



Utenos trikotažas

**ANNUAL PROSPECTUS
REPORT 2006**

**2007
UTENA**

CONTENTS

I.	GENERAL PROVISIONS	3
II.	DATA ABOUT THE ISSUER'S AUTHORISED CAPITAL AND THE ISSUED SECURITIES	5
III.	DATA ABOUT THE SECONDARY TRADING IN THE ISSUER'S SECURITIES.....	6
IV.	DATA ABOUT THE ISSUER'S ACTIVITY	9
V.	FINANCIAL STATUS	34
	INFORMATION ABOUT THE ISSUER'S MANAGING BODIES	51
VI.	RECENT AND MATERIAL EVENTS IN THE ISSUER'S ACTIVITY AND ITS PROSPECTS	55

I. GENERAL PROVISIONS

1. Reporting period for which the Annual Prospectus-Report has been prepared

The Annual Prospectus-Report has been prepared for the year 2006.

2. Main data about the Issuer

Name of the company	Public company „Utenos trikotažas”
Authorised capital	LTL 19 834 442
Address	J. Basanavičiaus St. 122, Utena
Telephone	(389) 51 445
Fax	(389) 69 358
E-mail address	utenos.trikotazas@ut.lt
Internet website	www.utenostrikotazas.lt
Legal and organisational form	Public company, legal person
Date and place of registration	On 06 December 1994 the Company was registered with the Register of Legal Entities of Utena district; on 18 September 1998 the Company was reregistered with the Ministry of Economy of the Respublic of Lithuania.
Registration number	BI 98-257
Registration code	1837 09468

3. Type of the Issuer's main activities

The trade sector of Utenos trikotažas AB is light industry. The Company's main activity is manufacturing of knitted goods and textile articles.

The main activities of Utenos trikotažas AB:

- ✦ manufacturing of knitted goods and textile articles;
- ✦ manufacturing of consumer goods related to the main activities;
- ✦ wholesale and retail trade of own and other products in national and foreign markets;
- ✦ foreign trade purchase – sale operations;
- ✦ service rendering to natural and legal persons;
- ✦ transport activities;

The Company is entitled to carry out the licensed activity only after having obtained the respective permits and licences. The Company's products and services may be sold in the Republic of Lithuania and abroad.

4. Information about where and how one can assess the Report, supporting documents and the designation of the means of mass media to make information public

The Report and the supporting documents, on the basis whereof it has been drawn up, may be accessed at the Company's registered office at J. Basanavičiaus St. 122, Utena, in working days and hours by telephone (389) 63093.

The means of mass media for public announcements of Utenos trikotažas AB: the daily „Lietuvos rytas”, the Lithuanian News Agency ELTA and the News Agency BNS.

5. Persons responsible for the accuracy of the information in the Report:

5.1. Responsibility for the Report is with the members of the Issuer's managing bodies, employees and the Head of the Company.

Regina Sajienė, Director General, phone (389) 51 445, fax (389) 69 358

Valda Gylienė, Accountant-general, phone (389) 51 445, fax (389) 69 358

Aldona Šinkūnienė, Accountant, phone (389) 63 093, fax (389) 69 358

6. Confirmation of the members of the Issuer's managing bodies, employees, the Head of the Administration and the Issuer's consultants that the information contained in the Report is true and there are no suppressed facts which could have an impact on investors' decision concerning purchase, sale or valuation of the Issuer's securities or on the market price of these securities.

Regina Sajienė, Director General

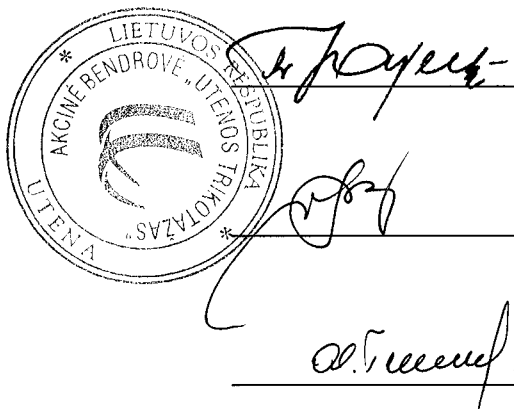
Utena, 25 May 2007

Valda Gylienė, Accountant-general

Utena, 25 May 2007

Aldona Šinkūnienė, Accountant

Utena, 25 May 2007



The image shows a circular stamp of the company "AKCINĖ BENDROVĖ „UTENOS TRIKOTAŽAS“" (Utenos trikotažas AB) with the text "LIETUVOS RESPUBLIKA" (Lithuania) and "UTENA" around the perimeter. To the right of the stamp are three handwritten signatures, each on a horizontal line.

