



Utenos trikotažas

**AB UTENOS TRIKOTAŽAS
REPORT FOR THE FIRST HALF-YEAR 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 I half-year 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	utenos.trikotazas@ut.lt
Internet website	www.utenostrikotazas.lt
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 1182 shareholders on the 30th of June 2006.

7.1. Table. The shareholders who on the 30th of June 2006 held or possessed by the right of ownership more than 5 per cent of the Issuer's authorized capital¹.

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

¹ 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.

9.1. Trade of the issuer's securities in markets and other organized markets

9.1.1 Trade in Vilnius Stock Exchange.

9.1.2. Table. Trade of AB Utenos Trikotažas' ordinary registered shares in central market of Vilnius Stock Exchange.

Accounting period	Price, LTL			Turnover, LTL			Date of last session	Total turnover	
	max.	min.	as of last session	max.	min.	as of last session		units	LTL
2005, quarter I	10,75	8,25	9,20	1550785	0,00	250315,7	31 03 2005	607 925	5851478,91
2005, quarter II	9,30	8,20	8,49	253265	0,00	17136,60	30 06 2005	116 028	1007590,33
2005, quarter III	11,10	8,11	10,60	345869	0,00	10600,00	30 09 2005	946 831	9814321,39
2005, quarter IV	10,65	8,50	8,96	165250	0,00	3 606,50	30 12 2005	104 249	1001413,52
2006, quarter I	8,75	6,5	7,7	85271	0,00	11 110,40	31 03 2006	104823	601 077,52
2006, quarter II	7,99	6,10	6,00	116 080	0,00	2058,00	30 06 2006	197 910	1 264 976,2

9.1.2. Table. Trade of AB Utenos Trikotažas' ordinary registered shares by direct transactions.

Accounting period	Price, AVE, LTL	Turnover	
		Units	LTL
2006, first half-year	-	-	-

9.2. Trade in other exchanges.

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
MANAGEMENT BOARD			
Arūnas Martinkevičius Personal No 36205250800	Chairman	-	-
Regina Sajienė Personal No 45510310123	Member	-	-
Martynas Česnavičius Personal No 37212090078	Member	-	-
ADMINISTRATION			
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	
	OAO 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	-	-
L. Žurauskas	-	-
D.Brašiškienė	-	-
D.Varnas	-	
Valda Gylienė	-	-

III. FINANCIAL POSITION.

12. Consolidated financial statements

Balance sheets under IFRS (LTL thousand)

	Group		
	As of 30 June 2006	As of 31 December 2005	As of 30 June 2005
	Notes		
	Group		
ASSETS			
A Non-current assets			-
I. Non-current intangible assets			
I.1. Goodwill	2.622	2.622	1.422
I.2. Other intangible assets	98	137	190
I.3. Prepayments for non-current intangible assets	723	641	588
Total non-current intangible assets	3.443	3.400	2.200
II. Non-current tangible assets			
II.1. Land and buildings	9.051	13.605	11.732
II.2. Structures and equipment	466	498	456
II.3. Vehicles and other non-current tangible assets	36.947	35.403	30.786
II.4. Construction in progress and prepayments	2.946	1.359	3.649
Total non-current tangible assets	49.410	50.865	46.623
III. Investment property	5.393	931	
IV. Non-current financial assets	47		2.997
V. Non-current receivables	1.100	1.151	
VI. Deferred income tax asset	872	811	973
Total non-current assets	60.265	57.158	52.793
B Current assets			
I. Inventories, prepayments and contracts in progress			
I.1. Inventories	18.182	23.878	19.549
I.2. Prepayments	475	385	510
Total inventories, prepayments and contracts in progress	18.657	24.263	20.059
II. Accounts receivable within one year			
II.1. Trade receivables	27.121	16.262	21.225
II.2. Receivables from subsidiaries	-	-	-
II.3. Prepaid income tax	1.807	1.156	
II.4. Other taxes receivable	1.656	1.451	1.178
II.5. Other receivables	26	74	1.819
Total accounts receivable within one year	30.610	18.943	24.222
III. Other current assets	140	328	609
IV. Cash and cash equivalents	1.620	1.790	1.452
Total current assets	51.027	45.324	46.342
Total assets	111.292	102.482	99.135

