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**Utenos trikotažas**

**INTERIM CONSOLIDATED REPORT FOR THE SIX  
MONTHS OF 2008 AND INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS OF UTENOS  
TRIKOTAŽAS AB**

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## Balance sheets under IFRS (LTL thousand)

	Notes	Group		
		As of 30 June 2008	As of 31 December 2007	As of 31 June 2007
<b>ASSETS</b>				
<b>A Non-current assets</b>				
I. Non-current intangible assets				
I.1. Goodwill		4.285	4.286	2.523
I.2. Other intangible assets		232	312	478
I.3. Prepayments for non-current intangible assets		1.048	1.042	1.037
Total non-current intangible assets		5.565	5.640	3.938
II. Non-current tangible assets				
II.1. Land and buildings		9.208	9.390	9.270
II.2. Structures and equipment		551	572	595
II.3. Vehicles and other non-current tangible assets		32.790	36.190	39.486
II.4. Construction in progress and prepayments		134	564	1.813
Total non-current tangible assets		42.683	46.716	51.164
III. Investment property		5.508	5.580	5.652
IV. Non-current financial assets				
V. Non-current receivables		41	40	1.167
VI. Deferred income tax asset		185	185	491
<b>Total non-current assets</b>		<b>53.982</b>	<b>58.161</b>	<b>62.412</b>
<b>B Current assets</b>				
I. Inventories, prepayments and contracts in progress				
I.1. Inventories		16.126	19.350	20.576
I.2. Prepayments		497	336	589
Total inventories, prepayments and contracts in progress		16.623	19.686	21.165
II. Accounts receivable within one year				
II.1. Trade receivables		12.194	18.687	23.462
II.2. Prepaid income tax		767	2.123	1.837
II.3. Other taxes receivable		2.087	2.905	1.165
II.4. Other receivables		1	10	1.912
Total accounts receivable within one year		15.049	23.725	28.376
III. Other current assets		178	156	147
IV. Cash and cash equivalents		663	645	1.385
<b>Total current assets</b>		<b>32.513</b>	<b>44.212</b>	<b>51.073</b>
<b>Total assets</b>		<b>86.495</b>	<b>102.373</b>	<b>113.485</b>

	Notes	Group As of 30 June 2008	As of 31 December 2007	As of 30 June 2007
<b>EQUITIES AND LIABILITIES</b>				
<b>C. Equity</b>				
I. Capital		19.834	19.834	19.834
II. Reserves				
II.1. Foreign currency translation reserve		34	(54)	45
II.2. Other reserves		1.983	1.983	1.983
Total reserves		2.017	1.929	2 028
III. Retained earnings (loss)		(9.638)	(3.766)	2.089
<b>Total equity</b>		<b>12.213</b>	<b>17.997</b>	<b>23.951</b>
<b>Minority interest</b>				
		<b>730</b>	<b>852</b>	<b>1.036</b>
<b>D. Accounts payable and liabilities</b>				
<b>I. Liabilities and accounts payable in one year</b>				
I.1. Non-current borrowings		31.621	31.872	33.471
I.2. Leasing (financial lease) liabilities		6.449	6.671	6.672
I.3. Grants and subsidies				
<b>Total liabilities and accounts payable in one year</b>		<b>38.070</b>	<b>38.543</b>	<b>40.143</b>
<b>II. Liabilities and accounts payable within one year</b>				
II.1. Current portion of non-current borrowings		5.626	15.353	13.679
II.2. Financial debts to credit institutions		3.979	3.852	3.852
II.3. Current portion of non-current leasing (financial lease) liabilities		909	852	863
II.4. Trade payables		14.825	15.662	19.443
II.5. Other taxes payable		528	396	632
II.6. Accrued expenses and other current liabilities		9.615	8.866	9.886
<b>Total liabilities and accounts payable within one year</b>		<b>35.482</b>	<b>44.981</b>	<b>48.355</b>
<b>Total equity and liabilities</b>		<b>86.495</b>	<b>102.373</b>	<b>113.485</b>