II. DATA ABOUT THE ISSUER'S AUTHORISED CAPITAL AND THE ISSUED SECURITIES

7. The Issuer's authorised capital

7.1. The authorised capital registered in the Register of Legal Entities

Table 7.1.1. Composition of the authorised capital.

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	19 834 442	1	19 834 442

All shares of Utenos trikotažas AB are fully paid up.

7.2. Information about the projected increase of the authorised capital in connection with conversion or exchange of convertible debt securities or derivative securities into shares.

The Company has issued no debt securities or derivatives convertible into shares which entitle to subscribe for the Issuer's shares.

8. Shareholders

The Annual General Meeting of Utenos trikotažas AB was held on 26 April 2007.

The meeting's registration date: 19 April 2006.

Total number of shareholders: 1135.

Table 8.1. Shareholders who held more than 5 percent of the Issuer's authorised capital on the Annual General Meeting registration day¹.

Name of the shareholder, type, address of registered office and code of the company	Number of ordinary registered shares owned by the right of ownership.	Share of the authorised capital, %.	Share of votes given by the shares owned, %
UAB Concern „SBA” Laisvės pr.3, Vilnius Company code 3220673	8 928 363	45,01	45,01
AB „Šiaulių bankas” Tilžės St. 149 Šiauliai, Company code 112025254	1 187 000	5,98	5,98
Amber Trust S.C.A.(SCA) Commandite par Actions 52route d'Esch 1-2965,Luxembourg	3 000 000	15,13	15,13
East Capital Asset Management, Kungsgatan 30,Box 1364,Stocholm,Sweden Company code 556564-5370	1 990 874	10,04	10,04

9. Main characteristics of the shares issued for public trading

19 834 442 of ordinary registered shares are registered for public trading. The nominal value of one share is LTL 1.

10. Data about the shares offered for private placement

No shares have been registered for private placement.

11. Information about depositary receipts representing shares

No depositary receipts representing shares have been issued.

12. Main characteristics of the debt securities issued for public trading

No debt securities have been issued for public trading.

13. Data about the debt securities offered for non-public placement

No debt securities have been offered for non-public placement.

14. Securities not representing capital, the trading whereof is regulated by the Law on Securities Market, except debt securities

There have been no issues of securities not representing capital, the trading whereof is regulated by the Law on Securities Market.

III. DATA ABOUT THE SECONDARY TRADING IN THE ISSUER'S SECURITIES

15. Securities admitted to the trading lists of the stock exchanges

As from 29 September 1997, the securities of Utenos trikotažas AB (securities code 10932) were admitted to the Current List of the Vilnius Stock Exchange.

As from 01 June 1999, the shares of the Company were admitted to the Official List of the Vilnius Stock Exchange.

Type of the shares: ordinary registered shares

Number of shares: 19 834 442

Total nominal value: LTL 19 834 442

16. Trading in the issuer's securities on the stock exchange and other organised markets

16.1. Trading on the Vilnius Stock Exchange.

Table 16.1.1. Trading in Utenos trikotažas AB ordinary registered shares on the central market of the Vilnius Stock Exchange, 2004 - 2005.

Reporting period	Price, LTL	Turnover, LTL	Date of the	Total turnover
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	High est	Lowest	Last session	Highest	Lowest	Last session	last session	Shares	LTL
2005, 1 st quarter	10,75	8,25	9,20	1550785		250315,7	2005 03 31	607 925	5851478,91
2005, 2 nd quarter	9,30	8,20	8,49	253265		17136,60	2005 06 30	116 028	1007590,33
2005, 3 rd quarter	11,10	8,11	10,60	345869		10600,00	2005 09 30	946 831	9814321,39
2005, 4 th quarter	10,65	8,50	8,96	165250		3 606,50	2005 12 30	104 249	1001413,52
2006, 1 st quarter	8,75	6,5	7,7	85271		11 110,4	2006 03 31	104823	791 442,09
2006, 2 nd quarter	7,99	6,10	6,00	116 080		2058,0	2006 06 30	113 031	700 923,05
2006, 3 rd quarter	6,10	5,50	5,99	90 750		2866	2006 09 29	55649	332 947,5
2006, 4 th quarter	6,50	5,71	6,49	148 200		-	2006 12 29	100 627	590 112,36

16.1.2. Trading in the Company's Utenos trikotažas AB ordinary registered shares by means of direct trades. Following the requirements on information disclosure revised by the Securities Commission of the Republic of Lithuania, this paragraph is not filled in.

