



Utenos trikotažas

AB UTENOS TRIKOTAŽAS

Report for the III Quarter-year of 2007

UTENA

To: Lithuanian Securities Commission
Konstitucijos ave.23
LT-08105 Vilnius, Lithuania

30-11-2007

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Gintaras Pileicikas, General Manager of Utenos trikotažas, AB, and Darius Varnas, Finance Manager of Utenos trikotažas, AB, hereby confirm that, the attached interim consolidated financial statements of Utenos trikotažas, AB for the nine months of 2007, prepared in accordance with 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 trikotažas, AB and the Group of undertakings.

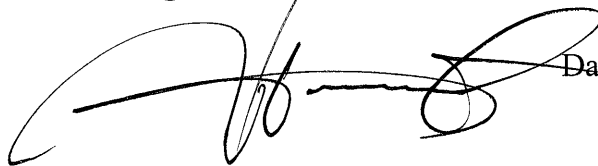
ENCLOSURE: Consolidated financial statements of Utenos trikotažas, AB for the nine months of 2007.

General Manager



Gintaras Pileicikas

Chief Accountant



Darius Varnas

Interim consolidated financial statements for the nine months of 2007
Balance sheets under IFRS (LTL thousand)

	Group		
	As of 30 september 2007	As of 31 December 2006	As of 30 september 2006
ASSETS			
A Non-current assets			
I. Non-current intangible assets			
I.1. Goodwill	4.534	2.523	2.622
I.2. Other intangible assets	324	451	115
I.3. Prepayments for non-current intangible assets	1.037	716	704
Total non-current intangible assets	5.895	3.690	3.441
II. Non-current tangible assets			
II.1. Land and buildings	9.044	9.023	8.505
II.2. Structures and equipment	634	476	430
II.3. Vehicles and other non-current tangible assets	37.939	39.128	39.992
II.4. Construction in progress and prepayments	114	4.272	3.601
Total non-current tangible assets	47.731	52.899	52.528
III. Investment property	5.616	5.651	5.289
IV. Non-current financial assets			
V. Non-current receivables	1.164	1.167	1.147
VI. Deferred income tax asset	491	428	872
Total non-current assets	60.897	63.835	63.277
B Current assets			
I. Inventories, prepayments and contracts in progress			
I.1. Inventories	22.621	21.678	20.719
I.2. Prepayments	406	406	518
Total inventories, prepayments and contracts in progress	23.027	22.084	21.237
II. Accounts receivable within one year			
II.1. Trade receivables	20.453	23.724	26.720
II.2. Prepaid income tax	2.306	1.228	2.068
II.3. Other taxes receivable	1.173	2.944	233
II.4. Other receivables	2.017	53	2.372
Total accounts receivable within one year	25.949	27.949	31.393
III. Other current assets	116	142	106
IV. Cash and cash equivalents	1.228	1.526	1.661
Total current assets	50.320	51.701	54.397
Total assets	111.217	115.536	117.674

Notes

	Group		
	As of 30 september 2007	As of 31 December 2006	As of 30 september 2006
EQUITIES AND LIABILITIES			
C. Equity			
I. Capital	19.834	19.834	19.834
II. Reserves			
II.1. Foreign currency translation reserve	(266)	(203)	55
II.2. Other reserves	1.983	1.983	1.983
Total reserves	1.717	1.780	2.038
III. Retained earnings (loss)	(1.293)	11.959	15.031
Total equity	20.258	33.573	36.903
Minority interest	940	1.084	1.077
D. Accounts payable and liabilities			
I. Liabilities and accounts payable in one year			
I.1. Non-current borrowings	36.662	26.370	31.127
I.2. Leasing (financial lease) liabilities	7.710	5.284	4.324
I.3. Grants and subsidies			
Total liabilities and accounts payable in one year	44.372	31.654	35.451
II. Liabilities and accounts payable within one year			
II.1. Current portion of non-current borrowings	13.669	13.716	11.613
II.2. Financial debts to credit institutions	3.833	3.720	3.819
II.3. Current portion of non-current leasing (financial lease) liabilities	431	871	2
II.4. Trade payables	18.031	20.943	20.402
II.5. Other taxes payable	501	792	600
II.6. Accrued expenses and other current liabilities	9.182	9.183	7.807
Total liabilities and accounts payable within one year	45.647	49.225	44.243
Total equity and liabilities	111.217	115.536	117.674

