



Utenos trikotažas

**UTENOS TRIKOTAŽAS, AB
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
CONSOLIDATED INTERIM REPORT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010
(UNAUDITED)**

Lithuanian Securities Commission
Konstitucijos pr. 23
LT-08105 Vilnius

2010-08-30

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 21 of 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, Nerijus Vilūnas, General Director of Utenos trikotazas, AB, and Chief Accountant Reda Kučinskienė, hereby confirm that, to the best of our knowledge, the unaudited consolidated financial statements of Utenos trikotazas, AB for the first half of 2010, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotazas, AB and the Group of undertakings. Also we confirm that by our knowledge Consolidated report for the first half of 2010 gives correct overview of business development and activities of AB Utenos trikotažas Group.

ENCLOSURE: Unaudited consolidated financial statements and internal consolidated report for the first half of 2010 of Utenos trikotazas AB.

General Director



Nerijus Vilūnas

Chief Accountant



Reda Kučinskienė

Consolidated financial statements

Balance sheets under IFRS (LTL thousand)

		Group		Company	
		2010.06.30	2009.12.31	2010.06.30	2009.12.31
	Notes				
ASSETS					
Non-current assets					
Intangible assets	6	4,321	4,084	706	827
Property, plant and equipment	7	23,016	24,381	16,277	18,336
Investment property	8	3,122	3,173	3,122	3,173
Investments into subsidiaries	9	-	-	11,396	11,396
Trade and other receivables		30	25	-	-
Receivables from subsidiaries	29	-	-	4,072	3,971
Deferred income tax asset	27	-	-	-	-
		30,489	31,633	35,573	37,703
Current assets					
Inventories	10	9,818	7,575	9,085	6,879
Trade receivables	11	7,631	7,646	5,792	6,269
Receivables from subsidiaries	29	-	-	9,152	8,859
Prepaid income tax		-	48	-	-
Other receivables	12	1,854	1,479	921	528
Cash and cash equivalents	14	1,544	2,161	672	1,492
		20,847	18,909	25,622	24,027
Non-current assets held for resale	13	3,043	3,106	-	-
		23,890	22,015	25,622	24,027
Total assets					
		54,379	53,678	61,195	61,730

Statements of financial position (cont'd)

		Group		Company	
		2010.06.30	2009.12.31	2010.06.30	2009.12.31
	Notes				
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	15	19,834	19,834	19,834	19,834
Foreign currency translation reserve		952	2,675	-	-
Other reserves	16	1,983	1,983	1,983	1,983
Accumulated losses/ retained earnings		(17,612)	(21,180)	(2,738)	(2,539)
		5,157	3,312	19,079	19,278
Minority interest		676	619	-	-
Total equity		5,833	3,931	19,079	19,278
LIABILITIES					
Non-current liabilities					
Borrowings	17	24,670	5,316	24,670	5,316
		24,670	5,316	24,670	5,316
Current liabilities					
Borrowings	17	11,630	30,628	5,243	23,712
Trade payables		6,163	6,356	5,741	5,933
Payables to subsidiaries	29	-	-	1,765	1,830
Accrued charges and other current liabilities	18	6,083	7,447	4,697	5,661
		23,876	44,431	17,446	37,136
Total liabilities		48,546	49,747	42,116	42,450
Total equity and liabilities					
		54,379	53,678	61,195	61,730

13. Statements of comprehensive income(LTL thousand)

Group

	Notes	01-06 of 2010	04-06 of 2010	01-06 of 2009	04-06 of 2009
Revenue	5,19	35,210	18,159	39,445	19,068
Cost of sales	20	(29,961)	(15,357)	(32,955)	(15,962)
Gross profit		5,249	2,802	6,490	3,106
Selling expenses	21	(1,087)	(532)	(1,083)	(508)
General and administrative expenses	21	(3,110)	(1,518)	(4,149)	(2,042)
Other income	22	215	97	242	117
Other expenses	23	(61)	(32)	(71)	(36)
Other gains/(losses) - net	24	195	148	38	23
Operating profit (loss)		1,401	965	1,466	660
Finance cost, net	25	2,224	1,404	(1,289)	(1,790)
Profit (loss) before income tax		3,625	2,369	(178)	(1,130)
Income tax expense	27	-	-	-	-
Profit (loss) for the year		3,625	2,369	(178)	(1,130)
Profit (loss) attributable to:					
Equity holders of the Company	28	3,568	2,326	179	(1,118)
Minority interest		57	43	(1)	(12)
		3,625	2,369	178	(1,130)
Other comprehensive income					
Foreign currency translation income		(1,723)	(1,040)	259	713
Other comprehensive income		(1,723)	(1,040)	259	713
Total comprehensive income (loss)		1,903	1,329	436	(417)
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(1,846)	1,286	437	(405)
Minority interest		57	43	(1)	(12)
		1,903	1,329	436	(417)
Basic and diluted loss per share for loss attributable to the equity holders of the Company (in LTL)	28	0.18	0.12	0.009	(0.06)

Statements of comprehensive income(LTL thousand)

Company

	Notes	01-06 of 2010	04-06 of 2010	01-06 of 2009	04-06 of 2009
Revenue	5,19	30,094	15,714	33,795	16,655
Cost of sales	20	(26,267)	(13,765)	(28,353)	(13,952)
Gross profit		3,827	1,949	5,442	2,703
Selling expenses	21	(893)	(442)	(838)	(385)
General and administrative expenses	21	(2,180)	(1,048)	(3,190)	(1,663)
Other income	22	154	77	154	76
Other expenses	23	(61)	(32)	(66)	(32)
Other gains/(losses) - net	24	-	8	29	22
Operating profit (loss)		847	512	1,531	721
Finance cost, net	25	(1,046)	(531)	(1,046)	(471)
Profit (loss) before income tax		(199)	(19)	485	250
Income tax expense	27	-	-	-	-
Profit (loss) for the year		(199)	(19)	485	250

Statements of changes in equity (LTL thousands)