16.2. Trading on other exchanges

16.3. Trading on other organised markets

17. Capitalization of securities

Table 17.1. Capitalization of Utenos trikotažas AB ordinary registered shares.

Date of the last session	Capitalization (LTL)
31.03.2005	182 476 867.340
30.06.2005	168 394 401.8
30.09.2005	210 245 071.76
31.12.2005	177 716 588.93
31.03.2006	1 155 212 508
30.06.2006	1 127 596 213
29.09.2006	1 099 295 160
29.12.2006	961 709 647

18. Trading in the Issuer's securities on the OTC market

As the securities of Utenos trikotažas AB are listed on the Official List of the Vilnius Stock Exchange, OTC trades may be concluded only in a form other than cash payment (share donation, inheritance, etc.).

Table 18.1. Results of OTC trades in the securities of Utenos trikotažas AB (*other than cash payment*).

Reporting period	Number of shares	Number of trades
2005, 1 st quarter	17 588	2
2005, 2 nd quarter	1 708	1
2005, 3 rd quarter	2 060	3
2005, 4 th quarter	502	1
2006, 1 st quarter	2 451	2
2006, 2 nd quarter	-	-
2006, 3 rd quarter	3 456	3
2006, 4 th quarter	356	1

19. Data about the Issuer's buying up of own shares

In 2006 the Company did not buy up own shares.

20. Announcement of the tender offer

No tender offer was announced to acquire the shares of Utenos trikotažas AB within the reporting period.

21. The Issuer's paying agents

Utenos trikotažas AB has no agreements with paying agents.

22. Agreements with intermediaries of public trading in securities

The Issuer has signed a service agreement with the Custody Services Department of AB SEB Vilnius bank of Gedimino pr. 12, LT-01103 Vilnius, concerning management of the Company's securities accounting.

IV. DATA ABOUT THE ISSUER'S ACTIVITY

23. Legal basis for the Issuer's activity

Utenos trikotažas AB is operating in compliance with the provisions of the Law on Companies, the Law on Securities Market, and other legal acts of the Republic of Lithuania as well as standard acts and the Statute of the Company.

24. Membership in associated structures

Utenos trikotažas AB is a member of the following associations:

Association "Business Centre for Industry and Marketing" (Laisvės prospektas 3, Vilnius) was established in December 1994. The Association represents interests of its members in governmental and management bodies. The centre consults and provides the Association members with recommendations on economics, finance, economy activity and investment subjects, conducts search for markets and foreign investments. Utenos trikotažas AB participates in the activities of the Association, it pays a membership fee.

Panevėžys Chamber of Commerce, Industry and Crafts. This organization is a voluntary association of physical and legal bodies that are engaged in commercial-economy activity and are implementing self-government principles in Panevėžys and Utena Regions. The goals are to promote development of trade, industry, communications, defend the rights of the members, represent them in relationship with the state, government and management institutions, provide its members and other subjects with different services. Utenos trikotažas AB participates in the activities of the Chamber, it pays a membership fee.

Association of Lithuanian enterprises of clothing and textile (Saltoniškių g. 29/3, Vilnius). The main directions of the Association activities: 1. Defence of Association member interests and representation in state institutions. 2. Search for new markets, business partners and investors. 3. Improvement in qualification of managers and specialists, provision with consultations concerning market economy and management issues. 4. Measures for possibility formation regarding increase in competitiveness of clothing and textile industry production, using EU Structural Fund finance. Utenos trikotažas AB participates in the activities of the Association, it pays a membership fee.

