



Utenos trikotažas

AB UTENOS TRIKOTAŽAS

Report for the I Quarter-year of 2008

UTENA



Utenos trikotažas

Report for the I Quarter-year of 2008

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

30-05-2008

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Gintaras Pileicikas, General Manager of Utenos trikotažas, AB, and Darius Varnas, Finance Manager of Utenos trikotažas, AB, hereby confirm that, the attached interim consolidated financial statements of Utenos trikotažas, AB for the I Quarter-year of 2008 , prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Utenos trikotažas, AB and the Group of undertakings.

ENCLOSURE: Consolidated financial statements of Utenos trikotažas AB for the I Quarter-year of 2008.

General Manager

Gintaras Pileicikas

Chief Accountant

Darius Varnas



12. Consolidated financial statements

Balance sheets under IFRS (LTL thousand)

	Notes	Group		
		As of 31 March 2008	As of 31 December 2007	As of 31 March 2007
ASSETS				
A Non-current assets				
I. Non-current intangible assets				
I.1. Goodwill		4.286	4.286	2.523
I.2. Other intangible assets		263	312	429
I.3. Prepayments for non-current intangible assets		1.044	1.042	667
Total non-current intangible assets		5.593	5.640	3.619
II. Non-current tangible assets				
II.1. Land and buildings		9.055	9.390	8.333
II.2. Structures and equipment		543	572	609
II.3. Vehicles and other non-current tangible assets		33.744	36.190	39.088
II.4. Construction in progress and prepayments		110	564	3.400
Total non-current tangible assets		43.452	46.716	51.430
III. Investment property		5.544	5.580	5.781
IV. Non-current financial assets				
V. Non-current receivables		37	40	1.166
VI. Deferred income tax asset		185	185	206
Total non-current assets		54.811	58.161	62.202
B Current assets				
I. Inventories, prepayments and contracts in progress				
I.1. Inventories		15.548	19.350	19.051
I.2. Prepayments		633	336	485
Total inventories, prepayments and contracts in progress		16.181	19.686	19.536
II. Accounts receivable within one year				
II.1. Trade receivables		16.069	18.687	28.061
II.2. Prepaid income tax		2304	2.123	1.598
II.3. Other taxes receivable		3.951	2.905	936
II.4. Other receivables		3	10	1.844
Total accounts receivable within one year		22.327	23.725	32.439
III. Other current assets		179	156	350
IV. Cash and cash equivalents		896	645	441
Total current assets		39.583	44.212	52.766
Total assets		94.394	102.373	114.968



	Group		
	As of 31 March 2008	As of 31 December 2007	As of 31 March 2007
EQUITIES AND LIABILITIES			
C. Equity			
I. Capital	19.834	19.834	19.834
II. Reserves			
II.1. Foreign currency translation reserve	289	(54)	(802)
II.2. Other reserves	1.983	1.983	1.983
Total reserves	2.272	1.929	1.181
III. Retained earnings (loss)	(5.580)	(3.766)	12.032
Total equity	16.526	17.997	33.047
Minority interest	737	852	1.089
D. Accounts payable and liabilities			
I. Liabilities and accounts payable in one year			
I.1. Non-current borrowings			
	32.624	31.872	25.444
I.2. Leasing (financial lease) liabilities			
	6.449	6.671	6.563
I.3. Grants and subsidies			
Total liabilities and accounts payable in one year	39.073	38.543	32.007
II. Liabilities and accounts payable within one year			
II.1. Current portion of non-current borrowings	8.951	15.353	16.497
II.2. Financial debts to credit institutions	3.862	3.852	986
II.3. Current portion of non-current leasing (financial lease) liabilities	1.220	852	911
II.4. Trade payables	14.502	15.662	18.841
II.5. Other taxes payable	558	396	638
II.6. Accrued expenses and other current liabilities	8.964	8.866	10.952
Total liabilities and accounts payable within one year	38.058	44.981	48.825
Total equity and liabilities	94.394	102.373	114.968