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

	Notes	Group		
		30-06-2008	2007	30-06-2007
I. Sales income		59.363	137.541	72.692
II. Cost of sales		(54.744)	(121.488)	(63.834)
<b>III. Gross profit (loss)</b>		<b>4.619</b>	<b>16.053</b>	<b>8.858</b>
IV. Operating expenses		(9.035)	(18.708)	(8.862)
<b>V. Profit (loss) from typical operations</b>		<b>(4.416)</b>	<b>(2.655)</b>	<b>(4)</b>
VI. Other operating income (expenses) . net		705	595	273
VII. Income (expenses) from financial and investment activities - net		(2.276)	(5.715)	(2.002)
<b>VIII. Profit (loss) from ordinary operations</b>		<b>(5.987)</b>	<b>(7.775)</b>	<b>(1.733)</b>
IX. Result of subsidiaries		-	-	-
<b>X. Profit (loss) before tax</b>		<b>(5.987)</b>	<b>(7.775)</b>	<b>(1.733)</b>
XI. Income tax		(7)	(248)	(249)
<b>XII. Profit (loss) before minority share</b>		<b>(5.994)</b>	<b>(8.023)</b>	<b>(1.982)</b>
XIII. Share of annual result attributable to minority		122	232	48
<b>XIV. Net profit (loss)</b>		<b>(5.872)</b>	<b>(7.791)</b>	<b>(1.934)</b>



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## Equity (LTL thousands)

Group and company	Notes	Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Minority share	Total equity
<b>Balance as of 31 December 2006</b>		19.834	(203)	1.983	11.959	33.573	1.084	34.657
Currency translation differences interest sold			248			248		248
Dividends paid					(7.934)	(7.934)		(7.934)
Net profit for the year					(1.934)	(1.934)	(48)	(1.982)
<b>Balance as of 30 June 2007</b>		19.834	45	1.983	2.089	23.951	1.036	24.987
Dividends paid								
Currency translation differences interest sold			(99)			(99)		(99)
Contributions by minority interest								
Net profit for the year					(5.855)	(5.855)	(184)	(6.039)
<b>Balance as of 31 December 2007</b>		19.834	(54)	1.983	(3.766)	17.997	852	18.849
Transfer to foreign currency reserve			88			88		88
Net profit for the year					(5.872)	(5.872)	(122)	(5.994)
<b>Balance as of 30 June 2008</b>		19.834	34	1.983	(9.638)	12.213	730	12.943

(thousand)

	Notes	Group		
		30-06-2008	31-12-2007	30-06-2007
<b>I. Cash flows from operating activities</b>				
I.1. Net profit for the year		(5.994)	(8.023)	1.934
<b>Recovery of non-cash expenses (income):</b>				
I.2. Gain on disposal of subsidiary				
I.3. Depreciation and amortisation		4.503	9.172	4.896
I.4. Impairment of non-current tangible assets and investment property		(24)	(128)	(151)
I.5. (Profit) loss from sales of non-current tangible assets and write-off of non-current tangible assets and inventories		15	1.279	(130)
I.6. Impairment and write-off of accounts receivable			48	(1)
I.7. Impairment of inventories				
I.8. Interest (income)		(19)	(79)	(52)
I.9. Interest expenses		1.730	3.308	1.431
I.10. Income tax expenses		7	248	63
I.11. Foreign exchange loss on borrowings		739	2.038	
<b>Changes in working capital</b>				
I.13. Decrease in inventories		3.209	1.069	1.102
I.14. Decrease (increase) in trade receivables		6.332	1.763	262
I.15. Decrease in other receivables		2.789		114
I.16. (Increase) in receivables from subsidiaries				
I.17. Decrease (increase) in other current assets		(23)	4.491	(85)
I.18. Increase in trade and other accounts payable		(268)	(5.281)	(212)
I.19. (Decrease) increase in taxes payable and other current liabilities		312	(640)	(141)
I.20. Income tax paid		(767)	(973)	(1.156)
<b>Net cash flows from operating activities</b>		<b>12.541</b>	<b>8.292</b>	<b>4.006</b>
<b>II. Cash flows from investing activities</b>				
II.1. Acquisition of non-current tangible assets		(593)	(4.326)	(3.162)
II.2. Prepayments for and (acquisition) of intangible assets		(4)	(2.398)	(248)
II.3. Transfer of non-current assets (excl. investments)		384	74	
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		19	80	52
<b>Net cash flows from investing activities</b>		<b>(194)</b>	<b>(6.570)</b>	<b>(3.358)</b>