Lithuanian Confederation of Industrialists (Vienuolio g. 8, Vilnius), founded in 1993, unites Lithuanian enterprises of different profile. The following are the main goals of the Confederation: 1. Represent and defend interests of LCI members in state, social and international organizations; 2. Strengthen Lithuanian economy, help in finding new markets and establish favourable conditions to the greatest extent possible for the export of Lithuanian products; 3. Seek ecological requirements to be met in Lithuania; develop relationships with international organizations of industry, business and employers. AB "Utenos trikotažas" participates in the activities of the Confederation, it pays a membership fee

25. Brief description of the Issuer's history

Utenos trikotažas AB was founded on 25 July 1967. The factory was designed and constructed for export to the Soviet Union.. At that time, it was one of the largest enterprises on the Baltic – its design capacity reached 17.7 million knitwear articles per year.

Until 1989 the production volume of the Company was expanding constantly. In 1989, Utenos trikotažas AB already produced 19.4 million knitwear articles, 30 per cent of which were sold in Lithuania, the rest were distributed across the Soviet Union. At that time 3 000 employees were operating at the factory.

After Lithuania restored its independence, Utenos trikotažas AB became an independent enterprise and it started a new stage of its existence. On 11 March 1990, by Order No. 20-k issued by the Minister of Light Industry of the Republic of Lithuania, Nijolė Dumbliauskienė was appointed Director General of state enterprise “Utenos trikotažas”. In 1993, the Company became an enterprise of private capital.

On 6 December 1994, Utenos trikotažas AB was registered in the Registry of Utena Region Board Enterprises. The Company’s registered authorised capital amounted to LTL 18 877 021.

In 1995, a subsidiary was established, UAB (Private Limited Liability Company) “Utenos trikotažo prekyba” (Utena Knitwear Trade).

In 1998, the share capital of Utenos trikotažas AB was increased to LTL 23 260 491. A contract concerning the new issue of shares was entered into with The European Bank for Reconstruction and Development.

In the same year, Utenos trikotažas AB was awarded the National Quality Prize, which was issued by the Ministry of Economy of the Republic of Lithuania and Quality Board, the prize which at that time was being sought by most large-scale companies in Lithuania. In 2003, the Company was announced the winner of the National Quality Prize among large-scale companies in Lithuania for the second time.

The 1999 year was extremely successful for the Company. During that year, Utenos trikotažas AB acquired 49.5 percent of AB “Šatrija” shares. Currently it holds 89.45 percent of AB “Šatrija” shares.

On 1 June 1999, the shares of Utenos trikotažas AB were listed in the Official List of National Stock Exchange. In December 1999, the Company received BS EN ISO 9001:1994 certificate. Such assessment of the Company activity, which was performed by British Standards Institute (BSI), confirms that the Company’s quality management system has been properly chosen, and it guarantees the future success in business. Once again, this fact has shown the obligation of Utenos trikotažas AB management to produce constantly quality articles, paying particular attention to consumer demands.

In October 2001, the Company was awarded the international ISO 1400:1996 standard certificate of environmental management system (EMS). The preparation for acquisition of EMS certificate was financed by the government of Denmark, the specialists of Denmark Technology Institute and KTU Institute of Environmental Engineering helped to implement the development project. In 2003, the BS EN ISO 9001:2000 standard certificate was granted.

On 1 September 2004, Regina Sajienė was appointed Director General of Utenos trikotažas AB.

In 2005, the most important event in the life of the Company was relocation of manufacture part to the Ukraine market, i.e. acquisition of manufacturing plant. OAO (Private Limited Liability Company) “MTF Mrija” in Transcarpathian region. This allowed reducing in Company’s production costs and expanded production capacities. The investment into OAO “MTF Mrija”, the aim of which was to restore the complete production cycle, amounted to LTL 5.5 million in 1995. The infrastructure of knitting and finishing plant has been prepared, the sewing plant has been set in order, which is currently operating in accordance with state-of-the-art- methods for work organization.

No less important event to the Company was awarding the European Union eco-label “European Flower”. So far, only one Lithuania’s company, AB “Utenos trikotažas”, has been awarded this label for its production. It means that during manufacturing process, the water is contaminated less, and the air as well, and the usage of hazardous to people’s health substances is being limited.

In 2006, the Company was granted SA 8000 certificate. So far, Utenos trikotažas AB appears to be the only one company that has implemented this standard in Lithuania.

