



Utenos trikotažas

**AB,, UTENOS TRIKOTAZAS''**

**INTERIM STATEMENTS FOR THE ENDED  
31 DECEMBER 2007**

*UTENA*

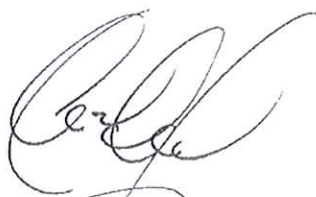
To: Lithuanian Securities Commission  
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28 - 02 -2008

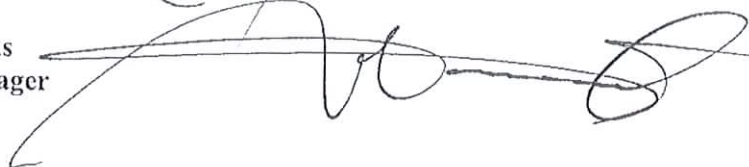
#### CONFIRMATION OF RESPONSIBLE PERSONS

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 Pileičikas, General Manager of Utenos trikotažas, AB, and Finance manager Darius Varnas hereby confirm that, the unaudited interim statements for the ended 31 December 2007, 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.

**Gintaras Pileičikas**  
General Director



**Darius Varnas**  
Finance Manager





Utenos trikotažas

## Balance sheets

	Group		Company	
	As of 31 December 2007	2006	As of 31 December 2007	2006
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets				
Goodwill	2 523	2 622	-	-
Other intangible assets	312	451	139	155
Prepayments for intangible assets	1 042	716	1042	716
Total intangible assets	5 889	3 690	1 181	871
Property, plant and equipment				
Land and buildings	9 390	9 023	4 681	4 617
Structures	572	476	272	303
Vehicles and other property, plant and equipment	36 190	39 128	23 816	25 500
Construction in progress and prepayments	564	4 272	414	2 474
Total property, plant and equipment	46 716	52 899	29 183	32 894
Investment property	5 580	5 651	5 580	5 651
Non-current financial assets				
Investments into subsidiaries	-	-	12 753	10 742
Receivables from related parties	-	1 050	-	-
Trade and other receivables	40	117	-	73
Total non-current financial assets	40	1 167	12 753	10 815
Deferred income tax asset	185	428	248	206
<b>Total non-current assets</b>	<b>58 410</b>	<b>63 835</b>	<b>48 945</b>	<b>50 437</b>
<b>Current assets</b>				
Inventories and prepayments				
Inventories	19 350	21 678	15 828	12 451
Prepayments	336	406	243	288
Total inventories and prepayments	19 686	22 084	16 071	12 739
Trade and other accounts receivable				
Trade receivables	16 417	17 178	13 976	12 215
Receivables from subsidiaries	-	-	10 787	7 439
Receivables from other related parties	3 320	6 546	-	5 354
Prepaid income tax	2 123	1 228	2 092	1 227
Other taxes receivable	1 855	2 944	747	870
Other receivables	10	53	-	-
Total accounts receivable	23 725	27 949	27 602	27 105
Other current assets	156	142	77	74
Cash and cash equivalents	645	1 526	101	873
<b>Total current assets</b>	<b>44 212</b>	<b>51 701</b>	<b>43 851</b>	<b>40 791</b>
<b>Total assets</b>	<b>102 622</b>	<b>115 536</b>	<b>92 796</b>	<b>91 228</b>



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## Balance sheets (cont'd)

