



Utenos trikotažas

**UTENOS TRIKOTAŽAS AB**  
CONSOLIDATED INTERIM REPORT  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011  
(UNAUDITED)

## 1. Reporting period covered by the Annual Report

The Consolidated Interim Report covers the period from 1 January 2011 to 30 June 2011.

All amounts in the Report present situation as at 30 June 2011, 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	BĮ 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 textile industry. The Company's principal activity is production of knit-wear and textile articles.

The Company's profile of activities:

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

## 4. Agreements with intermediaries of securities' public turnover

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

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

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

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

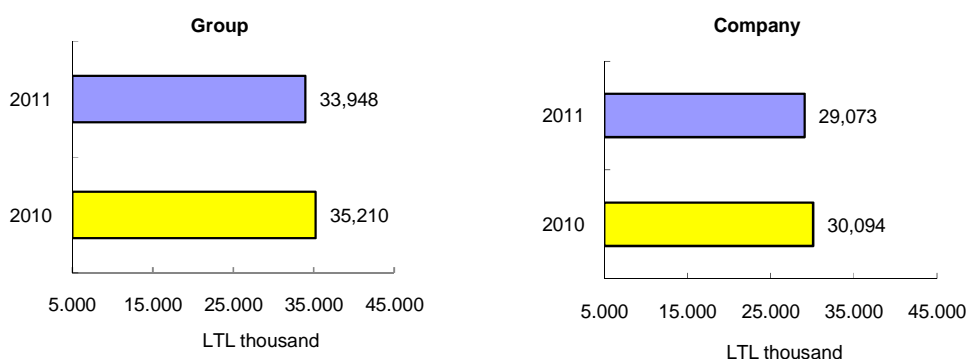
19,834,442 of ordinary registered shares have been registered for public turnover of securities. A nominal value of one share is LTL 1.

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

### Trade

In the first half 2011, total sales of goods and services of the Company amounted to LTL 29.1 million. Trade volume decreased by LTL 1 million or by 3.4 per cent as compared to 2010. The Company's exports to Western Europe and other countries accounted for 90.3 per cent, whereas sales in Lithuania accounted for 9.7 per cent of total production.

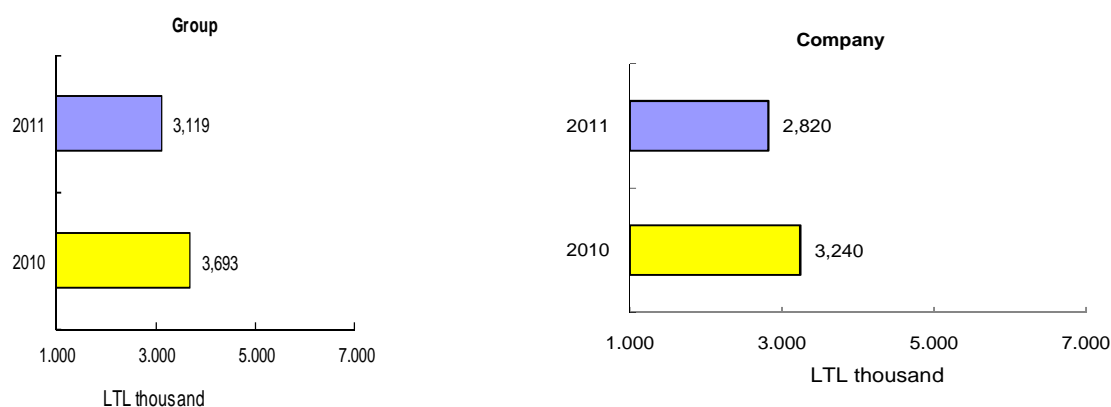
In the first half 2011, total sales of goods and services of Utenos Trikotažas AB group (hereinafter "the Group") amounted to LTL 33.9 million. The Group's exports accounted for 90.8 per cent, whereas sales in Lithuania accounted for 9.2 per cent of total production.



### Lithuania

In the first half 2011, the Company sold 262.4 thousand knit-wear items in Lithuania totalling to LTL 2.8 million. The sales in Lithuania decreased by LTL 0.4 million or 13 per cent.

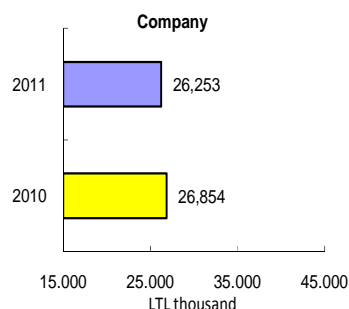
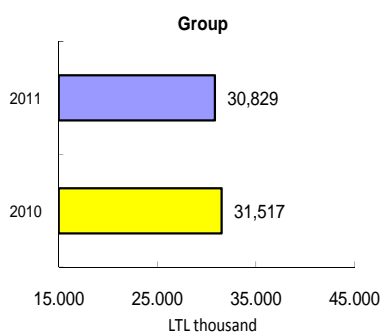
In the first half 2011, the Group's sales in Lithuania and other Baltic countries amounted to LTL 3.1 million, which is less by LTL 0.4 million as compared to 2010.