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thousand),

cont'd

### 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) (7.934)

(7.934) (7.934)

III.2. Cash flows related to other sources of financing

III.2.1. Loans received

70 20.691 14.910

III.2.2. (Repayment) of loans

(10.669) (12.052) (6.334)

III.2.3. Interest (paid)

(1.730) (3.308) (1.431)

III.2.4. Contributions by minorities

(12.329) 5.331 7.145

### *Cash flows to financial activities*

(12.329) (2.603) (789)

### IV. Net (decrease) in cash flows

18 (881) (141)

### 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

663 645 1.385



#### 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 30 June 2008		As of 31 December 2007	
	Number of shares held	Equity (percentage)	Number of shares held	Equity (percentage)
UAB koncarnas SBA	10.140	51,12	9.445	47,62
Investment fund Amber Trust	2.700	13,61	2.700	13,61
Other shareholders	6.994	35,27	7.689	38,77
	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 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+):

		Share of the stock held by the Group (percentage)			Operating activities
	Address of the registered office	30 June 2008	31 December 2007	30 June 2007	
AB "Atrija"	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
ОАО МТФ "Мрија"	Мотросо 13, Мукачов, Ukraine	98,95	98,95	91,85	Sewing of clothes

On 30 June 2008 the average number of employees of the Group was 1.693, 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.

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subsidiaries is started from the moment when effective control is transferred to from the moment when the Company loses the control. All intercompany transactions, balances and unrealized 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 "Atrija" 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 2008

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	58 801		450	113	-	59 363
Internal sales of the Group	4 778	2 398		778	(7 955)	-
	63 579	2 398	450	891	(7 955)	59 363

#### 30 June 2007

	Production	Services	Retail and wholesale trading	Other activities	Elimination	Total
Sales						
External sales of the Group	71 876	94	683	1 039	-	72 692
Internal sales of the Group	265	6 931		1 107	(8 303)	-
	72 141	7 025	683	2 146	(8 303)	72 692

### 4. Non-current intangible assets

Prepayment for non-current intangible assets in the Group's balance sheets amounting to LTL 1.048 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 4.403 thousand as of 30 June 2008, LTL 4.279 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.

	Group		
	As of 30 June 2008	As of 31 December 2007	As of 30 June 2007
Raw materials	6.661	7.157	7.768
Production in progress	5.848	6.141	7.697
Finished production	4.735	7.333	5.126
Goods for resale	140	105	158
	17.384	20.737	10.749
Net realisable value decrease at the beginning of the year	(1.387)	(295)	(295)
Change in net realisable value decrease	129	(1.092)	122
Net realisable value decrease at the end of the year	(1.258)	(1.387)	(173)
	16.126	19.350	20.576

The acquisition cost of the Group's inventories accounted for at net realisable value as of 30 June 2008 amounted to LTL 16.126 thousand. Changes in the value decrease of inventories as of 30 June 2008 and 31 December 2007 have been included into operating expenses in the Group's income (loss) statement.

#### 7. Trade receivables

	Group		
	As of 30 June 2008	As of 31 December 2007	As of 30 June 2007
Trade receivables, gross	12.198	18.697	23.462
Doubtful receivables value decrease at the beginning of the year	(10)	(22)	(22)
Change in doubtful receivables value decrease	5	10	22
Doubtful receivables value decrease at the end of the year	(5)	(10)	
	12.194	18.687	23.462

Changes in decrease of doubtful receivables value as of 30 June 2008 and 31 December 2007 have been included into operating expenses in the Group's income (loss) statements.