	Group		Company	
	As of 31 December		As of 31 December	
	2007	2006	2007	2006
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
<b>Equity attributable to the equity holders of the Company</b>				
Share capital	19 834	19 834	19 834	19 834
Reserves				
Foreign currency translation reserve	195	(203)	-	-
Other reserves	1 983	1 983	1 983	1 983
Total reserves	2 178	1 780	1 983	1 983
Retained earnings	(3 766)	11 959	3 968	13 586
	<b>18 246</b>	<b>33 573</b>	<b>25 785</b>	<b>35 403</b>
<b>Minority interest</b>	<b>852</b>	<b>1 084</b>	-	-
<b>Total equity</b>	<b>19 098</b>	<b>34 657</b>	<b>25 785</b>	<b>35 403</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	38 543	31 654	33 102	24 280
<b>Total non-current liabilities</b>	<b>38 543</b>	<b>31 654</b>	<b>33 102</b>	<b>24 280</b>
<b>Current liabilities</b>				
Borrowings	20 057	18 307	13 238	10 649
Trade and other payables				
Trade payables	15 093	20 485	13 197	12 789
Payables to subsidiaries	-	-	47	9
Payables to other related parties	569	458	239	343
Income tax payable	8	81	-	-
Other taxes payable	388	711	214	349
Accrued expenses and other current liabilities	8 866	9 183	6 974	7 406
Total trade and other payables	24 924	27 766	20 671	17 374
<b>Total current liabilities</b>	<b>44 981</b>	<b>49 225</b>	<b>33 909</b>	<b>31 545</b>
<b>Total liabilities</b>	<b>83 524</b>	<b>80 879</b>	<b>67 011</b>	<b>55 825</b>
<b>Total equity and liabilities</b>	<b>102 622</b>	<b>115 536</b>	<b>92 796</b>	<b>91 228</b>



Utenos trikotažas

## Income statements

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
Revenue	137 688	163 274	114 751	124 810
Cost of sales	(121 899)	(138 342)	(102 102)	(102 788)
<b>Gross profit</b>	<b>15 789</b>	<b>24 932</b>	<b>12 649</b>	<b>22 022</b>
Selling expenses	(3 695)	(4 166)	(2 833)	(3 017)
General and administrative expenses	(14 596)	(14 552)	(9 844)	(9 485)
Other operating income (expenses), net	595	1 618	585	668
<b>Operating profit</b>	<b>(1 907)</b>	<b>7 832</b>	<b>557</b>	<b>10 188</b>
Finance cost, net	(5 862)	(3 403)	(2 289)	(1 648)
<b>Profit before income tax</b>	<b>(7 769)</b>	<b>4 429</b>	<b>(1 732)</b>	<b>8 540</b>
Income tax expense	(248)	(2 335)	49	(2 088)
<b>Profit for the year</b>	<b>(8 017)</b>	<b>2 094</b>	<b>(1 683)</b>	<b>6 452</b>
<b>Attributable to:</b>				
Equity holders of the Company	(8 017)	2 374	(1 683)	6 452
Minority interest	232	(280)	-	-
	<b>(7 785)</b>	<b>2 094</b>	<b>(1 683)</b>	<b>6 452</b>
Basic and diluted earnings per share, attributable to the equity holders of the Company (in LTL)	0.39	0.12	0.08	0.33



Utenos trikotažas

## Statements of changes in equity

<u>Group</u>	Equity attributable to the equity holders of the Company						Total equity
	Share capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Minority interest	
Balance as of 1 January 2006	19 834	(84)	1 983	13 552	35 285	1 206	36 491
Currency translation differences – recognised directly in equity		(119)	-	-	(119)	-	(119)
Net profit (loss) for the year	-	-	-	2 374	2 374	(280)	2 094
<b>Total recognised income and expense for 2006</b>	-	(119)	-	2 374	2 255	(280)	1 975
Dividends paid	-	-	-	(3 967)	(3 967)	-	(3 967)
Acquisition of minority interest in subsidiaries	-	-	-			158	158
Balance as of 31 December 2006/ 1 January 2007	19 834	(203)	1 983	11 959	33 573	1 084	34 657
Currency translation differences – recognised directly in equity	-	398	-	-	398	-	398
Net profit (loss) for the year	-	-	-	(7 785)	(7 785)	(232)	(8 017)
<b>Total recognised income and expense for 2007</b>	-	195	-	(7 785)	(7 385)	(232)	(7 619)
Dividends paid	-	-	-	(7 934)	(7 934)	-	(7 934)
Contributions by minority interest	-	-	-	(6)	(6)	-	(6)
Balance as of 31 December 2007	19 834	195	1 983	(3 766)	18 246	852	19 098