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

	Notes	Group		
		30-09-2007	2006	30-09-2006
I. Sales income		104.198	163.274	122.116
II. Cost of sales		(92.351)	(138.342)	(101.533)
III. Gross profit (loss)		11.847	24.932	20.583
IV. Operating expenses		(13.353)	(18.718)	(12.873)
V. Profit (loss) from typical operations		(1.506)	6.214	7.710
VI. Other operating income (expenses) – net		454	1.618	810
VII. Income (expenses) from financial and investment activities - net		(4.320)	(3.403)	(1.540)
VIII. Profit (loss) from ordinary operations		(5.372)	4.429	6.980
IX. Result of subsidiaries		-	-	-
X. Profit (loss) before tax		(5.372)	4.429	6.980
XI. Income tax		(88)	(2.335)	(1.663)
XII. Profit (loss) before minority share		(5.460)	2.094	5.317
XIII. Share of annual result attributable to minority		144	280	129
XIV. Net profit (loss)		(5.316)	2.374	5.446
Basic and diluted earnings per share (in LTL)		(0,27)	0,12	0,27

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			139			139		139
Dividends paid					(3.967)	(3.967)		(3.967)
Net profit for the year					5.446	5.446	(129)	5.317
Balance as of 30 September 2006		19.834	55	1.983	15.031	36.903	1.077	37.980
Currency translation differences interest sold			(258)			(258)		(258)
Contributions by minority interest							158	158
Net profit for the year					(3.072)	(3.072)	(151)	(3.223)
Balance as of 31 December 2006		19.834	(203)	1.983	11.959	33.573	1.084	34.657
Transfer to foreign currency reserve			(63)			(63)		(63)
Dividends paid					(7.936)	(7.936)		(7.936)
Net profit for the year					(5.316)	(5.316)	(144)	(5.460)
Balance as of 30 September 2007		19.834	(266)	1.983	(1.293)	20.258	940	21.198

Cash flow statements (LTL thousand)

	Notes		
	Group		
	30-09-2007	31-12-2006	30-09-2006
I. Cash flows from operating activities			
I.1. Net profit for the year	(5.316)	2.094	5.446
Recovery of non-cash expenses (income):			
I.2. Gain on disposal of subsidiary	-	(436)	-
I.3. Depreciation and amortisation	7.539	8.937	5.927
I.4. Impairment of non-current tangible assets and investment property	(163)	(698)	
I.5. (Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories	(49)	(696)	(195)
I.6. Impairment and write-off of accounts receivable	(8)	(163)	
I.7. Impairment of inventories	(122)	93	
I.8. Interest (income)	(67)	(176)	(120)
I.9. Interest expenses	2.360	2.150	1.455
I.10. Income tax expenses	88	2.335	(61)
I.11. Foreign exchange loss	1.671	785	
	<u>5.933</u>	<u>14.225</u>	<u>12.452</u>
Changes in working capital			
I.13. Decrease in inventories	(821)	(639)	3.159
I.14. Decrease (increase) in trade receivables	3.260	(7.382)	(10.458)
I.15. Decrease in other receivables	114	-	(1.457)
I.16. (Increase) in receivables from subsidiaries		-	-
I.17. Decrease (increase) in other current assets	(167)	(1.855)	266
I.18. Increase in trade and other accounts payable	(2.918)	9.189	1.914
I.19. (Decrease) increase in taxes payable and other current liabilities	(395)	600	(871)
I.20. Income tax paid	(1.164)	(1.943)	
Net cash flows from operating activities	<u>3.842</u>	<u>12.195</u>	<u>5.005</u>
II. Cash flows from investing activities			
II.1. Acquisition of non-current tangible assets	(4.385)	(13.364)	(11.989)
II.2. Prepayments for and (acquisition) of intangible assets	(2.384)	(524)	(72)
II.3. Transfer of non-current assets (excl. investments)	520	2.426	
II.4. (Acquisition) of investments to subsidiaries, net of cash acquired in the Group		(507)	
II.5. (Prepayments) for financial assets			(47)
II.6. Collection of loans granted			51
II.7. Interest received	67	176	120
Net cash flows from investing activities	<u>(6.182)</u>	<u>(11.793)</u>	<u>(11.937)</u>
III. Cash flows to financial activities			
III.1. Cash flows related to company shareholders			
III.1.1. Dividends received			
III.1.2. Dividends (paid)	(7.934)	(3.967)	(3.967)
	<u>(7.934)</u>	<u>(3.967)</u>	<u>(3.967)</u>
III.2. Cash flows related to other sources of financing			
III.2.1. Loans received			
III.2.2. (Repayment) of loans	20.743	17.283	20.502
	(8.398)	(11.969)	(8.277)