	Notes		
	Group		
	As of 30 June 2006	As of 31 December 2005	As of 30 June 2005
EQUITIES AND LIABILITIES			
C. Equity			
I. Capital	19.834	19.834	19.834
II. Reserves			
II.1. Foreign currency translation reserve	(181)	(84)	54
II.2. Other reserves	1.983	1.983	1.983
Total reserves	1.802	1.899	2.037
III. Retained earnings (loss)	14.172	13.552	12.922
Total equity	35.808	35.285	34.793
Minority interest	1.140	1.206	1.166
D. Accounts payable and liabilities			
I. Liabilities and accounts payable in one year			
I.1. Non-current borrowings	31.224	25.892	34.077
I.2. Leasing (financial lease) liabilities	3.602		18
I.3. Grants and subsidies			
Total liabilities and accounts payable in one year	34.826	25.892	34.095
II. Liabilities and accounts payable within one year			
II.1. Current portion of non-current borrowings	11.217	11.048	7.172
II.2. Financial debts to credit institutions	3.078	1.267	
II.3. Current portion of non-current leasing (financial lease) liabilities	7	18	10
II.4. Trade payables	18.396	18.488	16.249
II.5. Other taxes payable	1.531	1.058	
II.6. Accrued expenses and other current liabilities	5.289	8.220	5.650
Total liabilities and accounts payable within one year	39.518	40.099	29.081
Total equity and liabilities	111.292	102.482	99.135

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

	Notes	Group		
		30-06-2006	2005	30-06-2005
I. Sales income		80.800	173.327	90.869
II. Cost of sales		(66.698)	(135.952)	(69.663)
III. Gross profit (loss)		14.102	37.375	21.206
IV. Operating expenses		(8.165)	(27.810)	(12.792)
V. Profit (loss) from typical operations		5.937	9.565	8.414
VI. Other operating income (expenses) – net		427	1.268	642
VII. Income (expenses) from financial and investment activities - net		(606)	(1.056)	(219)
VIII. Profit (loss) from ordinary operations		5.758	9.777	8.837
IX. Result of subsidiaries		-	-	-
X. Profit (loss) before tax		5.758	9.777	8.837
XI. Income tax		(1.237)	(2.102)	(734)
XII. Profit (loss) before minority share		4.521	7.675	8.103
XIII. Share of annual result attributable to minority		66	73	(70)
XIV. Net profit (loss)		4.587	7.748	8.033
Basic and diluted earnings per share (in LTL)		0,23	0,39	0,41

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 December 2003		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
Balance as of 31 December 2004		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
Restated balance as of 1 January 2005		19.834	20	11.983	13.101	44.938	1.908	46.846
Transfers to foreign currency reserve			34			34		34
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					8.033	8.033	(70)	7.963
Balance as of 30 June 2005		19.834	54	1.983	12.922	34.793	1.166	35.959
Negative goodwill								
Recovery of bonuses paid					360	360		360
Acquisition of minority share of subsidiaries					554	554	43	597
Transfers to foreign currency reserve			(138)			(138)		(138)
Net profit for the year					(284)	(284)	(3)	(287)
Balance as of 31 December 2005.		19.834	(84)	1.983	13.552	35.285	1.206	36.491
Transfer to foreign currency reserve			(97)			(97)		(97)
Dividends paid					(3.967)	(3.967)		(3.967)
Net profit for the period					4.587	4.587	(66)	4.521
Balance as of 31 June 2006.		19.834	(181)	1.983	14.172	35.808	1.140	36.948

Cash flow statements (LTL thousand)