Utenos trikotažas

## Statements of changes in equity (cont'd)

<u>Company</u>	<u>Share capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as of 1 January 2006	19 834	1 983	11 101	32 918
Dividends paid	-	-	(3 967)	(3 967)
Transferred to retained earnings	-	-	6 452	6 452
Net profit for the year – total recognised income and expense for 2006	-	-	-	-
Balance as of 31 December 2006/ 1 January 2007	19 834	1 983	13 586	35 403
Dividends paid	-	-	(7 935)	(7 935)
Net profit for the year – total recognised income and expense for 2007	-	-	(1 683)	(1 683)
Balance as of 31 December 2007	19 834	1 983	3 668	25 785



Utenos trikotažas

## Cash flow statements

	Group		Company	
	Year ended 31 December	2006	Year ended 31 December	2006
<b>Cash flows from operating activities</b>				
Net profit for the year	(7 785)	2 094	(1 683)	6 452
<b>Adjustments for non-cash items:</b>				
Impairment of investment	-	-	-	-
Gain on disposal of subsidiary	-	(436)	-	-
Excess of acquirer's interest in the net assets	-	-	-	-
Depreciation and amortisation	9 118	8 937	6 316	5 953
Reversal of impairment of property, plant and equipment and investment property	(175)	(698)	(128)	(698)
Gain from disposal of property, plant and equipment	(61)	(705)	(85)	(220)
Write-off of property, plant and equipment		9	20	2
Impairment and write-off of inventories	993	93	558	5
Impairment and write-off of accounts receivable	(49)	(163)	-	(10)
Interest income	(79)	(176)	(216)	(121)
Interest expenses	3 308	2 150	2 260	1 416
Foreign exchange loss on borrowings	1 790	785	-	-
Income tax expenses	248	2 335	(49)	2 088
<b>Changes in working capital:</b>				
Decrease (increase) in inventories	1 405	(639)	(3 890)	1 920
Decrease (increase) in trade receivables	3 999	(7 382)	3 656	(6 013)
Decrease (increase) in receivables from subsidiaries	-	-	1 431	1 095
Decrease (increase) in other receivables and other current assets	2 821	(1 855)	(3)	(2 988)
Increase in trade and other accounts payable (Decrease) increase in taxes payable and other current liabilities	(5 392)	9 189	342	3 539
	301	600	(567)	(17)
<b>Cash generated from operations</b>	17 946	14 138	4 614	12 403
Income tax paid	(2 123)	(1 943)	(2 092)	(1 898)
<b>Net cash flows from operating activities</b>	<b>15 417</b>	<b>12 195</b>	<b>2 522</b>	<b>10 505</b>
<b>Cash flows from investing activities</b>				
Acquisition of non-current tangible assets	(4 670)	(13 364)	(2 552)	(1 256)
Acquisition of intangible assets	(2 398)	(524)	(375)	(237)
Proceeds from sale of non-current assets	280	2 436	211	1 173
Acquisition of subsidiaries, net of cash acquired (in the Group)	-	-	(2 011)	-
Disposals of subsidiaries, net of cash disposed (in the Group)	-	(507)	-	-
Collection of loans granted	-	-	-	-
Interest received	79	176	216	121
<b>Net cash flows used in investing activities</b>	<b>(6 709)</b>	<b>(11 793)</b>	<b>(4 511)</b>	<b>(190)</b>





Utenos trikotažas

## Cash flow statements (cont'd)

	Group		Company	
	Year ended 31 December 2007	2006	Year ended 31 December 2007	2006
<b>Cash flows from financing activities</b>				
Cash flows related to the Company's shareholders				
Dividends paid	(7 940)	(3 967)	(7 934)	(3 967)
	(7 940)	(3 967)	(7 934)	(3 967)
Cash flows related to other sources of financing				
Proceeds from borrowings	20 731	17 283	21 116	4 000
Repayment of borrowings	(12 048)	(11 969)	(9 705)	(8 960)
Contributions by minorities	-	158	-	-
Interest paid	(3 308)	(2 150)	(2 260)	(1 416)
	5 375	3 322	9 151	(6 376)
<b>Net cash flows used in financial activities</b>	<b>(2 565)</b>	<b>(645)</b>	<b>1 217</b>	<b>(10 343)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(857)</b>	<b>(243)</b>	<b>(772)</b>	<b>(18)</b>
Cash and cash equivalents at the beginning of the year	1 526	1 790	873	891
Exchange losses on cash and cash equivalents	(24)	(21)	-	-
Cash and cash equivalents at the end of the year	645	1 526	101	873



## Notes to the financial statements

### 1. General information

AB Utenos Trikotažas (hereinafter "the Company") is a joint stock company registered in the Republic of Lithuania on 6 December 1994. The address of its registered office is as follows:

Basanavičiaus Str. 122,  
Utena,  
Lithuania

The Company is engaged in production of knitted articles.