In January 2006, 100 percent of UAB “Utenos trikotažas prekyba” shares were sold to the shareholder of AB “Utenos trikotažas” – UAB consortium “SBA”.

26. Characteristic of the production (services)

The objective of Utenos trikotažas AB – to manufacture the highest quality knitwear articles at competitive prices and at the shortest terms possible. To achieve this, the integral manufacture process helps, which consists of knitting, fabric finishing, set, sewing, quality verification and logistics.

The continual improvement is the concept of Company's performance. This is witnessed by ISO 9001, ISO 14001 certificates that have been awarded to the Company, the National Quality Prize, implemented standard OEKO – TEX 100, the ISO 9001:2000, which was granted to the Company in 2003.

In 2006, the Company produced 12.5 million knitwear articles, in 2005 –12.3 million articles, in 2004 – 12.9 million articles. In 2006, the subcontractors of the Company. (including the Ukraine plant) sewed 8.4 million knitwear articles or 68 percent of the production volume. Work productivity in the Company increased by 9.6 percent.

In 2006, AB "Šatrija" sewed 0,681 million sewing items, in 2005 – 0.861 million items, in 2004 – 1.0 million sewing items. The subcontractors of AB "Šatrija" sewed 0.392 million sewing items, or 57.6 percent of production volume. Work productivity in AB "Šatrija" increased by 43 percent.

In 2006, OAO "MTF Mrija" sewed 3.9 million items, in 2005 – 2.8 million items, in 2004 – 1.45 million items. The subcontractors of OAO "MTF Mrija" sewed 542 thousand knitwear articles, or 13.9 percent of production volume.

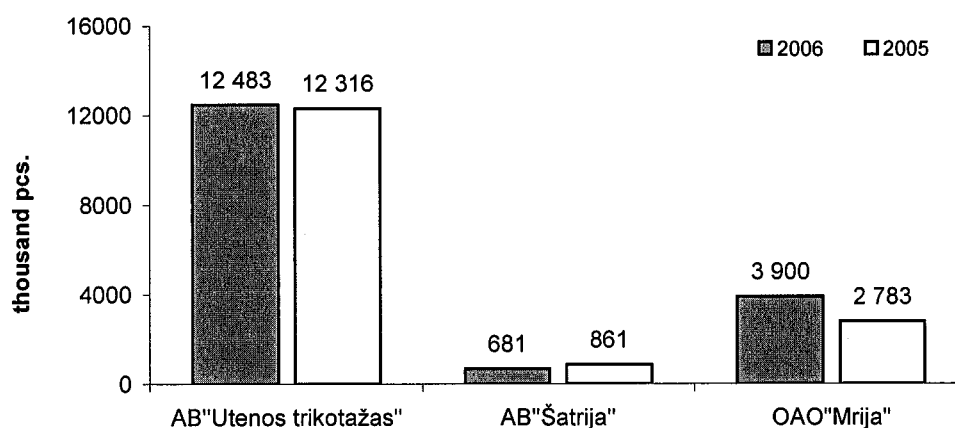


Table 26.1. Activity of Utenos trikotažas AB manufacturing shops.

Shop	Unit of measurement	2004	2005	2006
Knitting shop	Knitwear fabric knitted, t	2 800	2 808	2 555
Finishing shop	Dyed fabric, t	2 604	2 577	2 365

Shop of set	Set fabric, t	2 489	2 523	2 025
Sewing shop	Knitwear articles sewn, thou.	7 500	5 084	4 042

Table 26.2. The main activity indices of Utenos trikotažas AB *

Index	COMPANY		
	2006	2005	2004
Ration of general short-term solvency	1,29	1,28	2,23
Asset returns	7,1	0,14	0,13
Net profitability	5,2	9,4	7,5
Asset turnover	1,37	1,44	1,78
Debts – property ratio	1,58	1,55	1,01
Book value per share	1,78	1,66	2,16
General ratio of liquidity	1,29	1,28	2,86
Debt ratio	0,61	0,61	0,44
Net profit per share	0,33	0,57	0,14

*Remark: the indices have been calculated on the basis of the consolidated reporting, prepared in compliance with International Accounting Standards.

