



Utenos trikotažas

**INTERIM CONSOLIDATED REPORT
FOR THE SIX MONTHS
OF UTENOS TRIKOTAŽAS AB**

UTENA

Lithuanian Securities Commission
Konstitucijos pr. 23
LT-08105 Vilnius

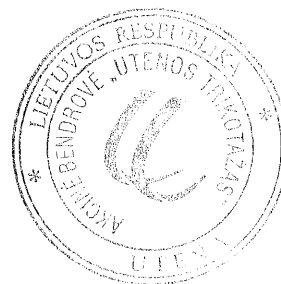
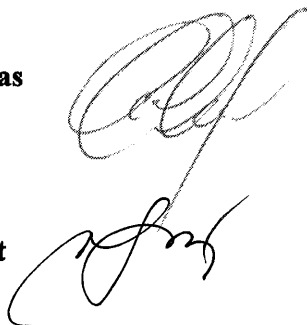
31 October 2007

CONFIRMATION OF THE PERSONS IN CHARGE

Pursuant to Article 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information approved by the Lithuanian Securities Commission, we, General Director Gintaras Pileičikas and Chief Accountant Valda Gylienė, hereby confirm that the attached adjusted interim consolidated financial report for six months of 2007 of Utenos trikotažas AB (not reviewed by auditors) prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, represent the facts and give a fair view of the consolidated property, liabilities, financial standing, profit and loss of Utenos trikotažas AB and of the group of entities.

Gintaras Pileičikas
General Director

Valda Gylienė
Chief Accountant



INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS OF 2007

Balance sheets under IFRS (LTL thousand)

	Notes	Group		
		As of 30 June 2007	As of 31 December 2006	As of 30 June 2006
ASSETS				
A Non-current assets				
I. Non-current intangible assets				
I.1. Goodwill		2.523	2.523	2.622
I.2. Other intangible assets		378	451	98
I.3. Prepayments for non-current intangible assets		1.037	716	723
Total non-current intangible assets		3.938	3.690	3.443
II. Non-current tangible assets				
II.1. Land and buildings		9.270	9.023	9.051
II.2. Structures and equipment		595	476	466
II.3. Vehicles and other non-current tangible assets		39.486	39.128	36.947
II.4. Construction in progress and prepayments		1.813	4.272	2.946
Total non-current tangible assets		51.164	52.899	49.410
III. Investment property		5.652	5.651	5.393
IV. Non-current financial assets				
V. Non-current receivables		1.167	1.167	1.147
VI. Deferred income tax asset		491	428	872
Total non-current assets		62.412	63.835	60.265
B Current assets				
I. Inventories, prepayments and contracts in progress				
I.1. Inventories		20.576	21.678	18.182
I.2. Prepayments		589	406	475
Total inventories, prepayments and contracts in progress		21.165	22.084	18.657
II. Accounts receivable within one year				
II.1. Trade receivables		23.462	23.724	27.121
II.2. Prepaid income tax		1.837	1.228	1.807
II.3. Other taxes receivable		1.165	2.944	1.656
II.4. Other receivables		1.912	53	26
Total accounts receivable within one year		28.376	27.949	30.610
III. Other current assets		147	142	140
IV. Cash and cash equivalents		1.385	1.526	1.620
Total current assets		51.073	51.701	51.027
Total assets		113.485	115.536	111.292

	Notes	Group		
		As of 30 June 2007	As of 31 December 2006	As of 30 June 2006
EQUITIES AND LIABILITIES				
C. Equity				
I. Capital		19.834	19.834	19.834
II. Reserves				
II.1. Foreign currency translation reserve		45	(203)	(181)
II.2. Other reserves		1.983	1.983	1.983
Total reserves		2.028	1.780	1.802
III. Retained earnings (loss)		2.089	11.959	14.172
Total equity		23.951	33.573	35.808
Minority interest		1.036	1.084	1.140
D. Accounts payable and liabilities				
I. Liabilities and accounts payable in one year				
I.1. Non-current borrowings				
		33.471	26.370	31.224
I.2. Leasing (financial lease) liabilities				
		6.672	5.284	3.602
I.3. Grants and subsidies				
Total liabilities and accounts payable in one year		40.143	31.654	34.826
II. Liabilities and accounts payable within one year				
II.1. Current portion of non-current borrowings		13.679	13.716	11.217
II.2. Financial debts to credit institutions		3.852	3.720	3.078
II.3. Current portion of non-current leasing (financial lease) liabilities		863	871	7
II.4. Trade payables		19.443	20.943	18.396
II.5. Other taxes payable		632	792	1.531
II.6. Accrued expenses and other current liabilities		9.886	9.183	5.289
Total liabilities and accounts payable within one year		48.355	49.225	39.518
Total equity and liabilities		113.485	115.536	111.292