	Notes	Group		
		30-06-2006	31-12-2005	30-06-2005
I. Cash flows from operating activities				
I.1.		4.587	7.675	8.033
	Recovery of non-cash expenses (income):			
I.2.	Result of subsidiaries	-	-	-
I.3.	Depreciation and amortisation	4.070	7.629	3.660
I.4.	Impairment of non-current tangible assets and investment property		(54)	(80)
I.5.	Negative goodwill		(457)	(2.181)
I.6.	Change in minority share			(70)
I.7.	(Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories	(230)	(912)	105
I.8.	Impairment and write-off of accounts receivable		(81)	(185)
I.9.	Impairment of inventories		(168)	85
I.10.	Interest (income)	(72)	(64)	(32)
I.11.	Interest expenses	879	1.376	494
I.12.	Change in deferred income tax	(61)	162	
		9.173	15.106	9.829
Changes in working capital				
I.13.	Decrease in inventories	5.606	(6.603)	(2.534)
I.14.	Decrease (increase) in trade receivables	(10.859)	1.676	(3.607)
I.15.	Decrease in other receivables	(808)	730	(211)
I.16.	(Increase) in receivables from subsidiaries		-	-
I.17.	Decrease (increase) in other current assets	188	730	(306)
I.18.	Increase in trade and other accounts payable	381	7.823	5.584
I.19.	(Decrease) increase in taxes payable and other current liabilities	(3.330)	(891)	(1.600)
	Net cash flows from operating activities	(8.822)	17.841	7.155
II. Cash flows from investing activities				
II.1.	(Acquisition) of non-current tangible assets (excl. investments)	(7.076)	(11.774)	(6.491)
II.2.	Prepayments for and (acquisition) of intangible assets	(43)	(213)	(160)
II.3.	Transfer of non-current assets (excl. investments)	(1.292)	1.878	679
II.4.	(Acquisition) of investments to subsidiaries, net of cash acquired in the Group		(2.841)	(3.926)
II.5.	(Prepayments) for financial assets	(47)		(2.851)
II.6.	Collection of loans granted	51	100	
II.7.	Interest received	72	64	32
	Net cash flows from investing activities	(8.335)	(12.786)	(12.717)
III. Cash flows to financial activities				
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	17.447	22.891	17.808
III.2.2. (Repayment) of loans	(6.545)	(8.336)	
III.2.3. Interest (paid)	(879)	(1.376)	(494)
	11.781	13.179	17.314
Cash flows to financial activities	7.814	(5.344)	4.935
IV. Net (decrease) in cash flows	(170)	(289)	(627)
V. Cash and cash equivalents at the beginning of the period	1.790	2.079	2.079
VI. Cash and cash equivalents at the end of the period	1.620	1.790	1.452

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 June 2006 and 31 December 2005 the shareholders of the Company were:

	As of 30 June 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
	19.834	100,00	19.834	100,00

All the shares are registered ordinary shares with a par value of LTL 1 each. As of 30 June 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 June 2006	31 December 2005	30 June 2005				
AB Šatrija	Vilniaus st. 5, Raseiniai	89,78	89,78	89,45	4.935	815	10.942	Sewing of clothes
UAB Gotija	Laisvės ave. 33, Kaunas	90,50	90,50	90,50	240	4	302	Trading
OAo MTF Mrija	Motroso 13, Mukachov, Ukraine	91,85	91,85		5.567	(1.842)	1.758	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 June 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 June 2006

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	77.695	2.086	525	494	-	80.800
Internal sales of the Group	383	2.224		334	(2.941)	-
	78.078	4.310	525	828	(2.941)	80.800
Profit from typical operations	7.236	(1.320)	4	22	(5)	5.937
Assets	98.578	13.849	370	20	(1.524)	111.292
Liabilities	63.693	12.089	66	20	(1.524)	74.344

30 June 2005

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	77.356	4.586	8.597	330	-	90.869
Internal sales of the Group	3.433	-	150	40	(3.623)	-
	80.789	4.586	8.747	370	(3.623)	90.869
Profit from typical operations	9.154	(13)	(1.074)	(1)	348	8.414
Assets	78.307	19.495	5.298		(3.669)	99.431
Liabilities	52.360	9.272	5.213		(3.669)	63.176

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 June 2006

	Western Europe	Lithuania and the Baltic States	Other regions	Elimination	Total
Sales					
External sales of the Group	70.942	9.836	22		80.800
Internal sales of the Group	-	2.607	334	(2.941)	-
	<u>70.942</u>	<u>12.443</u>	<u>356</u>	<u>(2.941)</u>	<u>80.800</u>

30 June 2005

	Western Europe	Lithuania and the Baltic States	Other regions	Elimination	Total
Sales					
External sales of the Group	77.104	12.498	1.267	-	90.869
Internal sales of the Group	-	3.623		(3.623)	-
	<u>77.104</u>	<u>16.121</u>	<u>1.267</u>	<u>(3.623)</u>	<u>90.869</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 June 2006 was as follows:

Client	Geographical segment	Percentage from total revenue (%)
AB Hennes Mauritz	Western Europe	13

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

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

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 4.070 thousand as of 30 June 2006, LTL 3.749 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 June 2006	As of 31 December 2005
Raw materials	9.354	11.606
Production in progress	6.241	6.259
Finished production	3.146	4.161
Goods for resale	136	3.101
	<u>18.877</u>	<u>25.127</u>
Net realisable value decrease at the beginning of the year	(1.249)	(1.311)
Change in net realisable value decrease	554	62
Net realisable value decrease at the end of the year	<u>(695)</u>	<u>(1.249)</u>
	<u>18.182</u>	<u>23.878</u>