The average price of one article of Utenos trikotažas AB production being sold at UAB "Utenos trikotažo prekyba" in 2006 – LTL 9.77 (in 2005- LTL 9.05, in 2004 –LTL 9.8 2, in 2003 - LTL 8.98) on the foreign markets –LTL 9.83 (in 2005- LTL 10.06, in 2004- LTL 10.04, in 2003 – LTL 9.99).

Range of goods

Practising the principles of overall quality management, flexibly implementing innovations, forecasting fashion trends, improving design and quickening the production preparation process, the Company is offering to its customer a good price, the highest quality and favourable terms.

Production items for export are manufactured in accordance with the orders obtained from foreign firms, from Company's raw materials and from set blanks acquired at the foreign firms.

For Lithuanian market, the items are manufactured under original trade name EFFIGY and the trade name UT, and they were marketed by UAB "Effigy"(31 December 2006 UAB "Utenos trikotažo prekyba"), which organizes wholesale and retail trade via branded shops. The assortment of items being offered is updated several times during a year. Designers create collections for new seasons according to the latest fashion trends.

Certificates of Utenos trikotažas AB

Certificates. The Independent organization for certification, BSI, has approved the conformity of the Company's quality and environmental protection management system



with the requirements of international standards, and, in 1999 the ISO 9001:1996, in 2001 – ISO 14001 certificates were awarded to the Company.

15.01.2003.- BSI certified the Company in compliance with the newest ISO requirements and signed the certificate concerning conformity of the Quality Management System with the requirements of EN ISO 9001:2000.

Since 1999, the production of the Company has been marked by Oeko- tex mark as eco-friendly. Denmark Technology Institute awarded this certificate, which meets requirements of OEKO-TEX 100 standard, and renews it every year. The Institute belongs to the group of 12 international research and testing association members in textile ecology field, it has been authorized by OEKO- TEX 100 to award the production with quality certificates.



National Quality Prize. In 2003, Utenos trikotažas AB was announced the winner of National Quality Prize contest among Lithuania’s large-scale companies. The Company was the first Lithuanian company awarded the National Quality Prize in 1998. Together with the prize, the certificate and the mark were granted. The Company was awarded the Prize for significant results in business that have been achieved practising the overall quality management. The Ministry of Economy of the Republic of Lithuania is the founder of National Quality Prize and the executor of the contest . The aim of the contest – to promote practising the effective quality management methods in the companies, increase the competitiveness of Lithuanian products integrating into European economy and worldwide, to create conditions for development of good quality management practice disseminating the experience of the companies that have been announced the Prize winners.



OEKO-TEX 100 standard certificate. Utenos trikotažas AB is one of the first textile companies in Lithuania to have been awarded the OEKO-TEX 100 standard certificate. The certificate received confirms that production does not possess hazardous substances, and is safe to wear.

“Utenos trikotažas” was issued two international quality certificates on 6 April 1999 – for knitted underwear and for nightwear and sportswear. These were awarded by Denmark Technology Institute, one of 12 international research and testing association members in textile ecology field, authorized by OEKO- TEX 100 to award the production with quality certificates. The validity duration of OEKO-TEX certificates - 1 year.

Utenos trikotažas AB performs manufacture quality control- all production being manufactured and marketed, which has been awarded the quality certificates in compliance with OEKO-TEX 100 standard, should meet the requirements of this standard, i.e. should be accepted as eco-friendly. At the laboratory of the Company, the following fabric indices are checked permanently: colour resistance, shrinkage after washing, amount of formaldehyde, pH balance. Not only products of the Company are safe, eco-friendly, without hazardous substances, but overall production cycle does not possess a negative impact on the environment and the employees.

In 2005, the eco-label “European Flower” of the European Union was awarded to the Company. So far, this eco-label has been granted to only one company in Lithuania, i.e. to the production of AB “Utenos trikotažas”. It means that during manufacturing process, the water is contaminated less, and the air as well, and the usage of hazardous to people’s health substances is being limited.

In 2006, the Company was issued the SA 8000 certificate. So far, only Utenos trikotažas AB has implemented this certificate in Lithuania, thus the Company was the first to introduce it. .