Group and company	Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Minority share	Total equity
Balance as of 31 Decemberr 2008	19,834	1,965	1,983	(20,656)	3,126	667	3,793
Transfer to foreign currency reserve	-	259	-	-	259	-	259
Net profit for the year	-	-	-	178	178	(1)	177
	-	259	-	178	437	(1)	436
Balance as of 30 June 2009	19,834	2,224	1,983	(20,478)	3,563	666	4,229
Transfer to foreign currency reserve	-	451	-	-	451	-	451
Results Correction of 2008		-	-	478	478	-	478
Net profit for the year	-	-	-	(1,180)	(1,180)	(47)	(1,227)
	-	451	-	(702)	(251)	(47)	(298)
Balance as of 31 December 2009	19,834	2,675	1,983	(21,180)	3,312	619	3,931
Transfer to foreign currency reserve	-	(1,723)	-	-	(1,723)	-	(1,723)
Net profit for the year	-	-	-	3,568	3,568	57	3,624
Balance as of 30 June 2010	19,834	952	1,983	(17,612)	5,157	676	5,833

Statements of cash flows (LTL thousand)

	Notes	Group		Company	
		30 June		30 June	
		2010	2009	2010	2009
Cash flows from operating activities					
Profit (loss) for the year		3,625	177	(199)	485
Adjustments for non-cash items:					
Depreciation and amortization		3,210	3,595	2,580	2,840
Gain on disposal of property, plant and equipment and investment property	24	(214)	(28)	(3)	(24)
Impairment (reversal) of investments	9	(24)	-	-	-
Impairment and write-off (reversal) of inventories	21	(55)	193	(58)	245
Impairment and write-off (reversal) of accounts receivable	21	30	418	(7)	400
Interest income	25	(3)	(7)	(103)	(104)
Interest expenses	25	1,298	1,089	1,151	879
Foreign currency differences		(3,199)	117	-	-
Income tax expense	27	-	-	-	-
Changes in working capital:					
Decrease (increase) in inventories		(2,188)	2,155	(2,147)	1,702
Decrease (increase) in trade receivables		(15)	(212)	484	(1,984)
Decrease (increase) in receivables from subsidiaries		-	75	(713)	(103)
Decrease (increase) in other receivables and other current assets		(276)	912	(176)	1,053
Increase (decrease) increase in trade and other accounts payable		(193)	(7,132)	(257)	(3,054)
Increase (decrease) in taxes payable and other current liabilities		137	908	958	(976)
Cash generated from operations		2,133	2,260	1,510	1,359
Income tax paid		42	-	-	-
Net cash flows from operating activities		2,175	2,260	1,510	1,359
Cash flows from investing activities					
Acquisition of property, plant and equipment		(272)	-	(255)	-
Acquisition of intangible assets		(93)	-	(93)	-
Proceeds from sale of non-current assets		358	29	3	36
Interest received		3	7	-	104
Net cash flows generated from investing activities		(4)	36	(345)	140

Statements of cash flows (cont'd) (LTL thousand)

	Notes	Group		Company	
		30 June		30 June	
		2010	2009	2010	2009
Cash flows from financing activities					
Cash flows related to other sources of financing					
Proceeds from borrowings		-	-	-	498
Repayment of borrowings		(1,891)	(1,934)	(1,311)	(1,035)
Interest paid		(898)	(1,089)	(674)	(879)
		<u>(2,789)</u>	<u>(3,023)</u>	<u>(1,985)</u>	<u>(1,416)</u>
Net cash flows (used in) generated from financing activities		(2,789)	(3,023)	(1,985)	(1,416)
Net increase (decrease) in cash and cash equivalents		(618)	(727)	(820)	83
Cash and cash equivalents at the beginning of the year	14	2,161	1,799	1,492	117
Foreign exchange effect on the balance of cash and cash equivalents		-	-	-	-
Cash and cash equivalents at the end of the year	14	<u>1,543</u>	<u>1,072</u>	<u>672</u>	<u>200</u>

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 June 2010 and 31 December 2009 the shareholders of the Company were:

	As of 3 June 2010		As of 31 December 2009	
	Number of shares held	Equity (percentage)	Number of shares held	Equity (percentage)
UAB koncernas SBA	10.140	51,12	10.140	51,12
Investment fund Amber Trust	2.700	13,61	2.700	13,61
Other shareholders	6.994	35,27	6.994	35,27
	<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 June 2010 and 31 December 2009 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)		30 June 2009	Operating activities
		30 June 2009	31 December 2009		
AB Šatrija	Vilniaus st. 5, Raseiniai	89,78	89,78	89,78	Sewing of clothes
UAB Gotija	Laisvės ave. 33, Kaunas	90,50	90,50	90,50	Trading
OAD MTF Mrija	Motroso 13, Mukachov, Ukraine	98,95	98,95	98,95	Sewing of clothes

On 30 of June 2010 the average number of employees of the Group was 1.287, while on 31 of December 2009 it was 1.337 (on 30 of June 2009 – 1.430).

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 Group has three main business segments: production of knitted articles, production of working clothes and retail in knitted articles.

In assessing operational performance of segments the Group's Board takes into account the items of sales revenue, gross profit, adjusted EBIDTA, profit (loss), 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 priced on a 'cost plus' basis. These 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 financial position as of 30 June 2010 and in the statement of comprehensive income for the year then ended:

Segment information (continued)					
2010	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	30,525	4,425	260	-	35,210
Internal sales	1,613	-	-	(1,613)	-
Total revenue	32,138	4,425	260	(1,613)	35,210
Gross profit	4,348	792	98	11	5,249
Operating profit (loss)	1,196	217	(12)	-	1,401
Adjusted EBIDTA	4,028	498	(8)	-	4,518
Profit (loss) for the year	3,386	233	6	-	3,625

2009	Production of knitted articles	Production of working clothes	Retail in knitted articles	Eliminations	Total
External sales	33,825	5,324	296	-	39,445
Internal sales	1,978	-	-	(1,978)	-
Total revenue	35,803	5,324	296	(1,978)	39,445
Gross profit	5,777	614	99	-	6,490
Operating profit (loss)	1,519	4	(57)	-	1,466
Adjusted EBIDTA	4,796	331	(53)	-	5,074
Profit (loss) for the year	189	9	(20)	-	178

4. Non-current intangible assets

Amortization expenditure of Intangible assets is involved in general and administration expenditure item in Profit (loss) statement.