The shares of AB Utenos trikotažas are traded on the Official List of the National Stock Exchange.

As of 31 December 2007 and 2006 the shareholders of the Company were:

	2007		2006	
	Number of shares held	Equity (%)	Number of shares held	Equity (%)
UAB Koncernas SBA	9 445	47,62	9 475	47,77
Investment fund Amber Trust	2 700	13,61	3 000	15,13
East Capital Asset	2 109	10,63	2 034	10,26
Employees of the Company	325	1,64	398	2,00
Other shareholders	5 255	26,50	4 927	24,84
	<u>19 834</u>	<u>100,00</u>	<u>19 834</u>	<u>100,00</u>

In 2007, the average number of employees of the Company was 949 (2006: 999).

The consolidated Group (hereinafter "the Group") consists of the Company and the following subsidiaries:

	Registered address	Group's share (%) as at 31 December		Main activities
		2007	2006	
AB Šatrija	Vilnius Str. 5, Raseiniai	89,78	89,78	Sewing of clothes
UAB Gotija	Laisvės Ave 33, Kaunas	90,50	90,50	Retail
ОАО МТФ Мрија	Motroso Str. 13, Mukačiov, Ukraine	98,95	91,85	Production of knitted articles
UAB Utenos trikotažo prekyba group	Basanavičiaus Str. 122, Utena	-	100,00	Retail

In 2007, the average number of employees of the Group was 1,873 (2006: 1 969).

The shareholders of the Company have the statutory right to amend the financial statements after issue.



### 3. Segment information

#### *Primary reporting format – business segments*

The Company's main business segment is production of knitted articles.

The Group also produces other clothes, provides sewing services and is engaged in retail and wholesale trade of its own production. Sewing services as well as retail and wholesale trade were considered to be a separate reportable segments of the Group in prior years. However, considering reducing share of sewing services provided to external customers of the Group, as well as significantly reduced revenue from retail and wholesale trade as a result of disposal of subsidiary UAB Utenos trikotažo prekyba group, management considers that the only reportable business segment of the Group is the production of knitted articles and other clothes.

#### *Secondary reporting format – geographical segments*

Grouping into different geographical segments is based on the Group's and Company's internal management accounting information system. Management believes that these geographical segments have certain common characteristics.

2007	Western Europe	Lithuania and the Baltic states	Other regions	Elimination	Total
Revenue					
External sales of the Group	117 685	19 900	103	-	137 688
Internal sales of the Group	-	15 279	2 211	(17 490)	-
	<u>117 685</u>	<u>30 179</u>	<u>2 314</u>	<u>(17 490)</u>	<u>137 688</u>
2006	Western Europe	Lithuania and the Baltic states	Other regions	Elimination	Total
Revenue					
External sales of the Group	140 731	21 547	996	-	163 274
Internal sales of the Group	-	8 639	2 618	(11 257)	-
	<u>140 731</u>	<u>30 186</u>	<u>3 614</u>	<u>(11 257)</u>	<u>163 274</u>

The management believes that it is not practical to allocate assets, other than accounts receivable to these geographical segments.

The Group's assets, except for the assets of subsidiary OAO MTF Mrija, which are located in the Republic of Ukraine, are located in the Republic of Lithuania. The carrying value of the property, plant and equipment located in Ukraine was LTL 13,6 million as of 31 December 2007 (LTL 13,4 million as of 31 December 2006). Capital expenditures related property, plant and equipment in Ukraine amounted to LTL 12,8 million in 2007 (including LTL 1.1 million intercompany purchases of property, plant and equipment) (LTL 10,7 million in 2006, including LTL 1,1 million intercompany purchases of property, plant and equipment).