#### 8. Cash and cash equivalents

	Group		
	30 June 2008	31 December 2007	30 June 2007
Cash in bank and on hand	663	645	1.358
Deposits with a term of less than three months			27
	663	645	1.385

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 2008 and 31 December 2007 were as follows:

	30 June 2008	31 December 2007	30 June 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 30 June 2008 the outstanding balance of the loan was EUR 8.794 thousand (LTL 30.363 )

In addition to the loans listed above, the Group has 3 more loans taken from its subsidiaries.

As of 30 June 2008 OAO MTF Mrija had a non-current loan amounting to 2 thousand EUR (LTL 7 thousand) with the annual interest rate of 12%, term of repayment is 11 October 2008.

As of 30 June 2008 OAO MTF Mrija had a non-current loan amounting to 5 thousand EUR (LTL 17 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 2008 the outstanding balance of the loan was EUR 1.876 thousand ( LTL 6.860 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 6-month LIBOR+1.00%. As of 30 June 2008 the debt for the leasing company was 7.326 thousand EUR, term of repayment is 2013.

AB Ųatrija had a debt for Nordea Finance amounting to LTL 32 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 ( 2.997 thousand LTL) on 30 June 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 981 thousand LTL on 30 June 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 30 June 2008

On 30 August 2007 the AB Utenos trikotažas+ company stepped into credit agreement with AB Ųatrija, extended the credit of LTL 500 thousand. Annual interest rate: 5,57 per cent. The balance of the credit used was LTL 35 thousand on 30 June 2008.



# **11. Accrued expenses and other short-term amounts payable**

	Group		
	30 June 2008	31 December 2007	30 June 2007
Debts to suppliers for long-term assets	3.680	4.152	4.261
Salaries and social security payable	2.343	2.085	2.695
Vacation reserve	2.160	2.107	2.371
Bonus payments to employees		119	
Other liabilities	1.432	403	759
	9.615	8.866	9.886

# **12. Sales revenue**

	Group		
	30 June 2008	31 December 2007	30 June 2007
Revenue from sales of goods and services	59.040	131.241	71.653
Wearing-apparel industry		4.918	
Sales of raw materials	323	1.382	1.039
	59.363	137.541	72.692

# **13. Cost of sales**

	Group		
	30 June 2008	31 December 2007	30 June 2007
Raw materials	20.705	53.296	27.499
Wages	19.413	35.750	17.104
Other extra production expenses	14.354	31.118	18.307
Cost price of materials sold	272	1.324	924
	54.744	121.488	63.834

	30 June 2008	Group Company 31 December 2007	30 June 2007
Selling expenses			
Expenses for maintenance of retail trading network	59	41	63
Salaries and social security	809	1.759	907
Other selling expenses	1 061	1.895	909
Total selling expenses	1.929	3.695	1.879
General and administrative expenses			
Wages and social security	2.186	5.099	2.678
Communications and consulting services	816	2.207	1.322
Taxes with the exception of tax on profit	909	1.945	967
Depreciation and amortisation	156	341	202
Change of decrease in value of stock	415		(279)
Bonuses			
Business trips	93	181	110
Charity and sponsorship	73	139	57
Other	2.458	5.101	1.926
Total general and administrative expenses	7.106	15.013	6.983
	9.035	18.708	8.862

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

	30 June 2008	Group 31 December 2007	30 June 2007
Revenue from lease	344	691	358
Lease expenses	(48)	(227)	(128)
Other revenue (expenses)	409	131	43
	705	595	273

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

	30 June 2008	Group 31 December 2007	30 June 2007
Foreign currency exchange gain(loss), net	(516)	(2.269)	(462)
Interest expenses			
Interest income	20	79	52
Interest (expenses)	(1.729)	(3.308)	(1.431)
Prompt payment discounts given	(51)	(217)	(161)
	(2.276)	(5.715)	(2.002)