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

	Notes		
	30-06-2007	Group 2006	30-06-2006
I. Sales income	72.692	163.274	80.800
II. Cost of sales	(63.834)	(138.342)	(66.698)
III. Gross profit (loss)	8.858	24.932	14.102
IV. Operating expenses	(8.862)	(18.718)	(8.165)
V. Profit (loss) from typical operations	(4)	6.214	5.937
VI. Other operating income (expenses) – net	273	1.618	427
VII. Income (expenses) from financial and investment activities - net	(2.002)	(3.403)	(606)
VIII. Profit (loss) from ordinary operations	(1.733)	4.429	5.758
IX. Result of subsidiaries	-	-	-
X. Profit (loss) before tax	(1.733)	4.429	5.758
XI. Income tax	(249)	(2.335)	(1.237)
XII. Profit (loss) before minority share	(1.982)	2.094	4.521
XIII. Share of annual result attributable to minority	48	280	66
XIV. Net profit (loss)	(1.934)	2.374	4.587
Basic and diluted earnings per share (in LTL)	(0,046)	0,12	0,23

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			(97)			(97)		(97)
Dividends paid					(3.967)	(3.967)		(3.967)
Net profit for the year					4.587	4.587	(66)	4.521
Balance as of 30 June 2006		19.834	(181)	1.983	14.172	35.808	1.140	36.948
Currency translation differences interest sold			(22)			(22)		(22)
Contributions by minority interest							158	158
Net profit for the year					(2.213)	(2.213)	(214)	(2.427)
Balance as of 31 December 2006		19.834	(203)	1.983	11.959	33.573	1.084	34.657
Transfer to foreign currency reserve			248			248		248
Dividends paid					(7.936)	(7.936)		(7.936)
Net profit for the year					(1.934)	(1.934)	(48)	(1.982)
Balance as of 30 March 2007		19.834	45	1.983	2.089	23.951	1.036	24.987

Cash flow statements (LTL thousand)

	Notes	Group		
		30-06-2007	31-12-2006	30-06-2006
I. Cash flows from operating activities				
I.1. Net profit for the year		(1.934)	2.094	4.587
Recovery of non-cash expenses (income):				
I.2. Gain on disposal of subsidiary		-	(436)	-
I.3. Depreciation and amortisation		4.896	8.937	4.070
I.4. Impairment of non-current tangible assets and investment property		(151)	(698)	
I.5. (Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories		(16)	(696)	(230)
I.6. Impairment and write-off of accounts receivable		(1)	(163)	
I.7. Impairment of inventories		(114)	93	
I.8. Interest (income)		(52)	(176)	(72)
I.9. Interest expenses		1.431	2.150	879
I.10. Income tax expenses		63	2.335	(61)
I.11. Foreign exchange loss on borrowings			785	
		4.122	14.225	9.173
Changes in working capital				
I.13. Decrease in inventories		1.102	(639)	5.606
I.14. Decrease (increase) in trade receivables		262	(7.382)	(10.859)
I.15. Decrease in other receivables		114		(808)
I.16. (Increase) in receivables from subsidiaries			-	-
I.17. Decrease (increase) in other current assets		(85)	(1.855)	188
I.18. Increase in trade and other accounts payable		(212)	9.189	381
I.19. (Decrease) increase in taxes payable and other current liabilities		(141)	600	(3.330)
I.20. Income tax paid		(1.156)	(1.943)	
Net cash flows from operating activities		4.006	12.195	(8.822)
II. Cash flows from investing activities				
II.1. Acquisition of non-current tangible assets		(3.162)	(13.364)	(7.076)
II.2. Prepayments for and (acquisition) of intangible assets		(248)	(524)	(43)
II.3. Transfer of non-current assets (excl. investments)			2.426	(1.292)
II.4. (Acquisition) of investments to subsidiaries, net of cash acquired in the Group			(507)	
II.5. (Prepayments) for financial assets				(47)
II.6. Collection of loans granted				51
II.7. Interest received		52	176	72
Net cash flows from investing activities		(3.358)	(11.793)	(8.335)
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)
		(7.934)	(3.967)	(3.967)