5. Non-current tangible assets

Depreciation of non-current tangible property amounts to LTL 3.210 thousand as of 30 June 2010, LTL 2.850 thousand and 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.

6. Inventories

	Group		Company	
	As of 30 June 2010	As of 31 December 2009	As of 30 June 2010	As of 31 December 2009
Raw materials	3,254	3,081	1,966	1,647
Production in progress	4,181	2,554	4,016	2,464
Finished production	3,853	3,497	3,592	3,342
Goods for resale	133	138	-	-
	11,241	9,270	9,574	7,453
Net realisable value decrease at the beginning of the year	(1,926)	(1,926)	(574)	(855)
Change in net realisable value decrease	323	231	85	(281)
Net realisable value decrease at the end of the year	(1,603)	(1,695)	(489)	(574)
	9,818	7,575	9,085	6,879

The acquisition cost of the Group's and Company's inventories accounted for at net realisable value as of 30 June 2010 amounted to LTL 1.500 and 1.508 thousand of 31 December 2009 to LTL 2 776 and 1 655 thousand. Changes in the value decrease of inventories as of 30 June 2010 and 31 December 2009 have been included into operating expenses in the Group's and Company's income (loss) statement.

7. Trade receivables

	Group		Company	
	As of 30 June 2010	As of 31 December 2009	As of 30 June 2010	As of 31 December 2009
Trade receivables, gross	8,527	8,505	6,616	7,101
Doubtful receivables value decrease at the beginning of the year	(859)	(866)	(832)	(853)
Change in doubtful receivables value decrease	(37)	7	8	21
Doubtful receivables value decrease at the end of the year	(896)	(859)	(824)	(832)
	7,631	7,646	5,792	6,269

Changes in decrease of doubtful receivables value as of 30 June 2010 and 31 December 2009 have been included into operating expenses in the Group's income (loss) statements.

8. Cash and cash equivalents

	Group		Company	
	As of 30 June 2010	As of 31 December 2009	As of 30 June 2010	As of 31 December 2009
Cash in bank and on hand	1,544	2,061	672	1,492
Deposits with a term of less than three months	-	100	-	-
	1,544	2,161	672	1,492

9. Reserves

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

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 June 2010 and 31 December 2009 were as follows:

	As of 30 June 2010	As of 31 December 2009	As of 30 June 2010	As of 31 December 2009
Legal reserve	1.983	1.983	1.983	1.983
Other reserves	-	-	-	-
	1.983	1.983	1.983	1.983

10. Borrowings

On 11 January 2010, an agreement on convertible bonds was entered into by the Company and Swedbank AB. Based on the 3 December 2009 decision of the extraordinary general shareholder meeting it was resolved to issue 50 units of convertible bonds with the nominal value in total of LTL 11,850 thousand (equivalent in EUR 3,432 thousand) by restructuring a part of the Company's finance lease liabilities to the finance lease company.

Based on the convertible bond agreement the Company is obliged to redeem bonds or exchange them for the shares of the Company under the terms and conditions established in the agreement. A nominal value of one bond is LTL 237 thousand (equivalent in EUR 69 thousand); a discounted value of one bond issue is LTL 112 thousand (equivalent in EUR 33 thousand); yield of the bond is 15 per cent of annual interest. The maturity term of bonds is 5 years; the maturity date is 12 January 2015.

In addition, an agreement on convertible bonds was entered into by the Company and the ultimate parent company Koncernas SBA UAB on 11 January 2010. Based on the 3 December 2009 decision of the extraordinary general shareholder meeting it was resolved to issue 16 units of convertible bonds with the nominal value in total of LTL 3,166 thousand (equivalent in EUR 917 thousand) by restructuring the Company's financial liabilities to the ultimate parent company.

Based on the convertible bond agreement the Company is obliged to redeem bonds or exchange them for the shares of the Company under the terms and conditions established in the agreement. A nominal value of one bond is LTL 198 thousand (equivalent in EUR 57 thousand); a discounted value of one bond issue is LTL 94 thousand (equivalent in EUR 27 thousand); yield of the bond is 15 per cent of annual interest. The maturity term of bonds is 5 years; the maturity date is 12 January 2015.

On 6 January 2010, the Company and Swedbank Lizingas UAB and Swedbank AB entered into the agreement on the performance of finance lease contracts and convertible bond agreements. The parties agreed to extend the settlement term of finance lease liabilities by 30 September 2014 and amend the payment schedules (based on the agreement, during 2010 the Company is committed to repay finance lease liabilities of LTL 3,930 thousand with the first payment due in April 2010). A new annual interest rate was agreed which was set at 6 month EURIBOR plus 4 per cent margin.

Moreover, starting from 1 June 2010 the Company is obliged to comply with the following indicators during the entire validity period of the agreements:

- 1) the Group's financial ratios: a) DSCR (debt servicing) ratio not lower than 1.2; b) debt to EBITDA ratio not higher than 4;
- 2) the Company's financial ratios: a) equity-to-total assets ratio not lower than 0.3; b) debt to EBITDA ratio not higher than 3.5.

On 30th of June 2010 the Company and the Group complied with the covenants mentioned above.

On 23 March 2010, the agreement on the pledge of assets to Swedbank AB was concluded based on which the Company's property, plant and equipment with the net book value of LTL 753 thousand as of 28 February 2010 was placed under a primary pledge and property, plant and equipment with the net book value of LTL 1,191 thousand as of 28 February 2010, inventories amounting to LTL 7,692 thousand, fixed assets owned by the subsidiary Šatrija AB with carrying value to LTL 3,297 thousand as of 31 December 2009 were placed under a secondary pledge.