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

	Notes	Group		
		31-03-2008	2007	31-03-2007
I. Sales income		34.501	137.541	38.421
II. Cost of sales		(30.215)	(121.488)	(33.600)
III. Gross profit (loss)		4.286	16.053	4.821
IV. Operating expenses		(3.896)	(18.708)	(4.091)
V. Profit (loss) from typical operations		390	(2.655)	730
VI. Other operating income (expenses) – net		144	595	150
VII. Income (expenses) from financial and investment activities - net		(2.462)	(5.715)	(623)
VIII. Profit (loss) from ordinary operations		(1.928)	(7.775)	257
IX. Result of subsidiaries		-	-	-
X. Profit (loss) before tax		(1.928)	(7.775)	257
XI. Income tax		(1)	(248)	(179)
XII. Profit (loss) before minority share		(1.929)	(8.023)	78
XIII. Share of annual result attributable to minority		115	232	(5)
XIV. Net profit (loss)		(1.814)	(7.791)	73

**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 2006		19.834	(203)	1.983	11.959	33.573	1.084	34.657
Currency translation differences interest sold			(599)			(599)		(599)
Net profit for the year					73	73	5	78
Balance as of 31 March 2007		19.834	(802)	1.983	12.032	33.047	1.089	34.136
Dividends paid					(7.934)	(7.934)		(7.934)
Currency translation differences interest sold			748			748		748
Contributions by minority interest								
Net profit for the year					(7.864)	(7.864)	(237)	(8.101)
Balance as of 31 December 2007		19.834	(54)	1.983	(3.766)	17.997	852	18.849
Transfer to foreign currency reserve			343			343		343
Net profit for the year					(1.814)	(1.814)	(115)	(1.959)
Balance as of 31 March 2008		19.834	289	1.983	(5.580)	16.526	737	17.263

**Cash flow statements (LTL thousand)**

	Notes	Group		
		31-03-2008	31-12-2007	31-03-2007
I. Cash flows from operating activities				
I.1.	Net profit for the year	(1.929)	(8.023)	73
Recovery of non-cash expenses (income):				
I.2.	Gain on disposal of subsidiary			
I.3.	Depreciation and amortisation	2.456	9.172	2.501
I.4.	Impairment of non-current tangible assets and investment property	12	(128)	
I.5.	(Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories	(279)	1.279	(26)
I.6.	Impairment and write-off of accounts receivable		48	
I.7.	Impairment of inventories			
I.8.	Interest (income)	(12)	(79)	(25)
I.9.	Interest expenses	768	3.308	617
I.10.	Income tax expenses	1	248	222
I.11.	Foreign exchange loss on borrowings	2.304	2.038	
Changes in working capital				
I.13.	Decrease in inventories	3.799	1.069	2.548
I.14.	Decrease (increase) in trade receivables	2.603	1.763	(4.337)
I.15.	Decrease in other receivables	(1.750)		(1.791)
I.16.	(Increase) in receivables from subsidiaries			
I.17.	Decrease (increase) in other current assets	(23)	4.491	1.430
I.18.	Increase in trade and other accounts payable	(591)	(5.281)	(333)
I.19.	(Decrease) increase in taxes payable and other current liabilities	34	(640)	(537)
I.20.	Income tax paid	(361)	(973)	
Net cash flows from operating activities		7.032	8.292	342
II. Cash flows from investing activities				
II.1.	Acquisition of non-current tangible assets	(531)	(4.326)	(2.317)
II.2.	Prepayments for and (acquisition) of intangible assets	(1)	(2.398)	(50)
II.3.	Transfer of non-current assets (excl. investments)		74	1.205
II.4.	(Acquisition) of investments to subsidiaries, net of cash acquired in the Group			
II.5.	(Prepayments) for financial assets			
II.6.	Collection of loans granted			
II.7.	Interest received	12	80	25
Net cash flows from investing activities		(520)	(6.570)	(1.137)

