891	16.375
III.2.2. (Repayment) of loans	(8.277)	(8.336)	
III.2.3. Interest (paid)	(1.455)	(1.376)	(821)
	<u>10.770</u>	<u>13.179</u>	<u>15.554</u>
<b>Cash flows to financial activities</b>	<u>6.803</u>	<u>(5.344)</u>	<u>3.175</u>
<b>IV. Net (decrease) in cash flows</b>	(129)	(289)	(1.069)
<b>V. Cash and cash equivalents at the beginning of the period</b>	<u>1.790</u>	<u>2.079</u>	<u>2.079</u>
<b>VI. Cash and cash equivalents at the end of the period</b>	<u>1.661</u>	<u>1.790</u>	<u>1.010</u>

## 14. Explanatory note

## General information

AB Utenos Trikotažas (hereinafter „the Company“) is a public limited company registered in the Republic of Lithuania. The address of its registered office is as follows:

Basanavičiaus st. 122,  
Utena,  
Lithuania

The Company is engaged in production of knitted articles. The Company was registered on 6 December 1994. The Company's shares are traded on the Official List of the National Stock Exchange.

As of 30 September 2006 and 31 December 2005 the shareholders of the Company were:

	As of 30 September 2006		As of 31 December 2005	
	Number of shares held	Equity (percentage)	Number of shares held	Equity (percentage)
UAB koncernas SBA	10.115	51,00	10.115	51,00
Investment fund Amber Trust	3.000	15,13	3.000	15,13
East Capital Asset Management, Kungsgatan 30, Box 1364, Stockholm, Sweden Company code 556564-5370	1 991	10,04	1 991	10,04
Other shareholders	4.728	23,83	4.728	23,83
	<u>19.834</u>	<u>100,00</u>	<u>19.834</u>	<u>100,00</u>

All the shares are registered ordinary shares with a par value of LTL 1 each. As of 30 September 2006 and 31 December 2005 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

The Group consists of AB Utenos Trikotažas and the following subsidiaries (hereinafter “the Group”):

	Address of the registered office	Share of the stock held by the Group (percentage)			Cost of investment	Profit (loss) for the reporting year	Equity	Operating activities
		30 september 2006	31 December 2005	30 September 2005				
		AB Šatrija	Vilniaus st. 5, Raseiniai	89,78				
UAB Gotija	Laisvės ave. 33, Kaunas	90,50	90,50	90,50	240	7	305	Trading
OAD MTF Mrija	Motroso 13, Mukachov, Ukraine	91,85	91,85		5.567	(3.106)	731	Sewing of clothes
UAB Utenos Trikotažo Prekyba group	Basanavičiaus st. 122, Utena		100,00	100,00				, Trading

In January 2006 AB Utenos Trikotažas sold its subsidiary UAB Utenos Trikotažo Prekyba. In the reports as of 30 september 2006 UAB Utenos Trikotažo Prekyba is not included into the Group.

On 30 June 2006 the average number of employees of the Group was 1.984, while on 31 December 2005 it was 2.288

## 1 Form and contents of the financial statements

The present financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.



## 2. Consolidation

Consolidated financial statements are composed of AB Utenos Trikotažas and its subsidiaries' financial statements, which are stated at uniform accounting principles.

Consolidation of financial statements of subsidiaries is started from the moment when effective control is transferred to the Company and consolidation is ceased from the moment when the Company loses the control. 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 minority shareholders' interests are shown separately in the balance sheets and the income (loss) statements.

## 3. Segment information

The Company's main business segments are production of knitted articles, knitted and other clothes. The Group additionally provides sewing services (subsidiaries AB Šatrija and OAO MTF Mrija) and is engaged in retail and wholesale trade (subsidiaries UAB Utenos Trikotažo Prekyba, ZAO UTP Ukraina and UAB Gotija). The segment of other activities involves activities, other than those mentioned above.

### 30 September 2006

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	117.113	3.640	728	635	-	122.116
Internal sales of the Group	219	5.556		1.361	(7.136)	-
	117.332	9.196	728	1.996	(7.136)	122.116

### 30 September 2005

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	111.068	6.062	14.403	635	-	132.168
Internal sales of the Group	6.603	-	207	430	(7.240)	-
	117.671	6.062	14.610	1.065	(7.240)	132.168

**Segment information (continued)**

Grouping into geographical segments is made according to information distribution in the Group's internal management accounting system. Moreover, these geographical segments have certain typical characteristics.