	30 June 2008	Group 31 December 2007	30 June 2007
Profit tax (expenses) of the current year	(7)	(12)	(256)
Profit tax, related to dividends, returned		7	7
Social tax			
Change of deferred profit tax		(243)	
Profit tax and social tax (expenses) included into Profit (Loss) Account	(7)	(248)	(249)

#### 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 2008	Group 31 December 2007	30 June 2007
Net profit for shareholders appropriation	(5.872)	(7.791)	(1.934)
Assessed number of shares (in thousand pcs.)	19.834	19.834	19.834
Basic and decreased profit falling on a share (in LTL)	(0,30)	(0.39)	0,1



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## INTERIM CONSOLIDATED REPORT FOR THE SIX MONTHS OF 2008 OF UTENOS TRIKOTAŽAS AB



## 1. Reporting period covered by the Annual Report

The Annual Report covers the period from 1 January 2008 to 30 June 2008. All amounts in the Annual Report present situation as at 30 June 2008, unless otherwise stated. Further in this report Utenos Trikotažas AB can be referred to as the Company or the Issuer.

## 2. Issuer and its contact data

Company name	<b>Utenos Trikotažas AB</b>
Authorised share capital	LTL 19,834,442
Address	J. Basanavičiaus g. 122, Utena
Telephone	(389) 51 445
Fax	(389) 69 358
E-mail	<a href="mailto:utenos.trikotazas@ut.lt">utenos.trikotazas@ut.lt</a>
Website	<a href="http://www.utenostrikotazas.lt">www.utenostrikotazas.lt</a>
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	B 98-257
Code of the Register of Legal Entities	183709468

## 3. Nature of the Issuer's operations

Utenos Trikotažas 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. Information about results of the Issuer's activities

### Trade

Total sales of goods and services of the Company within six months of 2008 amounted to LTL 52,9 million. Trade volume decreased by LTL 6,6 million or by 11,2 per cent as compared to six months of 2007. The Company's exports to Western Europe and other countries accounted for 89 per cent, whereas sales in Lithuania accounted for 11 per cent of total production.



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the First Half-Year of 2008



Utenos trikotažas

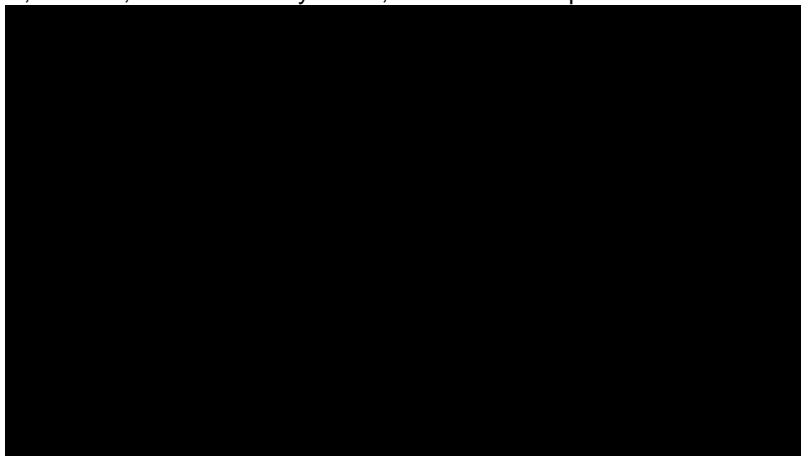
of goods and services of Utenos Trikotažas AB group (hereinafter "the Group"). The Group's exports accounted for 89 per cent, whereas sales in Lithuania accounted for 11 per cent of total production.



#### Lithuania

During the period of 6 months of 2008, the Company sold 0.5 million knit-wear items in Lithuania totalling to LTL 5,7 million. The sales in Lithuania decreased by LTL 1.5 million or 22 per cent.

During the period of 6 months of 2008, the Group's sales in Lithuania and other Baltic countries amounted to LTL 6,8 million, which is less by LTL 2,9 million as compared to six months of 2007.