	Group		Company	
	As of 30 June 2010	As of 31 December 2009	As of 30 June 2010	As of 31 December 2009
Current				
Short-term bank borrowings	-	-	-	-
Current portion of long-term bank borrowings	6,387	6,916	-	-
Current portion of finance lease liabilities	5,243	23,712	5,243	23,712
	11,630	30,628	5,243	23,712
Non-current				
Long-term bank borrowings	6,034	-	6,034	-
Finance lease liabilities	17,027	5,316	17,027	5,316
Other financial liabilities	1,609	-	1,609	-
	24,670	5,316	24,670	5,316
Total borrowings	36,300	35,944	29,913	29,028

11. Accrued expenses and other short-term amounts payable

	Group		Company	
	As of 30 June 2010	As of 31 December 2009	As of 30 June 2010	As of 31 December 2009
Debts to suppliers for long-term assets	2,617	3,661	2,248	3,096
Salaries and social security payable	1,558	1,344	1,121	994
Vacation reserve	1,478	1,437	1,031	1,031
Bonus payments to employees	252	350	252	300
Other liabilities	178	655	45	240
	6,083	7,447	4,697	5,661

12. Sales revenue

	01-06 of 2010	Group 04-06 of 2010	01-06 of 2009	04-06 of 2009
Revenue from sales of goods and services	34,984	18,080	39,285	19,001
Sales of raw materials	226	79	160	67
	35,210	18,159	39,445	19,068

	01-06 of 2010	Company 04-06 of 2010	01-06 of 2009	04-06 of 2009
Revenue from sales of goods and services	30,047	15,686	33,697	16,598
Sales of raw materials	47	28	98	37
	30,094	15,714	33,795	16,655

13. Cost of sales

	01-06 of 2010	Group 04-06 of 2010	01-06 of 2009	04-06 of 2009
Raw materials	10,185	5,662	12,302	5,790
Wages	10,760	5,468	11,558	6,026
Other extra production expenses	6,019	2,824	5,606	2,363
Depreciation and amortization	2,850	1,365	3,323	1,682
Costs of materials sold	147	38	166	101
	29,961	13,765	32,955	15,962

	01-06 of 2010	Company 04-06 of 2010	01-06 of 2009	04-06 of 2009
Raw materials	9,629	5,429	10,413	5,002
Wages	7,725	4,664	8,711	4,791
Other extra production expenses	6,594	2,567	6,462	2,709
Depreciation and amortization	2,303	1,096	2,661	1,357
Costs of materials sold	16	9	106	93
	26,267	15,357	28,353	13,952

14. Operating expenses

	01-06 of 2010	Group 04-06 of 2010	01-06 of 2009	04-06 of 2009
Selling expenses				
Expenses for maintenance of retail trading network	72	43	76	35
Salaries and social security	463	231	463	225
Other selling expenses	552	258	544	248
Total selling expenses	1,087	532	1,083	508
General and administrative expenses				
Wages and social security	1,338	680	1,149	546
Communications and consulting services	617	311	648	282
Taxes with the exception of tax on profit	327	206	361	175
Depreciation and amortization	191	95	231	115
Change of decrease in value of stock	(49)	(41)	588	292
Business trips	34	14	31	16
Charity and sponsorship	9	3	5	5
Other	643	250	1,136	611
Total general and administrative expenses	3,110	1,518	4,149	2,042
	4,197	2,050	5,232	2,550

	01-06 of 2010	Company 04-06 of 2010	01-06 of 2009	04-06 of 2009
Selling expenses				
Expenses for maintenance of retail trading network	6	2	7	3
Salaries and social security	360	184	345	166
Other selling expenses	527	256	486	216
Total selling expenses	893	442	838	385
General and administrative expenses				
Wages and social security	986	504	770	376
Communications and consulting services	448	259	482	231
Taxes with the exception of tax on profit	300	163	334	135
Depreciation and amortization	154	77	176	88
Change of decrease in value of stock	(74)	(93)	647	341
Business trips	20	5	19	10
Charity and sponsorship	9	3	5	5
Other	337	130	757	477
Total general and administrative expenses	2,180	1,048	3,190	1,663
	3,073	1,490	4,028	2,048

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

	01-06 of 2010	Group 04-06 of 2010	01-06 of 2009	04-06 of 2009
Revenue from lease	215	97	242	117
Lease expenses	(61)	(32)	(71)	(36)
Other revenue (expenses)	195	148	38	23
	349	213	209	104

	01-06 of 2010	Company 04-06 of 2010	01-06 of 2009	04-06 of 2009
Revenue from lease	154	77	154	76
Lease expenses	(61)	(32)	(66)	(32)
Other revenue (expenses)	-	8	29	22
	93	53	117	66

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

	Group			
	01-06 of 2010	04-06 of 2010	01-06 of 2009	04-06 of 2009
Foreign currency exchange gain (loss), net	3,519	2,071	53	(1,158)
Interest expenses	1	-	-	-
Interest income	2	-	7	4
Interest (expenses)	(1,298)	(667)	(1,089)	(516)
Prompt payment discounts given	-	-	(260)	(120)
	2,224	1,404	(1,289)	(1,790)

	Company			
	01-06 of 2010	04-06 of 2010	01-06 of 2009	04-06 of 2009
Foreign currency exchange gain (loss), net	2	-	(12)	2
Interest expenses	1	-	-	-
Interest income	103	57	104	52
Interest (expenses)	(1,151)	(588)	(879)	(407)
Prompt payment discounts given	(1)	-	(259)	(118)
	(1,046)	531	(1,046)	(471)

17. 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 per share is calculated as follows:

	Group			
	01-06 of 2010	04-06 of 2010	01-06 of 2009	04-06 of 2009
Net profit for shareholders' appropriation	3,568	2,326	179	(1,118)
Assessed number of shares (in thousand pcs.)	19,834	19,834	19,834	19,834
Basic and decreased profit falling on a share (in LTL)	0.18	0.12	0.01	(0.06)

	01-06 of 2010	Comapany 04-06 of 2010	01-06 of 2009	04-06 of 2009
Net profit for shareholders' appropriation	(199)	(19)	485	250
Assessed number of shares (in thousand pcs.)	19,834	19,834	19,834	19,834
Basic and decreased profit falling on a share (in LTL)	(0.01)	(0.001)	0.02	0.01



**UTENOS TRIKOTAŽAS, AB
CONSOLIDATED INTERIM REPORT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010**

1. Reporting period covered by the Annual Report

The Annual Report covers the period from 1 January 2010 to 30 June 2010. All amounts in the Annual Report present situation as at 30 June 2010, unless otherwise stated.