Intersegment transactions include transfers among business and among geographical segments. Such



transactions are accounted at cost price plus certain margin. These transfers are eliminated in consolidation.

The Company's revenues from one client exceeding 10% of all sales in 2007 and 2006 are as follows:

Client	Geographical segment	Percentage from total revenue (%)	
		2007	2006
AB Hennes Mauritz	Western Europe	13,7	17
AB Kappahl	Western Europe	11,2	11
French Connection	Western Europe	Less than 10%	Less than 10%

#### 4. Intangible assets

The Company and the Group have no internally generated intangible assets. Amortisation expenses of intangible assets are included within general and administrative expenses in the income statement.

Prepayment for intangible assets in the Company's and the Group's balance sheets amounting to LTL 1 042 thousand (as of 31 December 2006 – LTL 716 thousand) is made for installation works of accounting system software.

#### 5. Property, plant and equipment (continued)

The depreciation charge of the Group's and the Company's property, plant and equipment in 2007 amounts to LTL 8 937 thousand and LTL 6 120 thousand respectively (LTL 8 680 thousand and LTL 5 765 thousand in 2006). The respective amounts of LTL 8 136 thousand and LTL 5 665 thousand in 2007 (LTL 8 065 thousand and LTL 5 535 thousand in 2006) are included into cost of sales in the Group's and the Company's income statement. The remaining amounts are included into general and administrative expenses in the income statement and inventories in the balance sheet.

#### 6. Investments into subsidiaries

The Company's investments into subsidiaries as of 31 December can be specified as follows:

	2007	2006
<b>Cost of investments:</b>		
Balance as at 1 January	10 742	26 007
Acquisition of subsidiary OAO MTF Mrija (Note 26)	2 011	-
Disposal of investment into UAB „Effigy” subgroup (Note 26)	-	(15 265)
Balance as at 31 December	12 753	10 742
<b>Impairment:</b>		
Balance as at 1 January	-	15 257
Impairment charge for the period	-	-
Reversal of accumulated impairment relating to investment into UAB „Effigy” subgroup	-	(15 257)
Balance as at 31 December	-	-
<b>Carrying value of investments into subsidiaries as at 31 December</b>	<b>12 753</b>	<b>10 750</b>



## 7. Inventories

	Group		Company	
	2007	2006	2007	2006
Raw materials	7 177	11 343	4 683	5 011
Work in progress	5 972	7 055	5 092	4 567
Finished goods	7 333	3 385	6 827	3 102
Goods for resale	110	190	-	-
	<u>20 592</u>	<u>21 973</u>	<u>16 602</u>	<u>12 680</u>
Net realisable value allowance at the beginning of the year	(295)	(1 249)	(229)	(295)
Change in net realisable value allowance	947	954	(545)	66
Net realisable value allowance at the end of the year	<u>(1 242)</u>	<u>(295)</u>	<u>(774)</u>	<u>(229)</u>
	<u>19 350</u>	<u>21 678</u>	<u>15 828</u>	<u>12 451</u>

## 8. Trade receivables

	Group		Company	
	2007	2006	2007	2006
Trade receivables, gross	18 427	17 200	11 756	12 215
Realisable value allowance at the beginning of the year	(22)	(217)	-	-
Change in realisable value allowance	10	195	-	-
Realisable value allowance at the end of the year	<u>(10)</u>	<u>(22)</u>	<u>-</u>	<u>-</u>
	<u>16 417</u>	<u>17 178</u>	<u>11 756</u>	<u>12 215</u>

Changes in allowance for doubtful trade receivables for the year 2007 and 2006 have been included into general and administrative expenses in the Group's and the Company's income statements.

The Company's trade accounts receivable amounting to LTL 11 756 thousand as of 31 December 2007 (LTL 12 215 thousand as of 31 December 2006) are insured against debtors' insolvency with insurance companies Atradius Sweden and UAB Euler Hermes Services Baltic for a maximum recoverable amount of LTL 12 132 thousand (LTL 12 132 thousand as of 31 December 2006).

The Group's trade accounts receivable amounting to LTL 16 417 thousand as of 31 December 2007 (LTL 17 178 thousand as of 31 December 2006) are insured against debtors' insolvency with insurance companies Atradius Sweden, Euler Hermes Kreditversicherung and UAB Euler Hermes Services Baltic for a maximum recoverable amount of LTL 47 132 thousand (LTL 39 332 thousand as



of 31 December 2006).