## Export

In the first half 2011, the Company exported 1.6 million knit-wear items totalling to LTL 26.3 million. The Company's exports decreased by LTL 0.6 million or 2.2 per cent comparing to 2010. Large retail chains from Western Europe remained as the major customers of the Company.

In the first half 2011, the Group's exports to Western Europe and other regions amounted to LTL 30.8 million.



## Production

In the first half 2011, the Company produced 1.8 million knit-wear items. The Company's subcontractors (including the company in Ukraine) produced 1.1 million knit-wear items of total production volume.

In the first half 2011, Šatrija AB produced 61.4 thousand sewn items.

In the first half 2011, OAO MTF Mrija produced 0.7 million items.

## Investments

In the first half 2011, the Group's investments in new equipment and new technologies amounted to LTL 26.1 thousand including transactions within the Group.

In the first half 2011, the Company's investments in new equipment and technologies amounted to LTL 17.4 thousand.

In the first half 2011, OAO MTF Mrija invested LTL 8.7 thousand.

In the first half 2011, Šatrija AB, Gotija UAB had made no investments.

## Development

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

## Risk factors related to the Issuer's operations

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

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

**Economic factors.** The Company's operations are dependent on state politics, political and economic developments in Lithuania or developments affecting Lithuania, i.e. political and economic developments in Ukraine.

The Company and the Group use instruments ensuring that production is sold to reliable customers. The Company's and the Group's policy focuses on maintaining adequate amount of cash and cash equivalents available with the purpose of implementing commitments provided for in their plans.

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

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

**Technical and technological risk factors.** The condition of the Company's major facilities is good and does not pose any risk to operations. Utenos Trikotažas AB regularly invests in renovation of facilities and introduction of the latest technologies.

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

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

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

Key performance indicators of Utenos Trikotažas AB:

Financial indicators	COMPANY	
	01-06 2011	01-06 2010
Revenue (LTL '000)	29,073	30,094
Operating profit (loss) (LTL'000)	803	847
Operating profit (loss) margin (%)	2.76	2.81
EBITDA (LTL '000)	3,106	3,359
Profit (loss) before tax (LTL '000)	(270)	(199)

Relative indicators	COMPANY	
	2011.06.30	2010.12.31
Short-term solvency ratio	1.49	1.44
Return on assets (%)	(0.5)	(1.3)
Net profitability (loss) (%)	(0.9)	(1.3)
Assets turnover	0.53	1.03
Debt-to-equity ratio	2.00	2.17
Book value per share	0.92	0.93
Critical liquidity ratio	1.0	0.95
Debt ratio	0.67	0.69
Net earnings (deficit) per share	(0.01)	(0.04)

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

All financial data presented in this Interim 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. Main features of the Group's internal control and risk management systems related to the preparation of the consolidated financial statements

The consolidated financial statements of Utenos Trikotažas Group are prepared according to International Financial Reporting Standards as adopted by the EU. The principles of internal control organisation and accounting are consistently applied to all companies of Utenos Trikotažas Group. In preparing the consolidated financial statements all inter-company transactions and balances are eliminated.

Internal controls in Utenos Trikotažas AB includes control procedures over business processes related to sale of products and revenue generation (client settlement and accounting management), operation of information systems and the reporting processes.

## 10. Information about the Company's own shared acquisition

No own shares were acquired by Company during the current accounting period.

## 11. Significant events subsequent to the end of the previous financial year

On 24 January 2011, announcement of unaudited performance results for fourth quarter of 2010.

On 24 January 2011, announcement of publishing terms of the interim reports and audited consolidated report in 2011.

On 28 February 2011, announcement of unaudited interim consolidated financial statements of 2010.

On 6 April 2011, the general meeting of shareholders of Utenos Trikotažas AB was convened.

On 7 April 2011, announcement of the drafts of the decisions of the general shareholder meeting to be convened on 28 April 2011.

On 28 April 2011, decisions of the General shareholder meeting were approved.

On 29 April 2011, announcement of the sales figures for the first quarter of 2011.

On 13 May 2011, announced, that Group sold idle assets for LTL 1 million.

On 31 May 2011, announcement of the performance results for the first quarter of 2011

On 29 July 2011, announcement of the sales figures for the second quarter and the first half-year of 2011.

On 11 August 2011, announcement of the change of managing director of Utenos trikotažas AB.

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

In the first half 2011, the Company plans to actively develop sales of ecological products and to develop the co-operation with customers demanding higher quality and sophisticated technology and to maintain close relationship with longstanding business customers.

