



Utenos trikotažas

Report for the I Quarter-year of 2007

AB,, UTENOS TRIKOTAŽAS”
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE I QUARTEF –YEAR OF 2007

**12. Consolidated financial statements****Balance sheets under IFRS (LTL thousand)**

	Group		
	As of 31 March 2007	As of 31 December 2006	As of 31 March 2006
ASSETS			
A Non-current assets			
I. Non-current intangible assets			
I.1. Goodwill	2.523	2.523	2.622
I.2. Other intangible assets	429	451	97
I.3. Prepayments for non-current intangible assets	667	716	658
Total non-current intangible assets	3.619	3.690	3377
II. Non-current tangible assets			
II.1. Land and buildings	8.333	9.023	6.883
II.2. Structures and equipment	609	476	478
II.3. Vehicles and other non-current tangible assets	39.088	39.128	34.728
II.4. Construction in progress and prepayments	3.400	4.272	3.683
Total non-current tangible assets	51.430	52.899	48.772
III. Investment property	5.781	5.651	3.786
IV. Non-current financial assets			
V. Non-current receivables	1.166	1.167	1.148
VI. Deferred income tax asset	206	428	872
Total non-current assets	62.202	63.835	57.955
B Current assets			
I. Inventories, prepayments and contracts in progress			
I.1. Inventories	19.051	21.678	17.012
I.2. Prepayments	485	406	230
Total inventories, prepayments and contracts in progress	19.536	22.084	17.242
II. Accounts receivable within one year			
II.1. Trade receivables	28.061	23.724	24.185
II.2. Prepaid income tax	1.598	1.228	730
II.3. Other taxes receivable	936	2.944	1.948
II.4. Other receivables	1.844	53	154
Total accounts receivable within one year	32.439	27.949	27.017
III. Other current assets	350	142	68
IV. Cash and cash equivalents	441	1.526	2.280
Total current assets	52.766	51.701	46.607
Total assets	114.968	115.536	104.562



	Notes		
	Group As of 31 March 2007	As of 31 December 2006	As of 31 March 2006
EQUITIES AND LIABILITIES			
C. Equity			
I. Capital	19.834	19.834	19.834
II. Reserves			
II.1. Foreign currency translation reserve	(802)	(203)	3
II.2. Other reserves	1.983	1.983	1.983
Total reserves	1.181	1.780	1.986
III. Retained earnings (loss)	12.032	11.959	16.654
Total equity	33.047	33.573	38.474
Minority interest	1.089	1.084	1.206
D. Accounts payable and liabilities			
I. Liabilities and accounts payable in one year			
I.1. Non-current borrowings			
	25.444	26.370	28.277
I.2. Leasing (financial lease) liabilities			
	6.563	5.284	1.811
I.3. Grants and subsidies			
Total liabilities and accounts payable in one year	32.007	31.654	30.088
II. Liabilities and accounts payable within one year			
II.1. Current portion of non-current borrowings	16.497	13.716	12.287
II.2. Financial debts to credit institutions	986	3.720	923
II.3. Current portion of non-current leasing (financial lease) liabilities	911	871	12
II.4. Trade payables	18.841	20.943	15.279
II.5. Other taxes payable	638	792	1.018
II.6. Accrued expenses and other current liabilities	10.952	9.183	5.276
Total liabilities and accounts payable within one year	48.825	49.225	34.794
Total equity and liabilities	114.968	115.536	104.562



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

	Notes	Group		
		31-03-2007	2006	31-03-2006
I. Sales income		38.421	163.274	42.345
II. Cost of sales		(33.600)	(138.342)	(35.234)
III. Gross profit (loss)		4.821	24.932	7.111
IV. Operating expenses		(4.091)	(18.718)	(3.673)
V. Profit (loss) from typical operations		730	6.214	3.438
VI. Other operating income (expenses) – net		150	1.618	115
VII. Income (expenses) from financial and investment activities - net		(623)	(3.403)	150
VIII. Profit (loss) from ordinary operations		257	4.429	3.703
IX. Result of subsidiaries		-	-	-
X. Profit (loss) before tax		257	4.429	3.703
XI. Income tax		(179)	(2.335)	(601)
XII. Profit (loss) before minority share		78	2.094	3.102
XIII. Share of annual result attributable to minority		(5)	280	
XIV. Net profit (loss)		73	2.374	3.102
Basic and diluted earnings per share (in LTL)		0,00	0,12	0,16