**30 September 2006**

	<b>Western Europe</b>	<b>Lithuania and the Baltic States</b>	<b>Other regions</b>	<b>Elimination</b>	<b>Total</b>
Sales					
External sales of the Group	106.371	15.717	29		122.116
Internal sales of the Group	-	5.775	1.361	(7.136)	-
	<u>106.371</u>	<u>21.492</u>	<u>1.390</u>	<u>(7.136)</u>	<u>122.116</u>

**30 September 2005**

	<b>Western Europe</b>	<b>Lithuania and the Baltic States</b>	<b>Other regions</b>	<b>Elimination</b>	<b>Total</b>
Sales					
External sales of the Group	108.866	18.990	4.312	-	132.168
Internal sales of the Group	-	7.240		(7.240)	-
	<u>108.866</u>	<u>26.230</u>	<u>4.312</u>	<u>(7.240)</u>	<u>132.168</u>

All the Group's assets, except for the assets of subsidiaries ZAO UTP Ukraina and OAO MTF Mrija, which are located in the Republic of Ukraine, are located in the territory of the Republic of Lithuania. Intersegment transactions include transactions among business and among geographical segments. Such transactions are accounted at cost price plus certain profit margin. These transactions are eliminated in consolidation.

The Company's revenues from one client exceeding 10% of all sales as of 31 September 2006 was as follows:

<b>Client</b>	<b>Geographical segment</b>	<b>Percentage from total revenue (%)</b>
AB Hennes Mauritz	Western Europe	14

The Company's revenues from one client exceeding 10% of all sales as of 30 September 2005 was as follows:

<b>Client</b>	<b>Geographical segment</b>	<b>Percentage from total revenue (%)</b>
AB Hennes Mauritz	Western Europe	12

**4. Non-current intangible assets**

Prepayment for non-current intangible assets in the Group's balance sheets amounting to LTL 723 thousand Litas is made for installation works of accounting system software.

**5. Non-current tangible assets**

Depreciation of non-current tangible property amounts to LTL 6.365 thousand as of 30 September 2006, LTL 5.927 thousand are included into cost of sales in the Group's income (loss) statements. The rest amounts are included into the operating expenses in the income (loss) statements and into remaining reserve in the balance sheets.

Decrease in the value of non-current tangible assets calculated within the quarter and amounts of losses caused by value decrease are included into income (loss) statement as operating expenses.

**6. Inventories**

	Group		
	As of 30 September 2006	As of 31 December 2005	As of 30 September 2005
Raw materials	11.703	11.606	8.990
Production in progress	6.243	6.259	6.329
Finished production	2.955	4.161	2.076
Goods for resale	157	3.101	4.061
	<u>21.058</u>	<u>25.127</u>	<u>21.456</u>
Net realisable value decrease at the beginning of the year	(1.249)	(1.311)	(1.311)
Change in net realisable value decrease	910	62	487
Net realisable value decrease at the end of the year	<u>(339)</u>	<u>(1.249)</u>	<u>(824)</u>
	<u>20.719</u>	<u>23.878</u>	<u>20.632</u>

The acquisition cost of the Group's inventories accounted for at net realisable value as of 30 September 2006 amounted to LTL 20.719 thousand. Changes in the value decrease of inventories as of 30 September 2006 and 31 December 2005 have been included into operating expenses in the Group's income (loss) statement.

**7. Trade receivables**

	Group		
	As of 30 September 2006	As of 31 December 2005	As of 30 September 2005
Trade receivables, gross	26.870	16.479	20.280
Doubtful receivables value decrease at the beginning of the year	(217)	(298)	(298)
Change in doubtful receivables value decrease	67	81	(719)
Doubtful receivables value decrease at the end of the year	<u>(150)</u>	<u>(217)</u>	<u>(717)</u>
	<u>26.720</u>	<u>16.262</u>	<u>19.563</u>

Changes in decrease of doubtful receivables value as of 30 September 2006 and 31 December 2005 have been included into operating expenses in the Group's income (loss) statements.

**8. Cash and cash equivalents**

	Group		
	30 September 2006	31 December 2005	30 September 2005
Cash in bank and on hand	427	1.019	648
Deposits with a term of less than three months	1.234	771	362
	<u>1.661</u>	<u>1.790</u>	<u>1.010</u>

The subsidiary OAO MTF Mrija had a one-month deposit of LTL 129 thousand in the bank Prominvest

## 9. Reserves

Exchange differences are classified as shareholders' equity in the consolidated financial statements until the investment is realised.