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)	
		<u>(7.934)</u>	
III.2. Cash flows related to other sources of financing			
III.2.1. Loans received	70	20.691	3.451
III.2.2. (Repayment) of loans	(5.563)	(12.052)	(3.124)
III.2.3. Interest (paid)	(768)	(3.308)	(617)
III.2.4. Contributions by minorities			
		<u>(6.261)</u>	<u>(290)</u>
Cash flows to financial activities		<u>(6.261)</u>	<u>(290)</u>
IV. Net (decrease) in cash flows	251	(881)	(1.085)
V. Cash and cash equivalents at the beginning of the period	645	1.526	1.526
Exchange losses on cash and cash equivalents			
VI. Cash and cash equivalents at the end of the period	<u>896</u>	<u>645</u>	<u>441</u>



14. Explanatory note

General information

AB Utenos Trikotažas (hereinafter „the Company“) is a public limited company registered in the Republic of Lithuania. The address of its registered office is as follows:

Basanavičiaus st. 122,
Utena,
Lithuania

The Company is engaged in production of knitted articles. The Company was registered on 6 December 1994. The Company's shares are traded on the Official List of the National Stock Exchange.

As of 31 March 2008 and 31 December 2007 the shareholders of the Company were:

	As of 31 March 2008		As of 31 December 2007	
	Number of shares held thousand	Equity (percentage)	Number of shares held thousand	Equity (percentage)
UAB koncernas SBA	9.456	47,67	9.445	47,62
Investment fund Amber Trust	2.700	13,61	2.700	13,61
„East Capital Asset“	2109	10,63	2034	10,26
Other shareholders	5569	28,09	5655	28,51
	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 31 March 2008 and 31 December 2007 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)			Operating activities
		31 March 2008	31 December 2007	31 March 2007	
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	91,85	Sewing of clothes

On 31 March 2008 the average number of employees of the Group was 1.763, while on 31 December 2007 it was 1.916.

**1 Form and contents of the financial statements**

The present financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

2. Consolidation

Consolidated financial statements are composed of AB Utenos Trikotažas and its subsidiaries' financial statements, which are stated at uniform accounting principles.

Consolidation of financial statements of subsidiaries is started from the moment when effective control is transferred to the Company and consolidation is ceased from the moment when the Company loses the control. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheets and the income (loss) statements.

3. Segment information

The Company's main business segments are production of knitted articles, knitted and other clothes. The Group additionally provides sewing services (subsidiaries AB Šatrija and OAO MTF Mrija) and is engaged in retail and wholesale trade (UAB Gotija). The segment of other activities involves activities, other than those mentioned above.

31 march 2008

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	34.247		217	37	-	34.501
Internal sales of the Group	166	3.826		332	(4.324)	-
	34.413	3.826	217	369	(4.324)	34.501

31 march 2007

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

4. Non-current intangible assets

Prepayment for non-current intangible assets in the Group's balance sheets amounting to LTL 1.044 thousand Litas is made for installation works of accounting system software.

5. Non-current tangible assets

Depreciation of non-current tangible property amounts to LTL 2.456 thousand as of 31 march 2008, LTL 2.348 thousand are included into cost of sales in the Group's income (loss) statements. The rest amounts are included into the operating expenses in the income (loss) statements and into remaining reserve in the balance sheets.

Decrease in the value of non-current tangible assets calculated within the quarter and amounts of losses caused by value decrease are included into income (loss) statement as operating expenses.