Further in this report Utenos Trikotazas AB can be referred to as the Company or the Issuer.

2. Issuer and its contact data

Company name	Utenos Trikotazas AB
Authorised share capital	LTL 19,834,442
Address	J. Basanavičiaus g. 122, Utena
Telephone	(389) 51 445
Fax	(389) 69 358
E-mail	utenos.trikotazas@ut.lt
Website	www.utenostrikotazas.lt
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 December 1994; reregistered with the Ministry of Economy of the Republic of Lithuania on 18 September 1998.
Registration code	BJ 98-257
Code of the Register of Legal Entities	183709468

3. Nature of the Issuer's operations

Utenos Trikotazas AB operates in the field of light industry. The Company's principal activity is production of knit-wear and textile articles.

The Company's profile of activities:

- production of knit-wear and textile articles;
- production of mass-consumption goods which is closely related to principal activities;
- retail and wholesale trade in own production and production of other companies in local and foreign markets;
- purchase-sale transactions of foreign trade;
- rendering of services to natural and legal persons.

4. Agreements with intermediaries of securities' public turnover

On 25 September 2005, the Issuer concluded a service agreement with the Department of Safe Custody Services of SEB Vilniaus Bankas AB (address Gedimino pr. 12, LT-01103 Vilnius). Under this agreement the accounting of the Issuer's securities is handled.

On 25 April 2007, the Issuer concluded an agreement with OMX Exchanges Ltd. on the system of service provision, disclosure and communication of information.

5. Information about trade in the Issuer's securities in regulated markets

The Company's shares are listed on the Official List of the National Stock Exchange, as well on the Baltic List of the Lithuanian, Latvian and Estonian stock market.

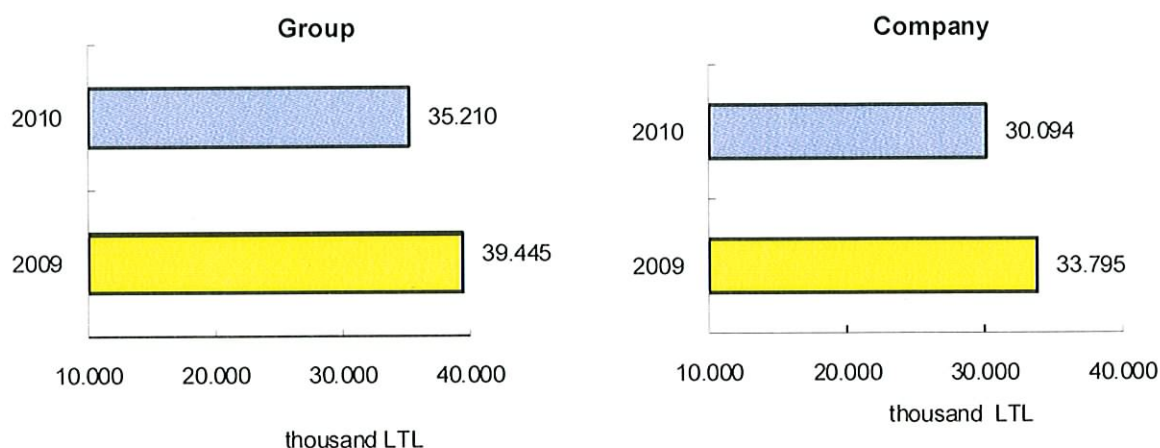
19,834,442 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is LTL 1.

6. Objective overview of the Company's financial position, performance and development, description of its exposure to key risks and contingencies

Trade

In the first half 2010, total sales of goods and services of the Company amounted to LTL 30,1 million. Trade volume decreased by LTL 3,7 million or by 11 per cent as compared to 2009. The Company's exports to Western Europe and other countries accounted for 88,9 per cent, whereas sales in Lithuania accounted for 11,1 per cent of total production.

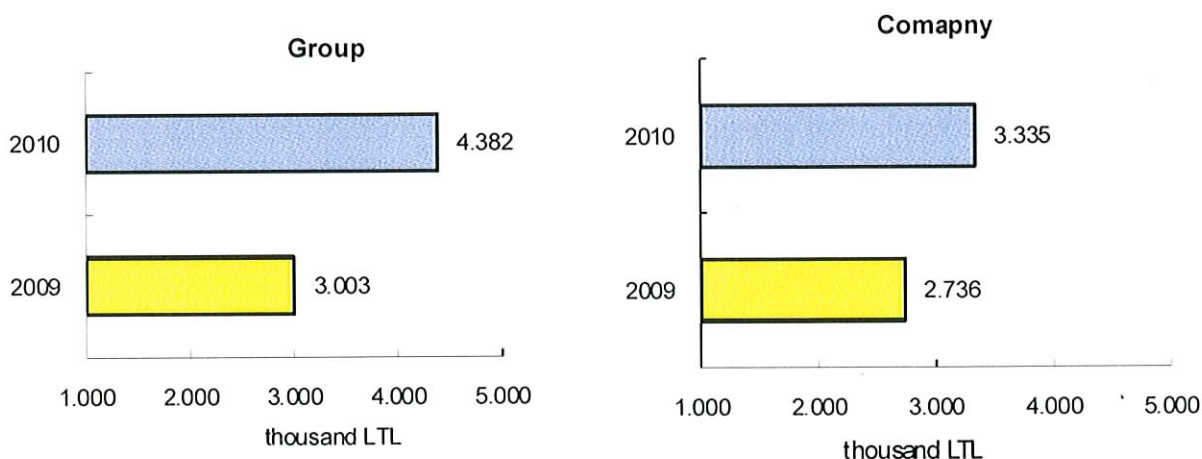
In the first half 2010, total sales of goods and services of the Group amounted to LTL 35,2 million. The exports accounted for 87,6 per cent, whereas sales in Lithuania accounted for 12,4 per cent of total production.