## 9. Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
Cash in bank and on hand	645	783	101	231
Deposits with a term of less than three months	-	743	-	642
	<u>645</u>	<u>1 526</u>	<u>101</u>	<u>873</u>

On 16 January 2003 the Company signed an agreement with AB bankas Hansabankas valid until 16 January 2023 for overnight deposits. The annual interest rate of the overnight deposit is 0.6%. The outstanding balance of the overnight deposit amounted to LTL 0 thousand as of 31 December 2007 (as of 31 December 2006 – LTL 642 thousand).

Groups' deposits balance as at 31 December 2006 includes a deposit of UAH 193 thousand (equivalent of LTL 101 thousand) which was placed with the bank as a guaranty for VAT payable. Annual Interest rate on this deposit is 5 %, contractual maturity - 25 January 2007.

The Company's all cash inflows into its accounts in AB bankas Hansabankas are pledged to the bank as collateral for the loan .

As of 31 December 2007 and 2006 the Group and the Company had no other restrictions for the use of cash and cash equivalents.

## 10. Share capital

As at 31 December 2007 and 2006, the share capital comprised 19 834 442 ordinary registered shares with par value of LTL 1 each. As of 31 December 2007 and 2006 all the shares are fully paid.

Subsidiaries did not hold any shares of the Company as of 31 December 2007 and 2006. The Company did not hold its own shares as of 31 December 2006 and 2006.



## 11. Reserves

### *Other reserves*

The outstanding balances of Company's reserves as of 31 December 2007 and 2006 comprised of legal reserve.

### *Profit distribution*

On 30 April 2006 the Company's Shareholders' meeting decided to pay out LTL 3 967 thousand in dividends. On 26 April 2007 the Company's Shareholders' meeting decided to pay out LTL 7 935 thousand in dividends.

On the date of the issue of these financial statements the Company had not yet prepared a draft of profit distribution for 2007.

## 12. Borrowings

	Group		Company	
	2007	2006	2007	2006
<i>Current</i>				
Short-term bank borrowings	3 608	3 720	770	870
Current portion of long-term bank borrowings AB Šatrija	14 945	13 694	10 487	8 908
Finance lease liabilities	1 504	893	500	871
	20 057	12 333	13 238	9 830
<i>Non – current</i>				
Long-term bank borrowings	32 164	26 370	26 743	19 039
Finance lease liabilities	6 379	5 284	6 359	5 241
	38 543	25 892	33 102	23 947
<b>Total borrowings</b>	<b>58 600</b>	<b>49 961</b>	<b>46 340</b>	<b>34 929</b>

## 13. Accrued expenses and other current liabilities

	Group		Company	
	2007	2006	2007	2006
Payables for services and non-current assets	4 152	3 361	3 863	3 289
Wages, salaries and social security	2 085	2 204	1 260	1 534
Vacation pay accrual	2 107	2 447	1 556	1 846
Bonuses for employees	119	528	119	528
Other liabilities	403	641	176	209
	8 866	9 183	6 974	7 406

## 14. Revenue

	Group		Company	
	2007	2006	2007	2006



Sale of goods	131 508	157 595	112 425	121 919
Sewing services	4 918	5 022	-	-
Sale of materials	1 262	657	2 326	2 891
	<u>137 688</u>	<u>163 274</u>	<u>114 751</u>	<u>124 810</u>

#### 15. Cost of sales

	Group		Company	
	2007	2006	2007	2006
Materials	51 405	63 237	39 330	42 919
Wages and salaries	35 750	35 170	24 779	24 796
Other overhead expenses	33 625	39 522	35 862	32 326
Cost of materials sold	1 119	413	2 131	2 747
	<u>121 899</u>	<u>138 342</u>	<u>102 102</u>	<u>102 788</u>