6. Inventories

	Group		
	As of 31 March 2008	As of 31 December 2007	As of 31 March 2007
Raw materials	6.434	7.157	8.375
Production in progress	5.330	6.141	7.339
Finished production	4.608	7.333	3.288
Goods for resale	125	105	157
	16.497	20.737	19.159
Net realisable value decrease at the beginning of the year	(1.387)	(295)	(295)
Change in net realisable value decrease	438	(1.092)	187
Net realisable value decrease at the end of the year	(949)	(1.387)	(108)
	15.548	19.350	19.051

The acquisition cost of the Group's inventories accounted for at net realisable value as of 31 March 2008 amounted to LTL 15 548 thousand. Changes in the value decrease of inventories as of 31 March 2008 and 31 December 2007 have been included into operating expenses in the Group's income (loss) statement.

7. Trade receivables

	Group		
	As of 31 March 2008	As of 31 December 2007	As of 31 March 2007
Trade receivables, gross	16.079	18.697	28.061
Doubtful receivables value decrease at the beginning of the year	(10)	(22)	(22)
Change in doubtful receivables value decrease		10	22
Doubtful receivables value decrease at the end of the year	(10)	(10)	
	16.069	18.687	28.061

Changes in decrease of doubtful receivables value as of 31 March 2008 and 31 December 2007 have been included into operating expenses in the Group's income (loss) statements.

**8. Cash and cash equivalents**

	Group		
	31 March 2008	31 December 2007	31 March 2007
Cash in bank and on hand	828	645	296
Deposits with a term of less than three months	68		145
	896	645	441

The subsidiary OAO MTF Mrija had deposit of LTL 68 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 2008 and 31 December 2007 were as follows:

	31 March 2008	31 December 2007	31 March 2007
Legal reserve	1.983	1.983	1.983
Other reserves	-	-	-
	1.983	11.983	1.983

10. Borrowings

Non-current borrowings

AB Utenos Trikotažas signed a credit agreement with AB bankas Hansabankas. The loan bears an annual variable interest rate of 6-month LIBOR+1.05%. The final credit repayment term is 28 February 2010. As of 31 March 2008 the outstanding balance of the loan was EUR 9.095 thousand (LTL 31.403)

On 15 April 2005 AB Utenos Trikotažas signed a credit agreement with AB SEB Vilnius Bankas amounting to EUR 2.317 thousand (LTL 8.000 thousand). The loan repayment term expires on 15 April 2008. The loan bears an annual variable interest rate of 6-month EURLIBOR+1.05%. As of 31 March 2007 the outstanding balance of the loan was EUR 1.030 thousand (LTL 3.555)

In addition to the loans listed above, the Group has 6 more loans taken from its subsidiaries.



In April 2005 AB Šatrija signed a credit line agreement with AB SEB Vilniaus Bankas. The loan bears an annual variable interest rate of 6-month EURLIBOR+1.05%. The loan term expires on 30 June 2008. As of 31 March 2007 was EUR 837 thousand (LTL 2.891)

As of 31 March 2008 OAO MTF Mrija had a non-current loan amounting to 3 thousand EUR (LTL 11 thousand) with the annual interest rate of 12%, term of repayment is 11 October 2008.

As of 31 March 2008 OAO MTF Mrija had a non-current loan amounting to 7 thousand EUR (LTL 24 thousand) term of repayment is 27 July 2009.

On 21 February 2006 the Company signed a credit line agreement with bank SEB Bank Ukraine. The loan bears an annual variable interest rate of 3-month EURLIBOR+4%. As of 31 March 2008 the outstanding balance of the loan was EUR 1.993 thousand (LTL 6.880 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 5.60%. As of 31 March 2008 the debt for the leasing company was 7.633 thousand EUR, term of repayment is 2013.

AB Šatrija had a debt for Nordea Finance amounting to LTL 36 thousand and with annual interest rate of 5.04 %.

SHORT-TERM LOANS

On 21 February 2006 public limited liability company "MTF Mrija" concluded an agreement on short-term credit line with bank SEB Bank Ukraine. Annual variable interest rate: 3 months EUROLIBOR + 4 per cent. The balance of the loan was EUR 823 thousand (2.845 thousand LTL) on 31 March 2008; the loan repayment date: 19 February 2009.