Lithuania

In the first half 2010, the Company sold 0,3 million knit-wear items in Lithuania totalling to LTL 3.3 million. Sales in Lithuania increased by LTL 0,6 million or 21,9 per cent.

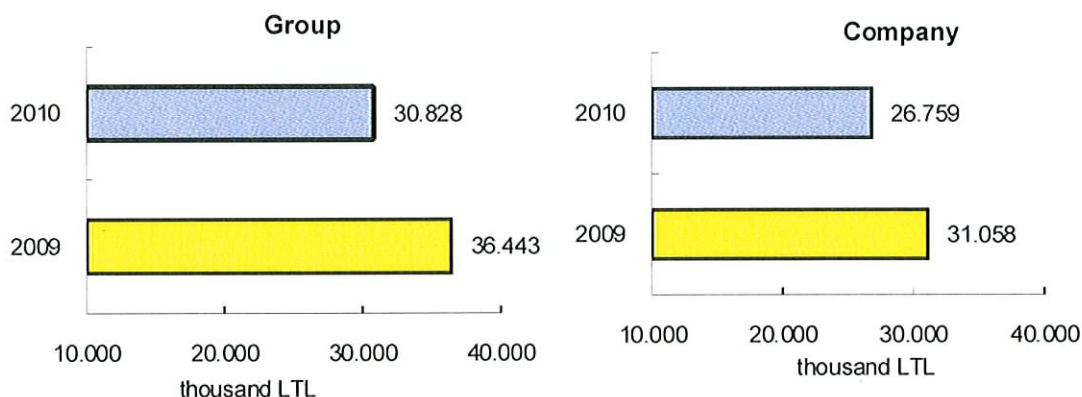
In the first half 2010, the Group's sales in Lithuania and other Baltic countries amounted to LTL 4,4 million, which is more by LTL 1,4 million as compared to 2009.



Export

In the first half 2010, the Company exported 2,4 million knit-wear items totalling to LTL 26,8 million. The Company's exports decreased by LTL 4,3 million or 13,8 per cent. Large retail chains from Western Europe remained as the major customers of the Company.

In the first half 2010, the Group's exports to Western Europe and other regions amounted to LTL 30,8 million, which is less by LTL 5,6 million as compared to 2009.



Production

In the first half 2010, the Company produced 2,6 million knit-wear items. The Company's subcontractors (including the company in Ukraine) produced 1,8 million knit-wear items or 69 per cent of total production volume.

In the first half 2010, Šatrija AB produced 0.064 million items.

In the first half 2010, OAO MTF Mrija produced 1 million items.

Investments

In the first half of 2010, the Group investments in new equipment and new technologies amounted to LTL 0,275 million including transactions within the Group.

In the first half of 2010, the Company's investments in equipment amounted to LTL 0,268 million: knitting machine "Monarch V-NY2" – LTL 162 thousand, sewing machines – LTL 17 thousand, grass cutting machine – LTL 14 thousand, repair works of the roof of the manufacturing premises – LTL 39 thousand and other.

In the first half of 2010, Šatrija AB invested LTL 0,007 million.

In the first half of 2010, OAO Mrija had made no investments.

In the first half of 2010, Gotija UAB had made no investments.

Development

The Group's research activities and decisions made are focused on potential development opportunities through the implementation of the Company's strategic goals. This involves improvement of production technologies, development of new materials attractive to the customers, development of own-design collections, certification of production processes, etc.

Risk factors related to the Issuer's operations

Key risk factors related to operations of Utenos Trikotažas AB include:

- Overall economic situation of Lithuania;
- Foreign currency fluctuations;
- Amendments to laws and legal acts of the Republic of Lithuania;
- Changes in accounting and tax regulations.

Economic factors. The Company's operations are dependent on state politics, political and economic developments in Lithuania or developments affecting Lithuania, i.e. political and economic developments in Ukraine. The Company and the Group use instruments ensuring that production is sold to reliable customers. A standard credit term for amounts receivable and payable varies from 30 to 60 days. The Company's and the Group's policy focuses on maintaining adequate amount of cash and cash equivalents or maintaining funding by keeping adequate credit lines available with the purpose of implementing commitments provided for in their strategic plans.

For several years in turn operations of Utenos Trikotažas AB have been successful. The Company continues to improve the management system according to EN ISO 9001, EN ISO 14001, SA 8000 and other relevant requirements.

Social risk factors. The Company focuses attention on improvement of working conditions, training of personnel, and qualification development.

Technical and technological risk factors The condition of the Company's major facilities is good and does not pose any risk to operations. Utenos Trikotažas AB regularly invests in renovation of facilities and introduction of the latest technologies. In 2010, the Company expects to allocate LTL 0.28 million for investments.

Ecological risk factors The environment management system meeting the requirements of ISO 14001 has been introduced at the Company. Key environmental strategic objectives include:

- Reduction of environmental pollution through efficient and economical use raw materials and energy resources;
- Reduction in waste volume, improvement of management of waste and chemical materials, reduction of use of dangerous chemical substances in the production process.