Note: the Company's operating plan for 2011 was approved at the Board's meeting held on 1 February 2011, Minutes No. 1.

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

As at 30 June 2011, 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 Law on 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.

#### 14. Restrictions on disposal of securities

There are no restrictions.

#### 15. Shareholders

As at 30 June 2011, the total number of shareholders of Utenos Trikotažas AB was 1,341.

The table below indicates shareholders owning or holding more than 5 per cent of the Issuer's authorised share capital as at 30 June 2011.

Names of shareholders, types, registered addresses, company codes	Number of ordinary registered shares held	Share in the authorised capital (%)	Share of votes held (%)
Koncernas SBA UAB Laisvės pr.3, Vilnius company code 3220673	10,140	51.12	51.12
Amber Trust S.C.A.(SCA) Commandite par Actions 52route d'Esch 1-2965, Luxembourg	2,700	13.61	13.61
East Capital Asset Management, Kungsgatan 30,Box 1364, Stockholm, Sweden Code 556564-5370	2,091	10.54	10.54
KJK Fund, SICAV-SIF 412F, route d'Esch L-1030, Liuksemburgas, Nr.B 86729	1,095	5.52	5.52
Other shareholders	3,808	19.21	19.21

## 16. Shareholders holding special control rights and descriptions of these rights

There are no such shareholders.

## 17. All restrictions regarding voting rights

There are no restrictions.

## 18. 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.

## 19. Personnel

Number of employees of Utenos Trikotažas AB by separate groups:

Group of employees	2011.06.30	2010.06.30
Managers and specialists	104	106
Managers whereof	4	3
Workers	679	704
Total	783	810

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	4	-	-	-	-	-
Specialists	78	14	1	-	-	8
Workers	12	210	153	223	56	25
Total	94	224	153	223	56	33

## 20. Amendment procedure of the Issuer's Articles of Association

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

## 21. Issuer's bodies

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

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

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



The Board shall have a responsibility of convening and arranging the General Meetings of Shareholders in due time.

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

The Board members of Utenos Trikotažas AB Algirdas Šabūnas, Gintautas Rudis, Robertas Beržinskas and Vytautas Vaškys were elected during the Meeting of Shareholders on 29 April 2009 for the period until 29 April 2013.

## **22. Members of the collegial bodies, the Company Manager, the Finance Manager**

As at 30 June 2011:

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 Šabūnas	-	2009.04.29	2013.04.29
Member of the Board	Gintautas Rudis	111	2009.04.29	2013.04.29
Member of the Board	Robertas Beržinskas	-	2009.04.29	2013.04.29
Member of the Board	Vytautas Vaškys	10	2009.04.29	2013.04.29
<b>Head of Administration and the Finance Manager</b>				
General Manager	Gintautas Bareika	-	2011.08.16	-
General Manager	Nerijus Vilūnas	-	2008.09.17	2011.08.12
Finance Director	Saulius Rakauskis	-	2011.03.28	-

In the first half 2011, no loans, guarantees, sponsorships were issued and no assets were disposed to members of the Company's Board and Administration. In the first half 2011, the aggregate remuneration of the Company General Managers and the Finance Director amounted to LTL 149 thousand.

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

## **23. 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.

## **24. 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.

## **25. Information about transactions with related parties**

Results of transactions with related parties performed in the first half 2011 are disclosed in the notes to the financial statements of AB Utenos Trikotažas for the period ended as at 30 June 2011.

## **26. Data on publicly announced information**

The Company announces information on significant events (as well as other information required by laws) through the system of information disclosure and communication GlobeNewswire. 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).

## **27. General information on the Group of companies**

### **27.1. Companies that constitute the Group, their contact data and principle activities**

Company name	<b>Šatrija 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>OAD Mukačevska Trikotažnaja Fabrika Mrija</b>
Legal form	Open public company
Date and place of incorporation	1971m. Matrosova 13, 89600 Mukačevo, Ukraine
Company code	00307253
Address	Matrosova 13, 89600 Mukačevo, Ukraine
Telephone	+ 380 (3131) 52780
Fax	+380 (3131) 52780
E-mail	<a href="mailto:mriya@mriya.ut.lt">mriya@mriya.ut.lt</a>
Website	<a href="http://www.mriyamukachevo.com">www.mriyamukachevo.com</a>
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

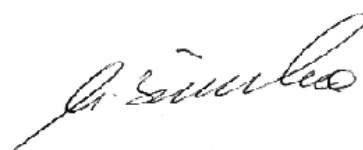
**27.2. Agreements concluded between the Issuer and brokerage firms and/or credit institutions providing investing services and/or conducting investing activity**

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

**27.3. Trade in securities of the Group companies in regulated markets**

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

General Manager Gintautas Bareika



31 August 2011