III.2.3. Interest (paid)		(2.150)	
III.2.4. Contributions by minorities	(2.360)	158	(1.455)
	<u>9.985</u>	<u>3.322</u>	<u>10.770</u>
Cash flows to financial activities	<u>2.051</u>	<u>(645)</u>	<u>6.803</u>
IV. Net (decrease) in cash flows	(289)	(243)	(129)
V. Cash and cash equivalents at the beginning of the period	<u>1.526</u>	<u>1.790</u>	<u>1.790</u>
Exchange losses on cash and cash equivalents	(9)	(21)	
VI. Cash and cash equivalents at the end of the period	<u><u>1.228</u></u>	<u><u>1526</u></u>	<u><u>1.661</u></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 2007 and 31 December 2006 the shareholders of the Company were:

	As of 30 September 2007		As of 31 December 2006	
	Number of shares held	Equity (percentage)	Number of shares held	Equity (percentage)
UAB koncernas SBA	9.508	47,94	9.475	47,77
Investment fund Amber Trust	2.700	13,61	3.000	15,13
Other shareholders	7.626	38,45	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 30 September 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 registered office	Share of the stock held by the Group (percentage)			Cost of investment	Operating activities
		30 September 2007	31 December 2006	30 September 2006		
AB Šatrija	Vilniaus st. 5, Raseiniai	89,78	89,78	89,78	4.935	Sewing of clothes
UAB Gotija	Laisvės ave. 33, Kaunas	90,50	90,50	90,50	240	Trading
OAO MTF Mrija	Motroso 13, Mukachov, Ukraine	98,95	91,85	91,85	7.579	Sewing of clothes

On August 2007 the Company purchased 7,096 % of shares of OAO MTF Mrija operating in Ukraine. The Company paid LTL 2,012 thousand for 36,406,770 OAO MTF Mrija shares with par value of UAH 0.01 each. increasing its ownership share to 98.95%

On 30 September 2007 the average number of employees of the Group was 1.917, 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.

30 September 2007

	Production Services		Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	99.249	3.134	642	1.173	-	104.198
Internal sales of the Group	4.087	7.410		1.647	(13.144)	-
	<u>103.336</u>	<u>10.544</u>	<u>642</u>	<u>2.820</u>	<u>(13.144)</u>	<u>104.198</u>

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)	-
	<u>117.332</u>	<u>9.196</u>	<u>728</u>	<u>1.996</u>	<u>(7.136)</u>	<u>122.116</u>

4. Non-current intangible assets

Prepayment for non-current intangible assets in the Group's balance sheets amounting to LTL 1.037 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 7.539 thousand as of 30 September 2007, LTL 7.144 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		30 As of 31 As of 30
	As of September 2007	As of December 2006	As of September 2006
Raw materials	8.623	11.343	11.703
Production in progress	7.248	7.055	6.243
Finished production	6.795	3.385	2.955
Goods for resale	128	190	157
	<u>22.794</u>	<u>21.973</u>	<u>21.058</u>

Net realisable value decrease at the beginning of the year	(295)	(1.249)	(1.249)
Change in net realisable value decrease	122	954	910
Net realisable value decrease at the end of the year	(173)	(295)	(339)
	<u>22.621</u>	<u>21.678</u>	<u>20.719</u>

The acquisition cost of the Group's inventories accounted for at net realisable value as of 30 September 2007 amounted to LTL 22.621 thousand. Changes in the value decrease of inventories as of 30 September 2007 and 31 December 2006 have been included into operating expenses in the Group's income (loss) statement.

7. Trade receivables

	Group As of September 2007	30 As of December 2006	31 As of September 2006	30
Trade receivables, gross	20.466	23.746	26.870	
Doubtful receivables value decrease at the beginning of the year	(22)	(217)	(217)	
Change in doubtful receivables value decrease	9	195	67	
Doubtful receivables value decrease at the end of the year	(13)	(22)	(150)	
	<u>20.453</u>	<u>23.724</u>	<u>26.720</u>	

Changes in decrease of doubtful receivables value as of 30 September 2007 and 31 December 2006 have been included into operating expenses in the Group's income (loss) statements.

8. Cash and cash equivalents

	Group 30 September 2007	31 December 2006	30 September 2006
Cash in bank and on hand	446	783	427
Deposits with a term of less than three months	782	743	1.234
	<u>1.228</u>	<u>1.526</u>	<u>1.661</u>

AB Utenos Trikotažas had deposit of LTL 782 thousand in the AB bankas Hansabankas

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 2007 and 31 December 2006 were as follows:

	30 September 2007	31 December 2006	30 September 2006
Legal reserve	1.983	1.983	1.983
Other reserves	-	-	-
	<u>1.983</u>	<u>11.983</u>	<u>1.983</u>

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 30 September 2007 the outstanding balance of the loan was EUR 9.999 thousand (LTL 34.523)

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 2007 the outstanding balance of the loan was EUR 1.493 thousand (LTL 5.156)

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 30 September 2007 was EUR 831 thousand (LTL 2.869)

As of 30 September 2007 OAO MTF Mrija had a non-current loan amounting to 44 thousand UAH (LTL 21 thousand) with the annual interest rate of 12%, term of repayment is 11 October 2008.