#### 16. Selling, general and administrative expenses

	Group		Company	
	2007	2006	2007	2006
Selling expenses				
Maintenance costs of retail outlets	41	40	-	-
Wages, salaries and social security	1 759	1 989	1 330	1 425
Other selling expenses	1 895	2 137	1 503	1 592
Total selling expenses	<u>3 695</u>	<u>4 166</u>	<u>2 833</u>	<u>3 017</u>
General and administrative expenses				
Wages, salaries and social security	5 093	5 668	2 902	3 556
Communications and consulting services	2 207	2 813	1 612	2 200
Taxes, other than income tax	1 945	1 321	1 852	1 206
Reversal of impairment of property, plant and equipment and investment property	(175)	(698)	(128)	(698)
Depreciation and amortisation	388	503	181	219
Bonuses	6	300	-	300
Business trips	181	210	104	77
Charity and sponsorship	139	213	126	195
Other	4 812	4 222	3 195	2 430
Total general and administrative expenses	<u>14 596</u>	<u>14 552</u>	<u>9 844</u>	<u>9 485</u>
	<u>18 291</u>	<u>18 718</u>	<u>12 677</u>	<u>12 502</u>





## 17. Other operating income (expenses), net

	Group		Company	
	2007	2006	2007	2006
Gain on disposal of interest in subsidiary	-	436	-	-
Gain on disposal of property, plant and equipment	61	705	85	22
Income from rent	691	719	683	646
Expenses of rent	(227)	(281)	(242)	(235)
Other income (expenses), net	70	39	59	37
	<u>595</u>	<u>1 618</u>	<u>585</u>	<u>668</u>

## 18. Finance cost, net

	Group		Company	
	2007	2006	2007	2006
Foreign currency exchange gain (loss), net	(2 416)	(1 144)	2	(37)
Interest expenses	(3 308)	(2 150)	(2 260)	(1 416)
Prompt payment discounts given	(271)	(330)	(271)	(322)
Interest income	79	176	216	121
Prompt payment discounts received	11	-	11	-
Late payment interest received	43	45	13	6
	<u>(5 862)</u>	<u>(3 403)</u>	<u>(2 286)</u>	<u>(1 648)</u>

**19. Income tax**

Components of the income tax expense:

	Group		Company	
	2007	2006	2007	2006
Current income tax expense	(12)	(1 958)	-	(1 833)
Change in deferred income tax	(243)	(383)	42	(261)
Reimbursed income tax on dividends	7	6	7	6
Income tax expenses recorded in income statement	<u>(248)</u>	<u>(2 335)</u>	<u>49</u>	<u>(2 088)</u>

The reported amount of income tax expenses attributable to the year can be reconciled to the amount of income tax expenses that would result from applying statutory income tax rate to pre tax income as follows:

The movement in deferred income tax account was as follows:

	Group		Company	
	2007	2006	2007	2006
At beginning of year	428	811	206	467
Income statement charge	(243)	(383)	42	(261)
At end of year	<u>185</u>	<u>428</u>	<u>248</u>	<u>206</u>

In 2007 deferred income tax asset and liability related to the entities operating in Lithuania were accounted at 15 % rate (15 – 18% rate in 2006), depending on the estimated timing of the realization of temporary differences. The Group had no information about taxable losses and other temporary differences for calculation of deferred tax position of its subsidiary OAO MTF Mrija as of 31 December 2007 and for the year then ended, therefore, it is not reflected in these consolidated financial statements. (Deferred income tax asset and liability related to the entities operating in Ukraine was calculated at 25% rate in 2006).

**20. Earnings per share**

Basic earnings per share reflect the Group's net profit, divided by the outstanding number of shares. Calculation of the basic earnings per share is presented below:

	Group	
	2007	2006
Net profit, attributable to the equity holders of the Company	(7 785)	2 374
Weighted average number of shares outstanding (in thousand items)	<u>19 834</u>	<u>19 834</u>
Basic and diluted earnings per share (in LTL)	<u>(0,39)</u>	<u>0,12</u>

The Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

**21. Dividends per share**

	2007*	2006*
Approved dividends	7 934	3 967
Weighted average number of shares (in thousand items)	19 834	19 834
Approved dividends per share (LTL)	0.40	0.20

\* The year when the dividends are approved.