Foreign translation differences are classified as shareholders' equity in the consolidated financial statements until the investment is sold.

Upon sale of the corresponding assets the cumulative translation reserve is transferred to retained result in the same period when the gain or loss on realization of the investment is recognized.

### Other reserves

The balances of other reserves as of 30 September 2006 and 31 December 2005 were as follows:

	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Legal reserve	1.983	1.983	1.983
Other reserves	-	-	-
	<b>1.983</b>	<b>11.983</b>	<b>1.983</b>

## 10. Borrowings

### Non-current borrowings

On 17 January 2002 AB Utenos Trikotažas signed a credit agreement with AB bankas Hansabankas amounting to EUR 9.274 (LTL 32.021 thousand). According to the amendment to the loan agreement signed on 01 March 2004 the loan repayment term expires on 31 December 2008. The loan bears an annual variable interest rate of 6-month LIBOR+1.05%. On 21 February 2005 the terms of the credit agreement were changed one more time: the credit amount was increased by additional EUR 724 thousand (LTL 2.500 thousand) and the final loan repayment term extended till 30 June 2009. On 12 May 2006 the bank granted additional credit amounting to EUR 1.158 thousand (LTL 4.000 thousand). The final credit repayment term is 28 February 2010.

As of 30 September 2006 the outstanding balance of the loan was LTL 25.063 thousand (LTL 25.744 thousand as of 31 December 2005)

On 15 April 2005 AB Utenos Trikotažas signed a credit agreement with AB SEB Vilniaus Bankas amounting to EUR 2.317 thousand (LTL 8.000 thousand). The loan repayment term expires on 15 April 2008. The loan bears an annual variable interest rate of 6-month EURLIBOR+1.05%.

As of 30 September 2006 the outstanding balance of the loan was EUR 1.545 thousand (LTL 5.333) (LTL 7.111 thousand as of 31 December 2005).

In addition to the loans listed above, the Group has 6 more loans taken from its subsidiaries.

In April 2005 AB Šatrija signed a credit line agreement with AB SEB Vilniaus Bankas. The loan bears an annual variable interest rate of 6-month EURLIBOR+1.05%. Utilized EUR 1.738 thousand (LTL 6.000 thousand). The loan term expires on 13 April 2007. As of 30 September 2006 LTL 2.999 thousand of the loan were utilized (LTL 3.990 thousand as of 31 December 2005).

As of 30 September 2006 OAO MTF Mrija had a non-current loan amounting to 12 thousand EUR (LTL 41 thousand) with the annual interest rate of 12%, term of repayment is 21 October 2008.

As of 30 September 2006 OAO MTF Mrija had a non-current loan amounting to 14 thousand EUR (LTL 49 thousand) term of repayment is 27 July 2009.

On 21 February 2006 the Company signed a credit line agreement with bank AB Azio. The loan bears an annual variable interest rate of 3-month EURLIBOR+4%. As of 30 September 2006 the outstanding balance of the loan was EUR 2.680 thousand (LTL 9.254 thousand), term of repayment is 19 November 2011.

AB Utenos Trikotažas has signed a leasing agreement with UAB Hanza Lizingas for the purchase of equipment with annual interest rate of 4.57%. As of 30 September 2006 the debt for the leasing company was LTL 4.324 thousand, term of repayment is 30 May 2012.

AB Šatrija had a debt for VB Lizingas amounting to LTL 5 thousand and with annual interest rate of 4.2%.

**SHORT-TERM LOANS**

On 21 February 2006 public limited liability company "MTF Mrija" concluded an agreement on short-term credit line with bank AB „Ažio“. Annual variable interest rate: 3 months EUROLIBOR + 4 per cent. The balance of the loan was EUR 820 thousand (2.831 thousand LTL) on 30 September 2006; the loan repayment date: 19 February 2007.

On 12 October 2005 the company concluded a credit agreement with AB SEB Vilniaus bankas, pursuant to which the Company extended the credit limit of 1.000 thousand LTL for the period 12 October 2005 to 10 October 2006. Annual interest rate: 6 months VILIBOR +1,05 per cent. The balance of the credit used was 988 thousand LTL on 30 September 2006 (913 thousand LTL on 31 December 2005).