**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
Balance as of 31 Decemberr 2005		19.834	(84)	1.983	13.552	35.285	1.206	36.491
Currency translation differences interest sold			87			87		87
Net profit for the year					3.102	3.102	(114)	3.102
Balance as of 31 March 2006		19.834	3	1.983	16.654	38.474	1.206	39.680
Dividends paid					(3.967)	(3.967)		(3.967)
Currency translation differences interest sold			(206)			(206)	43	(206)
Contributions by minority interest							158	158
Net profit for the year					(728)	(728)	(280)	(1.008)
Balance as of 31 December 2006		19.834	(203)	1.983	11.959	33.573	1.084	34.657
Transfer to foreign currency reserve			(599)			(599)		(599)
Net profit for the year					73	73	5	78
Balance as of 31 March 2007		19.834	(802)	1.983	12.032	33.047	1.089	34.136

**Cash flow statements (LTL thousand)**

	Notes	Group		
		31-03-2007	31-12-2006	31-03-2006
I. Cash flows from operating activities				
I.1. Net profit for the year		73	2.094	3.102
Recovery of non-cash expenses (income):				
I.2. Gain on disposal of subsidiary		-	(436)	-
I.3. Depreciation and amortisation		2.501	8.937	2.006
I.4. Impairment of non-current tangible assets and investment property			(698)	(361)
I.5. (Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories		(26)	(696)	(1.095)
I.6. Impairment and write-off of accounts receivable			(163)	(3)
I.7. Impairment of inventories			93	(21)
I.8. Interest (income)		(25)	(176)	(29)
I.9. Interest expenses		617	2.150	348
I.10. Income tax expenses		222	2.335	(61)
I.11. Foreign exchange loss on borrowings			785	
		3.362	14.225	3.886
Changes in working capital				
I.13. Decrease in inventories		2.548	(639)	6.866
I.14. Decrease (increase) in trade receivables		(4.337)	(7.382)	(7.923)
I.15. Decrease in other receivables		(1.791)		202
I.16. (Increase) in receivables from subsidiaries			-	-
I.17. Decrease (increase) in other current assets		1.430	(1.855)	415
I.18. Increase in trade and other accounts payable		(333)	9.189	(3.389)
I.19. (Decrease) increase in taxes payable and other current liabilities		(537)	600	(5.565)
I.20. Income tax paid			(1.943)	
Net cash flows from operating activities		342	12.195	(5.508)
II. Cash flows from investing activities				
II.1. Acquisition of non-current tangible assets		(2.317)	(13.364)	(40)
II.2. Prepayments for and (acquisition) of intangible assets		(50)	(524)	(17)
II.3. Transfer of non-current assets (excl. investments)		1.205	2.426	1.292
II.4. (Acquisition) of investments to subsidiaries, net of cash acquired in the Group			(507)	
II.5. (Prepayments) for financial assets				
II.6. Collection of loans granted				
II.7. Interest received		25	176	29
Net cash flows from investing activities		(1.137)	(11.793)	1.264



III. Cash flows to financial activities			
III.1. Cash flows related to company shareholders			
III.1.1. Dividends received			
III.1.2. Dividends (paid)			
		(3.967)	
		(3.967)	
III.2. Cash flows related to other sources of financing			
III.2.1. Loans received			
	3.451	17.283	5.085
III.2.2. (Repayment) of loans			
	(3.124)	(11.969)	
III.2.3. Interest (paid)			
	(617)	(2.150)	(348)
III.2.4. Contributions by minorities			
		158	
	(290)	13.179	4.734
	(290)	3.322	4.734
Cash flows to financial activities			
IV. Net (decrease) in cash flows			
	(1.085)	(243)	490
V. Cash and cash equivalents at the beginning of the period			
	1.526	1.790	1.790
Exchange losses on cash and cash equivalents			
		(21)	
VI. Cash and cash equivalents at the end of the period			
	441	1526	2.280



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 31 March 2007 and 31 December 2006 the shareholders of the Company were:

	As of 31 March 2007		As of 31 December 2006	
	Number of shares held	Equity (percentage)	Number of shares held	Equity (percentage)
UAB koncernas SBA	8.928	45,00	9.475	47,77
Investment fund Amber Trust	3.000	15,13	3.000	15,13
Other shareholders	7.906	39,87	7.359	37,10
	<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 31 March 2007 and 31 December 2006 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
		31						
		31 March 2007	December 2006	31 March 2006				
AB Šatrija	Vilniaus st. 5, Raseiniai	89,78	89,78	89,78	4.935	26	10.574	Sewing of clothes
UAB Gotija	Laisvės ave. 33, Kaunas	90,50	90,50	90,50	240	21	343	Trading
OAO MTF Mrija	Motroso 13, Mukachov, Ukraine	91,85	91,85	91,85	5.567	(1.252)	3.234	Sewing of clothes

On 31 March 2007 the average number of employees of the Group was 1.934, while on 31 December 2006 it was 1.969



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 (UAB Gotija). The segment of other activities involves activities, other than those mentioned above.

31 march 2007

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	37.795	64	124	438	-	38.421
Internal sales of the Group	92	3.266		621	(3.979)	-
	37.887	3.330	124	1.059	(3.979)	38.421

31 march 2007

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	40.616	1.087	175	467	-	42.345
Internal sales of the Group		1.087	57		(1.144)	-
	40.616	6.062	232	1.065	(1.144)	42.345

4. Non-current intangible assets

Prepayment for non-current intangible assets in the Group's balance sheets amounting to LTL 667 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 2.501 thousand as of 31 march 2007, LTL 2.366 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 31 March 2007	As of 31 December 2006	As of 31 March 2006
Raw materials	8.375	11.343	8.478
Production in progress	7.339	7.055	6.282
Finished production	3.288	3.385	2.849
Goods for resale	157	190	170
	19.159	21.973	17.779
Net realisable value decrease at the beginning of the year	(295)	(1.249)	(1.249)
Change in net realisable value decrease	187	954	482
Net realisable value decrease at the end of the year	(108)	(295)	(767)
	19.051	21.678	17.012

The acquisition cost of the Group's inventories accounted for at net realisable value as of 31 March 2007 amounted to LTL 19.051 thousand. Changes in the value decrease of inventories as of 31 March 2006 and 31 December 2006 have been included into operating expenses in the Group's income (loss) statement.

7. Trade receivables

	Group		
	As of 31 March 2007	As of 31 December 2006	As of 31 March 2006
Trade receivables, gross	28.061	23.746	24.402
Doubtful receivables value decrease at the beginning of the year	(22)	(217)	(298)
Change in doubtful receivables value decrease	22	195	81
Doubtful receivables value decrease at the end of the year		(22)	(217)
	28.061	23.724	24.185

Changes in decrease of doubtful receivables value as of 31 March 2007 and 31 December 2006 have been included into operating expenses in the Group's income (loss) statements.



Utenos trikotazas

Report for the I Quarter-year of 2007

8. Cash and cash equivalents

	Group		
	31 March 2007	31 December 2006	31 March 2006
Cash in bank and on hand	296	783	1.180
Deposits with a term of less than three months	145	743	1.100
	441	1.526	2.280

The subsidiary OAO MTF Mrija had deposit of LTL 145 thousand in the bank

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 31 March 2007 and 31 December 2006 were as follows:

	31 December		
	31 March 2007	2006	31 March 2006
Legal reserve	1.983	1.983	1.983
Other reserves	-	-	-
	1.983	11.983	1.983

10. Borrowings

Non-current borrowings

AB Utenos Trikotažas signed a credit agreement with AB bankas Hansabankas. The loan bears an annual variable interest rate of 6-month LIBOR+1.05%. The final credit repayment term is 28 February 2010. As of 31 March 2007 the outstanding balance of the loan was EUR 6.934 thousand (LTL 23.943)

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 31 March 2007 the outstanding balance of the loan was EUR 1.030 thousand (LTL 3.555)

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%. The loan term expires on 13 April 2007. As of 31 March 2007 was EUR 837 thousand (LTL 2.891)



As of 31 March 2007 OAO MTF Mrija had a non-current loan amounting to 61 thousand UAH (LTL 31 thousand) with the annual interest rate of 12%, term of repayment is 11 October 2008.

As of 31 March 2007 OAO MTF Mrija had a non-current loan amounting to 78 thousand UAH (LTL 40 thousand) term of repayment is 27 July 2009.