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Utenos trikotažas



## Export

During the period of 6 months of 2008, the Company exported 4,3 million knit-wear items totalling to LTL 47,3 million. The Company's exports decreased by LTL 5,1 million or 10 per cent. Large retail chains from Western Europe remained as the major customers of the Company.

During the period of 6 months of 2008, the Group's exports to Western Europe and other regions amounted to LTL 52,6 million, which is less by LTL 10,4 million as compared to six months of 2007.



## Production

During the period of 6 months of 2008, the Company produced 4,7 million knit-wear items. The Company's subcontractors (including the company in Ukraine) produced 3,3 million knit-wear items or 70 per cent of total production volume.

During the period of 6 months of 2008, Ūatrija AB produced 0.094 million sewn items. Ūatrija AB subcontractors produced 0.045 million sewn items or 48 per cent of total production volume.

During the period of 6 months of 2008, OAO MTF Mrija produced 2,1 million items, 887 thousand items whereof represent the items produced during full manufacturing cycle. OAO MTF Mrija subcontractors in Ukraine produced 0,9 million items.



## 7. Analysis of financial and non-financial performance

Key performance indicators of Utenos Trikotazas AB:

Indicators	COMPANY	
	6 months of 2008	6 months of 2007
Ratio of general short-term solvency	1,35	1,34
Return on assets	(0,04)	0,01
Net profitability	(0,07)	0,02
Assets turnover	0,64	0,60
Debt-to-equity ratio	2,70	2,50
Book value per share	1,12	1,43
General liquidity ratio	0,86	0,89
Debt ratio	0,73	0,71
Net earnings (deficit) per share	(0,18)	0,05

During the period of 6 months of 2008, the Company's sales per employee amounted to LTL 60 thousand.

During the period of 6 months of 2008, the Group's sales per employee amounted to LTL 35 thousand.

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

All financial data presented in this Report is calculated in accordance with the International Financial Reporting Standards, endorsed for the application in the EU and approved by the assigned auditor under established procedure.

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

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

## 10. Material events of the reporting period

2008-01-16 Calendar 2008

2008-01-29 Resolution of General Meeting of shareholders of Utenos Trikotazas AB.

2008-02-28 Unaudited profit of "Utenos trikotazas" AB in the year 2007.

2008-02-28 AB, Utenos trikotazas AB unaudited Interim Consolidated Financial Statements for the year

2008-03-27 Convocation of Utenos trikotazas AB Ordinary General Shareholders Meeting

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les for 1 quarter 2008

azas+AB group investor's calendar

2008-04-18 Draft resolutions of General meeting of Shareholders to be held on 30 th April

2008-04-18 Audited financial accounts and annual report for the year 2007.

2008-04-30 Draft resolutions prepared by the Board of Directors of Utenos trikotažas, AB

2008-05-30 Unaudited Financial Statements and the work results for the first quarter of 2008

2008-07-18 AB „Utenos trikotažas“ results of activity for 2008 m. II quarter and I-st half-year

## 11. The Company's operating plans and prospects

The Company does not amend its plans.

## 12. Structure of the Issuer's authorised share capital

As at 30 June 2008, 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.



## Securities

There are no restrictions.

### 14. Shareholders

As at 30 June 2008, the total number of shareholders of Utenos Trikotažas AB was 1,185.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 29 December 2007.

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 de 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
Employees of the Company	325	1,64	1,64
Other shareholders	4 560	23	23

### 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

During the period of 6 months of 2008, the average number of employees was 883: workers comprised 85 per cent, whereas managers and specialists comprised 15 per cent of all Company's employees.

During the period of 6 months of 2008, one employee of the Company earned on average LTL 2,071 or EUR 600 per month, wherein an average worker earned LTL 1 707 or EUR 494, and an average specialist earned LTL 3 557 or EUR 1 030.