Investments

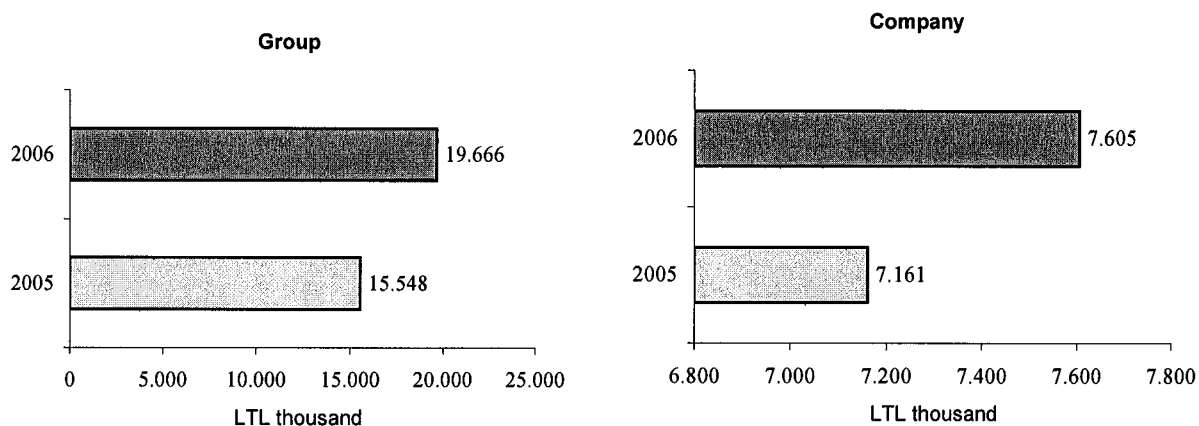
In 2006, the Group made investment of LTL 19.7 million into new equipment and new technologies:

- In 2006, the Company made investment of LTL 7.6 million into equipment and information technology.
- In the knitting shop, 2 new knitting machines were put into operation, sorting machines for fabric being spread and round, a yarn winder, a thread feeding machine were installed for the total amount of LTL 1.5 million.
- In the finishing shop, the following was obtained: dyeing apparatuses, a compactor, a variegation machine, a dosage station for chemical and dye preparation, and other special equipment for the total amount of LTL 2.7 million.
- In the shop of set, a laser bridge, a laser table, an ultrasonic knife and set line were installed for the total amount of LTL 1.9 million.
- In the sewing shop, sewing installations and special equipment were implemented for the amount of LTL 0.4 million.
- For the amount of LTL 0.4 million, the software and organizational technique items were obtained.
- The amount of LTL 0.7 million was invested into other pieces of production property.

In 2006, AB “Šatrija” made total investment of LTL 1.044 million, from which the amount of LTL 0.744 million was intended for production special equipment, the amount of LTL 0.109 million for computer-software, the amount of LTL 0.098 million for vehicles, the amount of LTL 0.082 million for building renovation, and the amount of LTL 0.011 million for other investment.

In 2006, OAO “MTF Mrija” made investments of LTL 11.015 million, from which the amount of LTL 9 million was devoted for production special equipment, the amount of LTL 0.3 million for computer technique, the amount of LTL 1.7 million for building reconstruction and others.

In 2006, UAB “Gotija ” made investments of LTL 3.2 thousand.



- The data provided in the tables above reflects the money paid in 2005 and 2006 for the investments.

27. Sales markets

2004

In 2004, the sales of the Company amounted to LTL 129.8 million. The volume of sales, in comparison with 2003 year, decreased by LTL 4.4 million, or by 3.3 percent. The Company exported to the Western countries 90 percent of its production, and 10 percent was sold in Lithuania.

In 2004, Utenos trikotažas AB group (hereinafter “Group”) sold production and provided services for LTL 174.7 million. The Group exported 87 percent of its production, and 13 percent was sold in Lithuania.

Lithuania

In 2004, the Company sold in Lithuania 1.29 million knitwear articles for LTL 12.1 million.

In 2004, the Group sold in Lithuania its production for LTL 21.6 million, or by LTL 0.7 million more than in 2003.

In 2004, the subsidiary of the Company, UAB “Utenos trikotažo prekyba”, which traded in Lithuania, Russia, Ukraine and Latvia, purchased from the Company 1.08 million knitwear articles for LTL 10.7 million, it is by LTL 0.8 million more than in 2003.

In 2004, the subsidiary of the Company, UAB “Gotija”, sold production in Lithuania for LTL 0.68 million.