**11. Accrued expenses and other short-term amounts payable**

	Group		
	30 September 2006	31 December 2005	30 September 2005
Debts to suppliers for long-term assets	987	2.304	991
Salaries and social security payable	2.659	2.362	1.720
Vacation reserve	1.410	2.297	1.710
Bonus payments to employees		144	
Other liabilities	2.751	1.113	646
	7.807	8.220	5.067

**12. Sales revenue**

	Group		
	30 September 2006	31 December 2005	30 September 2005
Revenue from sales of goods and services	117.846	170.944	125.580
Wearing-apparel industry	3.640	1.720	6.062
Sales of raw materials	630	663	526
	122.116	173.327	132.168

**13. Cost of sales**

	Group		
	30 September 2006	31 December 2005	30 September 2005
Raw materials	46.969	62.709	47.477
Wages	26.036	34.322	25.664
Other extra production expenses	26.542	38.196	28.365
Cost price of materials sold	1.986	725	545
	101.533	135.952	102.051

**14. Operating expenses**

	<b>Group Company</b>		
	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Selling expenses			
Expenses for maintenance of retail trading network	174	2.989	2.090
Salaries and social security	1.371	4.578	3.291
Other selling expenses	1.582	3.586	2.771
<b>Total selling expenses</b>	<b>3.127</b>	<b>11.153</b>	<b>8.152</b>
General and administrative expenses			
Wages and social security	3.915	5.812	4.101
Communications and consulting services	1.909	3.495	2.478
Taxes with the exception of tax on profit	963	1.301	838
Depreciation and amortisation	395	712	550
Change of decrease in value of stock	(1.191)	(31)	(65)
Bonuses	150	360	
Business trips	132	148	212
Charity and sponsorship	174	157	123
Other	3.299	4.703	2.530
<b>Total general and administrative expenses</b>	<b>9.746</b>	<b>16.657</b>	<b>10.767</b>
	<b>12.873</b>	<b>27.810</b>	<b>18.919</b>

**15. Revenue (expenses) from other operations – net result**

	<b>Group</b>		
	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Revenue from lease	498	345	264
Lease expenses	(208)	(459)	(347)
Other revenue (expenses)	520	1.382	843
	<b>810</b>	<b>1.268</b>	<b>760</b>

**16. Revenue (expenses) from financial and investing activities – net result**

	<b>Group</b>		
	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Currency exchange gain	51	440	391
Other revenue	909	320	132
Interest income	120	64	50
Interest (expenses)	(1.456)	(1.376)	(903)
Currency exchange (loss)	(640)	(197)	(85)
Other (expenses) of financial activities	(524)	(307)	(741)
	<b>(1.540)</b>	<b>(1.056)</b>	<b>(1.156)</b>

**17. Profit tax**

	<b>Group</b>		
	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Profit tax (expenses) of the current year	(1.320)	(2.024)	(1.886)
Profit tax, related to dividends, returned	6	84	600
Social tax	(349)		
Change of deferred profit tax		(162)	
Profit tax and social tax (expenses) included into Profit (Loss) Account	(1.663)	(2.102)	(1.286)

**18. Basic and decreased profit falling on a share**

Basic and decreased profit falling on a share reflects the net profit of the Group divided by the number of shares. Profit falling on a share is calculated as follows:

	<b>Group</b>		
	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Net profit for shareholders' appropriation	5.446	7.748	9.474
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	0,27	0,39	0,48

**19. Transactions of associated parties**

The amounts receivable by the Company from subsidiaries are as follows:

	<b>Group</b>		
	<b>30 September 2006</b>	<b>31 December 2005</b>	<b>30 September 2005</b>
Public limited liability company „Šatrija“	10	8	26
Public limited liability company „MTF Mrija“	1.727	1.666	
Private limited liability company „Utenos trikotažo prekyba“		3.158	3.438
Private limited liability company „Gotija“	37	30	33
	1.774	4.862	3.497

**15. Information on audit**

No audit for the accounting and financial statement of AB Utenos Trikotazas for the nine months of 2006 was carried out.

#### **IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES**



IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES.

27 .07.2006 The Board of AB "Utenos trikotažas" has approved results of activities for the 1st half-year of 2006.

According to the International Financial Reporting Standards unaudited net profit 4 715 thous. LTL (1 366 thous.EUR). Sales – 62 598 thous. LTL (18 130 thous. EUR).

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