**22. Related party transactions (continued)**

The Group's and the Company's related party transactions in 2007 and 2006 are as follows:

	Group		Company	
	2007	2006	2007	2006
<b>Sales of goods and services</b>				
<i>To subsidiaries of the Company:</i>				
UAB Gotija	-	-	539	372
AB Šatrija	-	-	8	14
OAo MTF Mrija	-	-	2 239	2 610
<i>To SBA group companies:</i>				
UAB Effigy	8 533	11 529	8 136	10 395
UAB Visagino linija	59		7	
UAB SBA baldu kompanija	10			
AB Šilutės baldai	46			
AB Kauno baldai	22	55	-	11
AB Akmena	1			
UAB SBA nafta	29			
AB Klaipėdos baldai	66	60	9	
AB Karigė	2	2	1	-
<i>To ultimate parent company:</i>				
UAB Koncernas SBA	302	7	-	-
	9 070	11 598	11 035	13 391
	Group		Company	
	2007	2006	2007	2006
<b>Sales of property, plant and equipment</b>				
<i>To subsidiaries of the Company:</i>				
OAo MTF Mrija	-	-	320	1 144
	-	-	320	1 144
	Group		Company	
	2007	2006	2007	2006
<b>Interest received</b>				
<i>From subsidiaries of the Company:</i>				
OAo MTF Mrija	-	-	189	2



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*From SBA group companies:*

Koncernas SBA	-	-	-	-
UAB Effigy	44	-	-	-
	21	140	21	107
	65	140	210	109

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	Group		Company	
	2007	2006	2007	2006
<b>Purchases of goods and services</b>				
<i>From subsidiaries of the Company:</i>				
AB Šatrija	-	-	34	21
OAo MTF Mrija	-	-	14 694	8 129
<i>From SBA group companies:</i>				
UAB Effigy	141	343	141	37
AB Klaipėdos baldai	17	17	-	-
UAB Klaipėdos baldų prekyba	-	-	-	-
UAB Pastatų idėjų įgyvendinimas	47	120	47	120
<i>From other related parties:</i>				
Pramonės ir Marketingo Biznio Centras	232	251	232	251
<i>From ultimate parent company:</i>				
UAB Koncernas SBA	1 500	2 317	1 199	1 973
	<u>1 937</u>	<u>3 048</u>	<u>16 347</u>	<u>10 531</u>
	Group		Company	
	2007	2006	2007	2006
<b>Purchases of property, plant and equipment</b>				
<i>From subsidiaries of the Company:</i>				
AB Šatrija	-	-	-	3
<i>From ultimate parent company:</i>				
UAB Koncernas SBA	-	4	-	4
	<u>-</u>	<u>4</u>	<u>-</u>	<u>7</u>
	Group		Company	
	2007	2006	2007	2006
<b>Amounts receivable within one year (including prepayments and loans)</b>				
<i>From subsidiaries of the Company:</i>				
OAo MTF Mrija	-	-	10 658	7 302
AB Šatrija	-	-	-	8
UAB Gotija	-	-	129	129
<i>From SBA group companies:</i>				
UAB Effigy	2 220	6 542	2 220	5 354
AB Klaipėdos baldai	-	-	-	-
UAB Karigė	-	4	-	-
<i>From ultimate parent company:</i>				
UAB Koncernas SBA	1 100	-	-	-
	<u>3 320</u>	<u>6 546</u>	<u>13 007</u>	<u>12 792</u>
	<u>1,050</u>	<u>1,100</u>	<u>-</u>	<u>-</u>

Loan provided to UAB Koncernas SBA fully repayable in 2008. The repayment of the loan is guaranteed by UAB Klaipėdos Baldų Prekyba. Annual interest rate on the loan is 4 per cent. In the opinion of management, fair value of this loan approximate to its carrying value.

Group Company



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	2007	2006	2007	200
<i>Amounts payable within one year</i>				
<i>To subsidiaries of the Company:</i>				
AB Šatrija	-	-	547	9
<i>To SBA group companies:</i>				
UAB Pastatų idėjų įgyvendinimas	-	10	-	10
<i>To other related parties:</i>				
Pramonės ir Marketingo Biznio Centras	254	252	254	251
<i>To ultimate parent company:</i>				
UAB Koncernas SBA	315	197	232	82
	<u>569</u>	<u>458</u>	<u>1 033</u>	<u>352</u>

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