	6 months of 2008	6 months of 2007
Average number of employees	883	958

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Security	11 722	11 677
Average monthly salary of employees, LTL	2,071	2,029
Average monthly salary of specialists, LTL	3,557	3,614
Average monthly salary of workers, LTL	1,707	1,652

Number of employees of Utenos Trikotažas AB by separate groups:

Group of employees	Average recorded number	
	6 months of 2008	6 months of 2007
Managers and specialists	132	136
Managers whereof	5	5
Workers	710	840
Total	842	976

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	5	-	-	-	-	-
Specialists	94	22	2	-	-	9
Workers	12	219	160	238	66	15
<b>Total</b>	<b>111</b>	<b>241</b>	<b>162</b>	<b>238</b>	<b>66</b>	<b>24</b>

## 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. No amendments to the Articles of Association were made in 2007.

## 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





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 30 March 2005 for the period of 4 years (until 30 March 2009). According to the Articles of Association of Utenos Trikotažas AB the Company's Board shall be composed of 4 members. On 30 March 2005, the following members of the Board were elected: Arnas Martinkevičius, Regina Sajienė, Martynas Ešnavičius and Antanas Vainauskas. Following the resignation of Antanas Vainauskas from the position of a member of the Company's Board, Algirdas Šabanas was elected a member of the Board during the Meeting of Shareholders on 26 April 2007.

On 29 May 2007, members of the Board of Utenos Trikotažas AB Regina Sajienė and Martynas Ešnavičius resigned from the position of members of the Board pursuant to paragraph 10 of Article 33 of the Law on Companies.

Asta Jaloveckienė and Robertas Beržinskas were elected members of the Board during the extraordinary Meeting of Shareholders of Utenos Trikotažas AB held on 13 July 2007.

Upon the death of a member of the Company's Board Asta Jaloveckienė and the decision passed by the Meeting of Shareholders on 29 January 2008 regarding the resignation of Arnas Martinkevičius from the position of the Chairman of the Board of Utenos Trikotažas AB, the Meeting of Shareholders elected Ingrida Osinaitė and Gintautas Rudis members of the Board for the remaining period of the Board's term of office, i.e. until 30 March 2009.

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

As at 30 June 2008:

Position	Name, surname	Number of the Issuer's shares held	Beginning of the term of office	End of the term of office
<b>Board</b>				
Chairman of the Board	Algirdas Šabanas	-	2007.04.26	2009.03.30
Member of the Board	Gintautas Rudis	-	2008.01.29	2009.03.30
Member of the Board	Robertas Beržinskas	-	2007.07.13	2009.03.30
Member of the Board	Ingrida Osinaitė	-	2008.01.29	2009.03.30
<b>Head of Administration and the Chief Financial Officer</b>				
General Manager	Gintaras Pileičikas	-	01/09/2007	-
Chief Financial Officer	Darius Varnas	-	21/11/2005	-

## 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 during the period of 6 months of 2008 are disclosed in the notes to the financial statements of AB Utenos Trikotažas for the period ended as at 30 June 2008.



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## 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](http://www.utenostrikotazas.lt) and on the website of the Vilnius Stock Exchange at [www.baltic.omxgroup.com](http://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	<b>Satrija AB</b>
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	<a href="mailto:raseiniai@satrija.lt">raseiniai@satrija.lt</a>
Website	<a href="http://www.satrija.lt">www.satrija.lt</a>
Principal activities	Sewing of clothes
Company name	<b>OAo Mukačevska Trikotažnaja Fabrika Mrija</b>
Legal form	Open public company
Date and place of incorporation	1971m. Matrosova 13, 89600 Mukačevsk, Ukraine
Company code	00307253
Address	Matrosova 13, 89600 Mukačevsk, Ukraine
Telephone	+ 380 (3131) 52780
Fax	+380 (3131) 52780
E-mail	<a href="mailto:mrija@mk.ukrtel.net">mrija@mk.ukrtel.net</a>
Website	none
Principal activities	Production of knit-wear articles
Company name	<b>Gotija UAB</b>
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 Satrija 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 Satrija AB, OAo Mukačevska Trikotažnaja Fabrika Mrija, Gotija UAB do not trade in securities in regulated markets.