7. Analysis of financial and non-financial performance

Key performance indicators of Utenos Trikotažas AB:

Financial indicators	COMPANY		GROUP	
	01-06	01-06	01-06	01-06
Revenue (LTL '000)	30.094	33.795	35.210	39.445
Gross profit (LTL '000)	3.827	5.442	5.249	6.490
Gross profit margin (%)*	12,7	16,1	14,9	16,4
Operating profit (loss) (LTL '000)	847	1.531	1.401	1.466
Operating profit margin (%)**	2,8	4,5	4,0	3,7
EBITDA (LTL '000)	3.359	4.435	4.518	5.074

[*- Gross profit/Revenue*100;**- Operating profit (loss) / Revenue *100;]

Indicators	COMPANY		GROUP	
	01-06 2010	01-06 2009	01-06 2010	01-06 2009
Ratio of general short-term solvency (1)	1,47	1,48	0,87	0,94
Return on assets (2)	(0,003)	0,01	0,07	0,003
Net profitability (3)	(0,01)	0,01	0,10	0,004
Assets turnover (4)	0,49	0,51	0,65	0,67
Debt-to-equity ratio (5)	2,21	2,32	8,32	15,29
Book value per share (6)	0,96	1,01	0,29	0,18
General liquidity ratio (7)	0,95	1,12	0,46	0,62
Debt ratio (8)	0,69	0,70	0,89	0,93
Net earnings (deficit) per share (9)	(0,01)	0,02	0,18	0,01

[1-Current assets/Current liabilities;

2-Net profit/Total assets; 3- Net profit/Revenue*100;

4-Revenue/Total assets;

5- Total liabilities/Shareholders' equity;

6 - (Shareholders' equity – Preference share equity and preference share dividend)/Number of ordinary share;

7 - (Current assets – Inventory)/ Current liabilities;

8 – Total liabilities /Total assets;

9- (Net profit – Preference share dividend)/Weighted average ordinary shares outstanding]

8. References to and additional explanations of data presented in the financial statements

All financial data presented in this Annual Report is calculated in accordance with the International Financial Reporting Standards, endorsed for the application in the EU.

9. Information about own shares owned and acquired by the Company

During a reporting period the Company did not acquire own shares.

10. Significant events subsequent to the end of the previous financial year

12-01-2010 AB Utenos trikotažas signed the agreements to issue convertible bonds;

13-01-2010 The securities commission of the Republic of Lithuania announced decision;

13-01-2010 AB Utenos trikotažas signed the amendments to the financial lease agreements with AB „Swedbank lizingas“;

14-01-2010 Announced publishing dates in 2010 of the interim reports and audited consolidated report;

29-01-2010 Announced AB Utenos trikotažas unaudited operating results for the 4rd quarter and for 12 months of the year 2009;

26-02-2010 Announced interim consolidated financial statements for the year 2009 of AB Utenos trikotažas;

02-04-2010 Announced convocation of an ordinary general meeting of Utenos trikotažas shareholders;

07-04-2010 Announced draft decisions of the Annual General Meeting of Shareholders to be held on 28 April 2010;

28-04-2010 Announced decisions of the Annual General Meeting of Shareholders;

30-04-2010 Announced sales results for the first quarter of 2010 of AB Utenos trikotažas;

26-05-2010 Announced AB Utenos trikotažas operating results for the I quarter of 2010;

19-07-2010 Announced AB Utenos trikotažas sales results of II quarter and of half year of 2010.

11. The Company's operating plans and prospects

In first half of 2010, the Company plans to actively develop production and sales of ecological products and to develop the co-operation with customers demanding higher quality and sophisticated technology. Also, to maintain the close relations with existing long-lasting clients.

Note: the Company's operating plan for 2010 was approved at the Board's meeting held on 2 February 2010, Minutes No. 3.

12. Structure of the Issuer's authorised share capital

As at 30 June 2010, the Company's authorised share capital was comprised of 19,834,442 ordinary registered shares with a nominal value of LTL 1 each.

Utenos Trikotažas AB authorised share capital according to types of shares:

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Percentage in the authorised share capital (%)
Ordinary registered shares	19,834,442	1	19,834,442	100.00

All shares of Utenos Trikotažas AB are fully paid.

All shares of the Company are ordinary registered shares of one class granting equal rights to their holders (shareholders).

An ordinary registered share grants the following property rights to its holder (shareholder):

1. to receive a part of the Company's profit (dividend);
2. to receive a part of assets of the Company in liquidation;
3. to receive shares without payment if the authorised capital is increased out of the Company's funds, except in cases specified in the Law on Companies of the Republic of Lithuania;
4. to have the pre-emption right in acquiring shares or convertible debentures issued by the Company, except in cases when the General Meeting of Shareholders decides to withdraw the pre-emption right in the manner prescribed by the Lithuanian Law on Companies in acquiring the Company's newly issued shares or convertible debentures for all the shareholders;
5. to lend to the Company in the manner prescribed by law; however, when borrowing from its shareholders, the Company may not pledge its assets to the shareholders. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from negotiating a higher interest rate;
6. to transfer all or part of the shares into the ownership of other persons;
7. to force other shareholder to sell their shares to them or to force other shareholders to buy their shares from them in cases and manner prescribed by the Law on the Securities Market;
8. other property rights established by laws.

An ordinary registered share grants the following non-property rights to its holder (shareholder):

1. to attend the General Meetings of Shareholders;
2. to vote at General Meetings of Shareholders according to voting rights carried by their shares; One ordinary registered share carries one vote;
3. to receive information on the Company specified by laws;
4. to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed by laws or these Articles of Association as well as in other cases laid down by laws;
5. other non-property rights established by laws.

13. Restrictions on disposal of securities

There are no restrictions.

14. Shareholders

As at 30 June 2010, the total number of shareholders of Utenos Trikotažas AB was 1,248.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 30 June 2010.

Names of shareholders, types, registered addresses, company codes	Number of ordinary registered shares held	Share in the authorised capital (%)	Share of votes held (%)
Koncernas SBA UAB Laisvės pr.3, Vilnius company code 3220673	10 140	51,12	51,12
Amber Trust S.C.A.(SCA) Commandite par Actions 52route d'Esch 1-2965, Luxembourg	2 700	13,61	13,61
East Capital Asset Management, Kungsgatan 30,Box 1364, Stockholm, Sweden Code 556564-5370	2 109	10,63	10,63
Other shareholders	4 885	24,64	24,64

15. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

16. All restrictions regarding voting rights

There are no restrictions.

17. All mutual agreements between shareholders of which the Issuer is aware and due to which restrictions on transfer of securities and/or voting rights may be imposed.

There are no such agreements.