On 21 February 2006 the Company signed a credit line agreement with bank SEB Bank Ukraine. The loan bears an annual variable interest rate of 3-month EURLIBOR+4%. As of 31 March 2007 the outstanding balance of the loan was EUR 2.514 thousand (LTL 8.679 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 4.81%. As of 31 March 2007 the debt for the leasing company was 2.135 thousand EUR (LTL 7.373 thousand), term of repayment is 2013.

AB Šatrija had a debt for Nordea Finance amounting to LTL 59 thousand and with annual interest rate of 5.04 %.

SHORT-TERM LOANS

On 21 February 2006 public limited liability company "MTF Mrija" concluded an agreement on short-term credit line with bank SEB Bank Ukraine. Annual variable interest rate: 3 months EUROLIBOR + 4 per cent. The balance of the loan was EUR 823 thousand (2.845 thousand LTL) on 31 March 2007; 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 2006 to 12 October 2007. Annual interest rate: 6 months VILIBOR +1,05 per cent. The balance of the credit used was 986 thousand LTL on 31 March 2007

11. Accrued expenses and other short-term amounts payable

	Group		
	31 March 2007	31 December 2006	31 March 2006
Debts to suppliers for long-term assets	5.139	3.361	484
Salaries and social security payable	2.618	2.204	2.336
Vacation reserve	2.449	2.449	2.297
Bonus payments to employees		528	
Other liabilities	746	641	159
	<u>10.952</u>	<u>9.183</u>	<u>5.276</u>

12. Sales revenue

	Group		
	31 March 2007	31 December 2006	31 March 2006
Revenue from sales of goods and services	37.983	157.595	41.878
Wearing-apparel industry		5.022	
Sales of raw materials	438	657	467
	<u>38.421</u>	<u>163.274</u>	<u>42.345</u>



Utenos trikotažas

Report for the I Quarter-year of 2007

13. Cost of sales

	31 March 2007	Group 31 December 2006	31 March 2006
Raw materials	14.706	63.237	15.373
Wages	9.014	35.170	8.584
Other extra production expenses	9.456	39.522	10.903
Cost price of materials sold	424	413	374
	<u>33.600</u>	<u>138.342</u>	<u>35.234</u>

14. Operating expenses

	31 March 2007	Group Company 31 December 2006	31 March 2006
Selling expenses			
Expenses for maintenance of retail trading network	13	40	36
Salaries and social security	427	1.989	462
Other selling expenses	485	2.137	385
Total selling expenses	<u>925</u>	<u>4.166</u>	<u>883</u>
General and administrative expenses			
Wages and social security	1.279	5.668	1.199
Communications and consulting services	748	2.813	693
Taxes with the exception of tax on profit	396	1.321	227
Depreciation and amortisation	142	503	146
Change of decrease in value of stock	(249)		(382)
Bonuses		300	
Business trips	74	210	78
Charity and sponsorship	16	213	30
Other	760	3.524	799
Total general and administrative expenses	<u>3.166</u>	<u>14.552</u>	<u>2.790</u>
	<u>4.091</u>	<u>18.718</u>	<u>3.673</u>

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

	31 March 2007	Group 31 December 2006	31 March 2006
Revenue from lease	195	719	159
Lease expenses	(62)	(281)	70
Other revenue (expenses)	17	1.180	(114)
	<u>150</u>	<u>1.618</u>	<u>115</u>



Utenos trikotažas

Report for the I Quarter-year of 2007

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

	31 March 2007	Group 31 December 2006	31 March 2006
Foreign currency exchange gain(loss), net	(220)	(1.144)	(100)
Interest expenses		45	894
Interest income	25	176	29
Interest (expenses)	(617)	(2.150)	(348)
Prompt payment discounts given	(94)	(330)	(325)
	<u>(906)</u>	<u>(3.403)</u>	<u>150</u>

17. Profit tax

	31 March 2007	Group 31 December 2006	31 March 2006
Profit tax (expenses) of the current year	(179)	(1.958)	(601)
Profit tax, related to dividends, returned		6	
Social tax			
Change of deferred profit tax		(383)	
Profit tax and social tax (expenses) included into Profit (Loss) Account	(179)	(2.335)	(601)

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:

	31 March 2007	Group 31 December 2006	31 March 2006
Net profit for shareholders' appropriation	73	2.374	3.102
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	<u>0,00</u>	<u>0,12</u>	<u>0,16</u>

Managing Director at interim
of Utenos trikotažas, AB

Laimutis Žurauskas

Chief accountant

Reda Kučinskienė