III.2. Cash flows related to other sources of financing			
III.2.1. Loans received	14.910	17.283	17.447
III.2.2. (Repayment) of loans	(6.334)	(11.969)	(6.545)
III.2.3. Interest (paid)		(2.150)	
III.2.4. Contributions by minorities	(1.431)	158	(879)
	<u>7.145</u>	<u>13.179</u>	<u>11.781</u>
Cash flows to financial activities	<u>(789)</u>	<u>3.322</u>	<u>7.814</u>
IV. Net (decrease) in cash flows	(141)	(243)	(170)
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		(21)	
VI. Cash and cash equivalents at the end of the period	<u>1.385</u>	<u>1526</u>	<u>1.620</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 31 March 2007 and 31 December 2006 the shareholders of the Company were:

	As of 30 June 2007		As of 31 December 2006	
	Number of shares held	Equity (percentage)	Number of shares held	Equity (percentage)
UAB koncernas SBA	9.227	46,52	9.475	47,77
Investment fund Amber Trust	2.700	13,61	3.000	15,13
Other shareholders	7.907	39,87	7.359	37,10
	<u>19.834</u>	<u>100,00</u>	<u>19.834</u>	<u>100,00</u>

All the shares are registered ordinary shares with a par value of LTL 1 each. As of 30 June 2007 and 31 December 2006 subsidiaries did not hold any shares of the Company. The Company did not hold its own shares within this period.

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

	Address of the registered office	Share of the stock held by the Group (percentage)			Cost of investment	Operating activities
		30 June 2007	31 December 2006	30 June 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	91,85	91,85	91,85	5.567	Sewing of clothes

On 30 June 2007 the average number of employees of the Group was 1.899, 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 June 2007	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	70.876	94	683	1.039	-	72.692
Internal sales of the Group	265	6.931		1.107	(8.303)	-
	71.141	7.025	683	2.146	(8.303)	72.692

30 June 2007	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

4. Non-current intangible assets

Prepayment for non-current intangible assets in the Group's balance sheets amounting to LTL 1.037 thousand Litass is made for installation works of accounting system software.

5. Non-current tangible assets

Depreciation of non-current tangible property amounts to LTL 4.896 thousand as of 30 June 2007, LTL 4.646 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 2007	As of 31 December 2006	As of 30 June 2006
Raw materials	7.768	11.343	9.354
Production in progress	7.697	7.055	6.241
Finished production	5.126	3.385	1.146
Goods for resale	158	190	136
	20.749	21.973	18.877
Net realisable value decrease at the beginning of the year	(295)	(1.249)	(1.249)
Change in net realisable value decrease	122	954	554
Net realisable value decrease at the end of the year	(173)	(295)	(695)
	20.576	21.678	18.182

The acquisition cost of the Group's inventories accounted for at net realisable value as of 30 June 2007 amounted to LTL 20.576 thousand. Changes in the value decrease of inventories as of 30 June 2006 and 31 December 2006 have been included into operating expenses in the Group's income (loss) statement.

7. Trade receivables

	Group		
	As of 30 June 2007	As of 31 December 2006	As of 30 June 2006
Trade receivables, gross	23.462	23.746	27.275
Doubtful receivables value decrease at the beginning of the year	(22)	(217)	(217)
Change in doubtful receivables value decrease	22	195	63
Doubtful receivables value decrease at the end of the year		(22)	(154)
	23.462	23.724	27.121

Changes in decrease of doubtful receivables value as of 30 June 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 June 2007	31 December 2006	30 June 2006
Cash in bank and on hand	1.358	783	972
Deposits with a term of less than three months	27	743	648
	1.385	1.526	1.620

The subsidiary OAO MTF Mrija had deposit of LTL 27 thousand in the bank

9. Reserves

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

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

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

Other reserves

The balances of other reserves as of 31 March 2007 and 31 December 2006 were as follows:

	30 June 2007	31 December 2006	30 June 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 June 2007 the outstanding balance of the loan was EUR 9.649 thousand (LTL 33.316)

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 2007 the outstanding balance of the loan was EUR 772 thousand (LTL 2.667)

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 June 2007 was EUR 831 thousand (LTL 2.869)

As of 30 June 2007 OAO MTF Mrija had a non-current loan amounting to 52 thousand UAH (LTL 27 thousand) with the annual interest rate of 12%, term of repayment is 11 October 2008.