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 2007 to 12 October 2008. Annual interest rate: 6 months VILIBOR +1,05 per cent. The balance of the credit used was 999 thousand LTL on 31 March 2008.

On 06 November 2006 the OAO "Mrija" company concluded a credit agreement with AB Utenos trikotažas", 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 31 March 2008

On 30 August 2007 the AB Utenos trikotažas" company stepped into credit agreement with AB Šatrija, extended the credit of LTL 500 thousand. Annual interest rate: 5,57 per cent. The balance of the credit used was LTL 500 thousand on 31 March 2008.

11. Accrued expenses and other short-term amounts payable

	Group		
	31 March 2008	31 December 2007	31 March 2007
Debts to suppliers for long-term assets	4.158	4.152	5.139
Salaries and social security payable	2.471	2.085	2.618
Vacation reserve	2.177	2.107	2.449
Bonus payments to employees		119	
Other liabilities	158	403	746
	<u>8.964</u>	<u>8.866</u>	<u>10.952</u>

**12. Sales revenue**

	31 March 2008	Group 31 December 2007	31 March 2007
Revenue from sales of goods and services	34.356	131.241	37.983
Wearing-apparel industry		4.918	
Sales of raw materials	145	1.382	438
	<u>34.501</u>	<u>137.541</u>	<u>38.421</u>

13. Cost of sales

	31 March 2008	Group 31 December 2007	31 March 2007
Raw materials	9.020	53.296	14.706
Wages	9.928	35.750	9.014
Other extra production expenses	11.127	31.118	9.456
Cost price of materials sold	140	1.324	424
	<u>30.215</u>	<u>121.488</u>	<u>33.600</u>

14. Operating expenses

	31 March 2008	Group Company 31 December 2007	31 March 2007
Selling expenses			
Expenses for maintenance of retail trading network	18	41	13
Salaries and social security	397	1.759	427
Other selling expenses	542	1.895	485
Total selling expenses	<u>957</u>	<u>3.695</u>	<u>925</u>
General and administrative expenses			
Wages and social security	1.098	5.099	1.279
Communications and consulting services	348	2.207	748
Taxes with the exception of tax on profit	500	1.945	396
Depreciation and amortisation	86	341	142
Change of decrease in value of stock			(249)
Bonuses			
Business trips	48	181	74
Charity and sponsorship	39	139	16
Other	820	5.101	760
Total general and administrative expenses	<u>2.939</u>	<u>15.013</u>	<u>3.166</u>
	<u>3.896</u>	<u>18.708</u>	<u>4.091</u>

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

	31 March 2008	Group 31 December 2007	31 March 2007
Revenue from lease	159	691	195
Lease expenses	(17)	(227)	(62)
Other revenue (expenses)	2	131	17
	<u>144</u>	<u>595</u>	<u>150</u>

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

	31 March 2008	Group 31 December 2007	31 March 2007
Foreign currency exchange gain(loss), net	(1.391)	(2.269)	(220)
Interest expenses			
Interest income	12	79	25
Interest (expenses)	(901)	(3.308)	(617)
Prompt payment discounts given	(182)	(217)	(94)
	<u>(2.462)</u>	<u>(5.715)</u>	<u>(906)</u>

17. Profit tax

	31 March 2008	Group 31 December 2007	31 March 2007
Profit tax (expenses) of the current year	(1)	(12)	(179)
Profit tax, related to dividends, returned		7	
Social tax			
Change of deferred profit tax		(243)	
Profit tax and social tax (expenses) included into Profit (Loss) Account	(1)	(248)	(179)

18. Basic and decreased profit falling on a share

Basic and decreased profit falling on a share reflects the net profit of the Group divided by the number of shares. Profit falling on a share is calculated as follows:



	31 March 2008	Group 31 December 2007	31 March 2007
Net profit for shareholders' appropriation	(1.814)	(7.791)	73
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	(0,09)	(0,39)	0,00