The acquisition cost of the Group's inventories accounted for at net realisable value as of 30 June 2006 amounted to LTL 18.182 thousand. Changes in the value decrease of inventories as of 30 June 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 June 2006	As of 31 December 2005
Trade receivables, gross	27.275	16.479
Doubtful receivables value decrease at the beginning of the year	(217)	(298)
Change in doubtful receivables value decrease	63	81
Doubtful receivables value decrease at the end of the year	<u>(154)</u>	<u>(217)</u>
	<u>27.121</u>	<u>16.262</u>

Changes in decrease of doubtful receivables value as of 30 June 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 June 2006	31 December 2005
Cash in bank and on hand	972	1.019
Deposits with a term of less than three months	648	771
	<u>1.620</u>	<u>1.790</u>

The subsidiary OAO MTF Mrija had a one-month deposit of LTL 972 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 June 2006 and 31 December 2005 were as follows:

	<u>30 June 2006</u>	<u>31 December 2005</u>
Legal reserve	1.983	1.983
Other reserves	-	-
	<u>1.983</u>	<u>11.983</u>

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 June 2006 the outstanding balance of the loan was LTL 26.623 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 June 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 5 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 June 2006 LTL 3.083 thousand of the loan were utilized (LTL 3.990 thousand as of 31 December 2005).

As of 30 June 2006 OAO MTF Mrija had a non-current loan amounting to UAH 24 thousand (LTL 13 thousand) with the annual interest rate of 16%, term of repayment is 21 October 2006, and a non-current loan amounting to EUR 13 thousand (LTL 46 thousand) with the annual interest rate of 12%, term of repayment is 11 October 2008.

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 June 2006 the outstanding balance of the loan was EUR 2.130 thousand (LTL 7.355 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 3.83%. As of 30 June 2006 the debt for the leasing company was LTL 3.601 thousand, term of repayment is 30 May 2012.

AB Šatrija had a debt for VB Lizingas amounting to LTL 5 thousand 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 615 (2.123 thousand LTL) on 30 June 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 955 thousand LTL on 30 June 2006 (913 thousand LTL on 31 December 2005).

11. Accrued expenses and other short-term amounts payable

	Group	
	30 June 2006	31 December 2005
Debts to suppliers for long-term assets	878	2.304
Salaries and social security payable	2.728	2.362
Vacation reserve	1.891	2.297
Bonus payments to employees		144
Other liabilities	208	1.113
	5.289	8.220

12. Sales revenue

	Group		
	30 June 2006	31 December 2005	30 June 2005
Revenue from sales of goods and services	80.495	170.944	85.111
Wearing-apparel industry		1.720	5.471
Sales of raw materials	3057	663	287
	80.800	173.327	90.869

13. Cost of sales

	Group		
	30 June 2006	30 June 2006	30 June 2006
Raw materials	31.335	62.709	32.954
Wages	16.747	34.322	17.490
Other extra production expenses	17.829	38.196	18.921
Cost price of materials sold	787	725	298
	66.698	135.952	69.663

14. Operating expenses

	30 June 2006	Group Company 30 June 2006	30 June 2006
Selling expenses			
Expenses for maintenance of retail trading network	62	2.989	1.462
Salaries and social security	913	4.578	2.109
Other selling expenses	1.019	3.586	1.603
Total selling expenses	1.994	11.153	5.174
General and administrative expenses			
Wages and social security	2.515	5.812	2.720
Communications and consulting services	1.355	3.495	1.548
Taxes with the exception of tax on profit	507	1.301	666
Depreciation and amortisation	266	712	381
Change of decrease in value of stock	(800)	(31)	185
Bonuses	150	360	
Business trips	76	148	155
Charity and sponsorship	111	157	69
Other	1.991	4.703	1.894
Total general and administrative expenses	6.171	16.657	7.618
	8.165	27.810	12.792

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

	30 June 2006	Group 30 June 2006	30 June 2006
Revenue from lease	310	345	172
Lease expenses	136	(459)	(230)
Other revenue (expenses)	253	1.382	700
	427	1.268	642

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

	30 June 2006	Group 30 June 2006	30 June 2006
Currency exchange gain	44	440	345
Other revenue	892	320	103
Interest income	72	64	32
Interest (expenses)	(879)	1.376	(559)
Currency exchange (loss)	(314)	197	(41)
Other (expenses) of financial activities	(421)	(307)	(99)
	(606)	(1.056)	(219)