18. Personnel

Number of employees of Utenos Trikotažas AB by separate groups:

Group of employees	30/06/2010	30/06/2009
Managers and specialists	106	94
Managers whereof	3	5
Workers	704	727
Total	810	821

The groups of employees by education:

Group of employees	Groups of employees by education:					
	Higher education	Non-higher professional education	Vocational education	Secondary	Basic	Higher non-university
Managers	3	-	-	-	-	-
Specialists	75	15	1	1	-	9
Workers	14	216	155	239	58	24
Total	92	231	156	240	58	33

19. Amendment procedure of the Issuer's Articles of Association

The Articles of Association of the Company shall be amended by the decision of the General Meeting of Shareholders adopted in the manner prescribed by laws, except in cases specified in the Lithuanian Law on Companies. Following the decision by the General Meeting of Shareholders to amend the Company's Articles of Association, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting of Shareholders. Amendments to the Articles of Association were made on 17 December 2009.

20. Issuer's bodies

The Articles of Association of Utenos Trikotažas AB stipulate that the Company shall have the following bodies: the General Meeting of Shareholders, the Board and the General Manager. The Supervisory Board shall not be set up at the Company.

The Company's Board shall be granted all powers stipulated in the Company's Articles of Association including powers assigned to it by laws. The Board shall deal with deliberation of collegial issues and decision making.

The Board shall deliberate and approve the Company's operating strategy, management structure and job descriptions of employees. The Board shall elect and remove from office the Company Manager, fix his salary and set other terms of the employment contract. The Board shall specify information classified as the Company's commercial secret. The Board shall analyse and assess the Company's draft annual and consolidated financial statements and proposed profit (loss) appropriation and shall submit them to the General Meeting of Shareholders. The Board shall pass other decisions assigned within its powers by legal acts, by the Company's Articles of Association and by the decisions of the General Meeting of Shareholders. The Board shall have a responsibility of convening and arranging the General Meetings of Shareholders in due time.

The Board of Utenos Trikotažas AB shall be composed of 4 members elected for the period of 4 years.

The Board of Utenos Trikotažas AB was elected during the Meeting of Shareholders on 29 April 2009 for the period of 4 years (until 29 April 2013). According to the Articles of Association of Utenos Trikotažas AB the Company's Board shall be composed of 4 members. On 29 April 2009, the following members of the Board were elected: Algirdas Šabūnas, Robertas Beržinskas, Gintautas Rudis and Vytautas Vaškys.

21. Members of the collegial bodies, the Company Manager, the Chief Financial Officer

As at 30 June 2010:

Position	Name, surname	Number of the Issuer's shares held	Beginning of the term of office	End of the term of office
Board				
Chairman of the Board	Algirdas Šabūnas	-	2009.04.29	2013.04.29
Member of the Board	Gintautas Rudis	111	2009.04.29	2013.04.29
Member of the Board	Robertas Beržinskas	-	2009.04.29	2013.04.29
Member of the Board	Vytautas Vaškys	10	2008.01.29	2013.04.29
Head of Administration and the Chief Financial Officer				
General Manager	Nerijus Vilūnas	-	2008.09.17	-
Chief Accountant	Reda Kučinskienė	-	2008.01.14	-

In first half of 2010, no loans, guarantees, surety ships were issued and no assets were disposed to members of the Company's Board and Administration. In first half of 2010, the aggregate remuneration of the Company General Manager and the Chief Accountant amounted to LTL 153,1 thousand.

The Company has concluded no agreements with members of bodies or employees that would define their compensation in case of their resignation or dismissal without a sound reason or in case of termination of their employment as a result of the change in the control of the Company.

22. Information about significant agreements

The Company has concluded no significant agreements in which the Company is a party to and which would come into effect, change or terminate as a result of the change in the control of the Company.

23. Information about the compliance with the Governance Code

Utenos Trikotažas AB confirms its substantial compliance with the principles of the Governance Code approved by the Vilnius Stock Exchange for the companies listed on the regulated market.

24. Information about transactions with related parties

Results of transactions with related parties performed in first half of 2010 are disclosed in the notes to the financial statements of AB Utenos Trikotažas for the period ended as at 30 June 2010.

25. Data on publicly announced information

The Company announces information on significant events (as well as other information required by laws) through the system of information disclosure and communication OMX Company News Service. Publicly announced information is also available on the Company's website at www.utenostrikotazas.lt and on the website of the AB NASDAQ OMX Vilnius at www.baltic.omxgroup.com.

26. General information on the Group of companies

26.1. Companies that constitute the Group, their contact data and principle activities

Company name	Šatrija AB
Legal form	Public company
Date and place of incorporation	1955m. Vilniaus 5, 4400 Raseiniai
Company code	172285032
Address	Vilniaus 5, 4400 Raseiniai
Telephone	8 (428) 70611
Fax	8 (428) 70611
E-mail	raseiniai@satrija.lt
Website	www.satrija.lt
Principal activities	Sewing of clothes
Company name	ОАО Мукачевська Трикотажна Фабрика Мрія
Legal form	Open public company
Date and place of incorporation	1971m. Matrosova 13, 89600 Mukačevo, Ukraine
Company code	00307253
Address	Matrosova 13, 89600 Mukačevo, Ukraine
Telephone	+ 380 (3131) 52780
Fax	+380 (3131) 52780
E-mail	mriya@mk.ukrtel.net
Website	none
Principal activities	Production of knit-wear articles

Company name	Gotija UAB
Legal form	Private company
Date and place of incorporation	1994m. Laisvės al. 33, Kaunas
Company code	134181619
Address	Laisvės al. 33, Kaunas
Telephone	8 (37) 205879
Fax	8 (37) 205879
E-mail	None
Website	None
Principal activities	Retail trade in clothes

26.2. Agreements concluded between the Issuer and brokerage firms and/or credit institutions providing investing services and/or conducting investing activity

Subsidiaries Šatrija AB, OAO Mukačevska Trikotažnaja Fabrika Mrija, Gotija UAB do not trade in securities in regulated markets.

26.3. Trade in securities of the Group companies in regulated markets

Subsidiaries Šatrija AB, OAO Mukačevska Trikotažnaja Fabrika Mrija, Gotija UAB do not trade in securities in regulated markets.

General Director Nerijus Vilūnas



30 August 2010