As of 30 March 2007 OAO MTF Mrija had a non-current loan amounting to 71 thousand UAH (LTL 36 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 June 2007 the outstanding balance of the loan was EUR 2.367 thousand (LTL 8.236 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 June 2007 the debt for the leasing company was LTL 7.480 thousand, term of repayment is 2013.

AB Šatrija had a debt for Nordea Finance for the purchase of equipment amounting to LTL 55 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 (2.831 thousand LTL) on 30 June 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 1.000 thousand LTL on 30 June 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 June 2007

11. Accrued expenses and other short-term amounts payable

	Group		
	30 June 2007	31 December 2006	30 June 2006
Debts to suppliers for long-term assets	4.261	3.361	878
Salaries and social security payable	2.495	2.204	2.728
Vacation reserve	2.371	2.449	1.891
Bonus payments to employees		528	
Other liabilities	759	641	208
	9.886	9.183	5.289

12. Sales revenue

	Group		
	30 June 2007	31 December 2006	30 June 2006
Revenue from sales of goods and services	71.653	157.595	80.495
Wearing-apparel industry		5.022	
Sales of raw materials	1.039	657	3.057
	72.692	163.274	83.552

13. Cost of sales

	Group		
	30 June 2007	31 December 2006	30 June 2006
Raw materials	27.499	63.237	31.335
Wages	17.104	35.170	16.747
Other extra production expenses	18.307	39.522	17.829
Cost price of materials sold	924	413	787
	63.834	138.342	66.698

14. Operating expenses

	Group Company		
	30 June 2007	31 December 2006	30 June 2006
Selling expenses			

Expenses for maintenance of retail trading network	63	40	62
Salaries and social security	907	1.989	913
Other selling expenses	909	2.137	1.019
Total selling expenses	1.879	4.166	1.994
General and administrative expenses			
Wages and social security	2.678	5.668	2.515
Communications and consulting services	1.322	2.813	1.355
Taxes with the exception of tax on profit	967	1.321	507
Depreciation and amortisation	202	503	266
Change of decrease in value of stock	(279)		(800)
Bonuses		300	150
Business trips	110	210	76
Charity and sponsorship	57	213	111
Other	1.926	3.524	1.991
Total general and administrative expenses	6.983	14.552	6.171
	8.862	18.718	8.165

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

	30 June 2007	Group 31 December 2006	30 June 2006
Revenue from lease	358	719	310
Lease expenses	(128)	(281)	(136)
Other revenue (expenses)	43	1.180	253
	273	1.618	427

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

	30 June 2007	Group 31 December 2006	30 June 2006
Foreign currency exchange gain(loss), net	(462)	(1.144)	44
Interest expenses		45	892
Interest income	52	176	72
Interest (expenses)	(1.431)	(2.150)	(879)
Prompt payment discounts given	(161)	(330)	(735)
	(2.002)	(3.403)	(606)

17. Profit tax

	30 June 2007	Group 31 December 2006	30 June 2006
Profit tax (expenses) of the current year	(256)	(1.958)	(1.237)
Profit tax, related to dividends, returned	7	6	
Social tax			
Change of deferred profit tax		(383)	
Profit tax and social tax (expenses) included into Profit (Loss) Account	(249)	(2.335)	(1.237)

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 2007	Group 31 December 2006	30 June 2006
Net profit for shareholders' appropriation	(1.934)	2.374	4.587
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	<u>(0,1)</u>	<u>0,12</u>	<u>0,23</u>

19. Related party transactions

From subsidiaries of the Compani amounts receivable :

	30 June 2007	Grupė 31 December 2006	30 June 2006
AB " Šatrija "		8	3
UAB " Gotija "	38	129	28
OAD " MTF Mrija "	9609	7.302	1.493
	<u>9.947</u>	<u>7.439</u>	<u>1.524</u>