As of 30 September 2007 OAO MTF Mrija had a non-current loan amounting to 65 thousand UAH (LTL 32 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 30 September 2007 the outstanding balance of the loan was EUR 2.233 thousand (LTL 7.730 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 5.32%. As of 30 September 2007 the debt for the leasing company was LTL 8.092 thousand, term of repayment is 2013.

AB Šatrija had a debt for Nordea Finance for the purchase of equipment amounting to LTL 49 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 820 thousand (2.837 thousand LTL) on 30 September 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 996 thousand LTL on 30 September 2007

On 06 November 2006 the OAO "Mrija" company concluded a credit agreement with AB Utenos trikotažas", extended the credit of 1.000 thousand EUR. Annual interest rate: 6 per cent. The balance of the credit used was 1.000 thousand EUR (LTL 3.452 thousand) on 30 September 2007

On 30 August 2007 the AB Utenos trikotažas" company stepped into credit agreement with AB Šatrija, extended the credit of LTL 500 thousand. Annual interest rate: 5,57 per cent. The balance of the credit used was LTL 300 thousand on 30 September 2007.

11. Accrued expenses and other short-term amounts payable

	Group		
	30 September 2007	31 December 2006	30 September 2006
Debts to suppliers for long-term assets	4.371	3.361	987
Salaries and social security payable	2.197	2.204	2.659
Vacation reserve	2.360	2.449	1.410
Bonus payments to employees		528	
Other liabilities	254	641	2.751
	<u>9.182</u>	<u>9.183</u>	<u>7.807</u>

12. Sales revenue

	Group		
	30 September 2007	31 December 2006	30 September 2006
Revenue from sales of goods and services	100.122	157.595	117.841
Wearing-apparel industry	2.903	5.022	3.640
Sales of raw materials	1.173	657	635
	<u>104.198</u>	<u>163.274</u>	<u>122.116</u>

13. Cost of sales

	Group		
	30 September 2007	31 December 2006	30 September 2006
Raw materials	40.074	63.237	46.969
Wages	27.214	35.170	26.036
Other extra production expenses	23.947	39.522	26.542
Cost price of materials sold	1.116	413	1.986
	<u>92.351</u>	<u>138.342</u>	<u>101.533</u>

14. Operating expenses

	Group		
	30 September 2007	31 December 2006	30 September 2006
Selling expenses			
Expenses for maintenance of retail trading network	85	40	174
Salaries and social security	1.362	1.989	1.371

Other selling expenses	1.378	2.137	1.582
Total selling expenses	2.825	4.166	3.127
General and administrative expenses			
Wages and social security	4.061	5.668	3.915
Communications and consulting services	1.703	2.813	1.909
Taxes with the exception of tax on profit	1.431	1.321	963
Depreciation and amortisation	303	503	395
Change of decrease in value of stock	(168)		(1.191)
Bonuses		300	150
Business trips	146	210	132
Charity and sponsorship	123	213	174
Other	2.930	3.524	3.299
Total general and administrative expenses	10.528	14.552	9.746
	13.353	18.718	12.873

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

	Group		
	30 September 2007	31 December 2006	30 September 2006
Revenue from lease	521	719	498
Lease expenses	(171)	(281)	(208)
Other revenue (expenses)	104	1.180	520
	454	1.618	810

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

	Group		
	30 September 2007	31 December 2006	30 September 2006
Foreign currency exchange gain(loss), net	(1.647)	(1.144)	(589)
Interest expenses	71	45	909
Interest income	68	176	120
Interest (expenses)	(2.361)	(2.150)	(1.456)
Prompt payment discounts given	(451)	(330)	(524)
	(4.320)	(3.403)	(1.540)

17. Profit tax

	Group		
	30 September 2007	31 December 2006	30 September 2006
Profit tax (expenses) of the current year	(95)	(1.958)	(1.320)
Profit tax, related to dividends, returned	7	6	6
Change of deferred profit tax		(383)	(349)
Profit tax and social tax (expenses) included into Profit (Loss) Account	(88)	(2.335)	(1.663)

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:

	Group		
	30 September 2007	31 December 2006	30 September 2006
Net profit for shareholders' appropriation	(5.316)	2.374	5.446
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	<u>(0,27)</u>	<u>0,12</u>	<u>0,27</u>

19. Related party transactions

From subsidiaries of the Compani amounts receivable :

	Grupė		
	30 September 2007	31 December 2006	30 September 2006
AB " Šatrija "		8	10
UAB " Gotija "	80	129	37
OAO " MTF Mrija "	10.296	7.302	1.727
	<u>10.376</u>	<u>7.439</u>	<u>1.774</u>