17. Profit tax

	30 June 2006	Group 30 June 2006	30 June 2006
Profit tax (expenses) of the current year	(977)	(2.024)	(1.334)
Profit tax, related to dividends, returned		84	600
Social tax	(260)		
Change of deferred profit tax		(162)	
Profit tax and social tax (expenses) included into Profit (Loss) Account	(1.237)	(2.102)	(734)

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:

	30 June 2006	Group 30 June 2006	30 June 2006
Net profit for shareholders' appropriation	4.587	7.748	8.033
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	0,23	0,39	0,41

19. Transactions of associated parties

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

	30 June 2006	Group 30 June 2006	30 June 2006
Public limited liability company „Šatrija“	3	8	
Public limited liability company „MTF Mrija“	1.493	1.666	
Private limited liability company „Utenos trikotažo prekyba“		3.158	1.991
Private limited liability company „Gotija“	28	30	67
	1.524	4.862	2.058

15. Information on audit

No audit for the accounting and financial statement of AB Utenos Trikotazas for the first half-year of 2006 was carried out.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES.

1. On 4 January 2006 the Board has adopted the resolution to sell 100 percent of the ordinary registered shares of UAB Utenos Trikotažo Prekyba, the subsidiary of AB Utenos Trikotažas.

2. On 21 February 2006 AB Utenos Trikotažas signed a contract of guarantee, by which it guaranteed for its subsidiary in Ukraine, OAO MTF Mrija, according to credit agreements with the bank AB Agio in Ukraine, the subsidiary of SEB Vilnius Bankas. Total volume of the credit – EUR 3.5 million.

3. On 17 March 2006 the Board approved financial reports of AB Utenos Trikotažas and the Group prepared according to International Financial Reporting Standards and checked by the auditors. Sales of AB Utenos Trikotažas - LTL 121.423 thousand (EUR 35.166 thousand), net profit – LTL 11.387 thousand (EUR 3.298 thousand). Sales of the Group – LTL 173.327 thousand (EUR 50.199 thousand), net profit - LTL 7.675 thousand (EUR 2.223 thousand).

4. On 20 March 2006 the Board decided to call the general shareholders' meeting on 20 April 2006. Place of the meeting – AB Utenos Trikotažas, company code 183709468, Basanavičiaus st. 122, Utena.

AGENDA:

1. Report of Company's activities for 2005.
 2. Audit report.
 3. Approval of the financial statements of the Company for 2005.
 4. Approval of the profit distribution for 2005.
 5. Election of auditing company and payment for auditing.
- Beginning of the meeting – 11 o'clock.

5. The general shareholders' meeting of AB Utenos Trikotažas that took place on 20 April 2006 adopted the following resolutions:

1. Approved the report of AB Utenos Trikotažas' activities for 2005.
2. Accepted auditor's conclusions.
3. Approved financial statements of AB Utenos Trikotažas for 2005.
4. Approved profit distribution of AB Utenos Trikotažas for 2005. Distributable profit LTL 11.100 thousand (EUR 3.215 thousand), LTL 3.967 thousand (EUR 1.149 thousand) of them paid as dividends. Decided to pay LTL 0.20 of dividends for one share with the par value of one Litas. Date of accounting of shareholders entitled to dividends is 20 April 2006. Share of profit for annual repayments (bonuses) is LTL 300 thousand (EUR 86.9 thousand), undistributed profit brought forward to the next financial year is LTL 6.833 thousand (EUR 1.979 thousand).
5. UAB PricewaterhouseCoopers was elected as an auditor of AB Utenos Trikotažas for 2006. The set price for their services is LTL 63,000 excl. VAT.

6. On 28 April 2006 the Board of AB Utenos Trikotažas approved the operating results for the 1st quarter of 2006. Non-audited net profit according to International Accounting Standards is LTL 2.263 thousand (EUR 655.4 thousand). Sales – LTL 31.954 thousand (EUR 9.254 thousand).

7. On 23 May 2006 AB Utenos Trikotažas introduced the requirements of SA 8000:2001 standard into already existing Integrated Management System for Quality and Environment.

8. On 27 July 2006 the Board approved the operating results for the 1st half-year of 2006. Non-audited net profit according to International Accounting Standards is LTL 4.715 thousand (EUR 1.366 thousand). Sales – LTL 62.598 thousand (EUR 18.130 thousand).

(EUR 1.366 thousand). Sales – LTL 62.598 thousand (EUR 18.130 thousand).