During 2004, AB “Šatrija” that is controlled by the Company sold production in Lithuania for LTL 3.4 million.

During 2004, the subsidiary of the AB “Šatrija”, UAB “Justima“, sold production in Lithuania for LTL 3.6 million.

Company’s sales in Lithuania, LTL thousand.

	2002	2003	2004
Sales	15 475	11 417	12 126

Export

In 2004, the Company exported 11.7 million knitwear articles for LTL 117.3 million. The export volumes decreased by LTL 5 million, or by 4.1 percent. The main purchasers of the Company production remained large-scale retail chains in Western Europe.

In 2004, the trade increased between the Company and Great Britain, France, Finland, Switzerland.

In 2004, the Group exported production for LTL 153.1 million or by LTL 5.9 million less than in 2003.

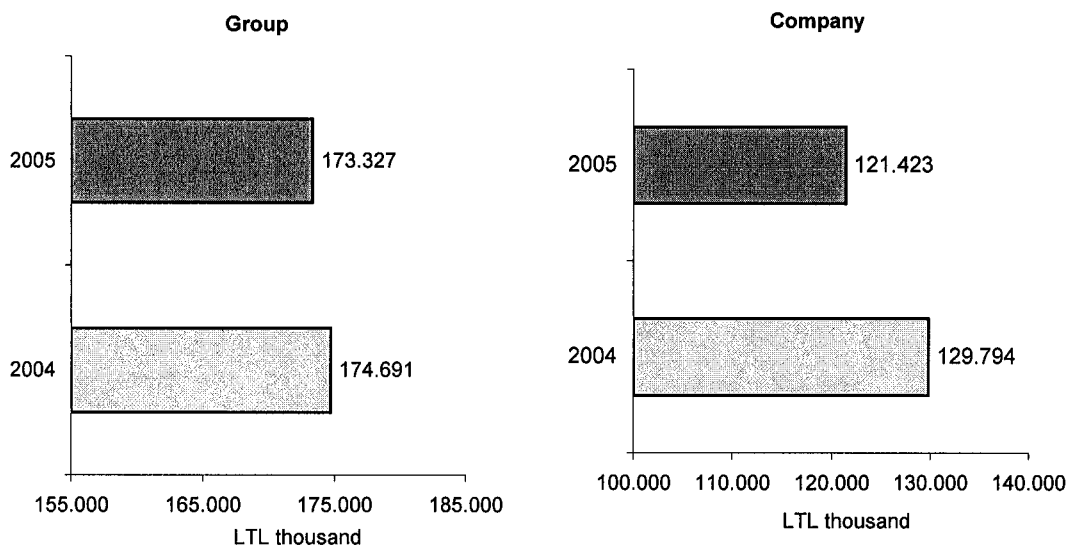
Export of the Company, LTL thousand

	2002	2003	2004
Sales	113 131	122 320	117 357

2005

In 2005, the Company sold production for LTL 121.4 million. The sales volumes, in comparison with 2004, decreased by LTL 8.4 million, or by 6.4 percent. The Company exported to Western countries 89 percent of its production, and in Lithuania sold 11 percent. The main purchasers of the Company's production remained large-scale retail chains in Western Europe.

In 2005, Utenos trikotažas AB group (hereinafter "Group") sold production and provided services for LTL 173.3 million. The Group exported 83 percent of its production, and sold 17 percent in Lithuania.



Lithuania

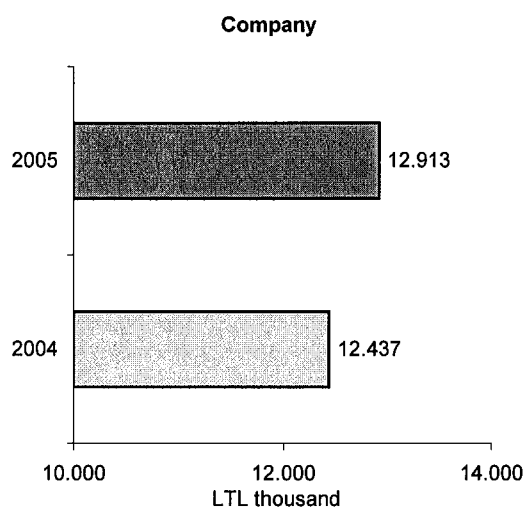
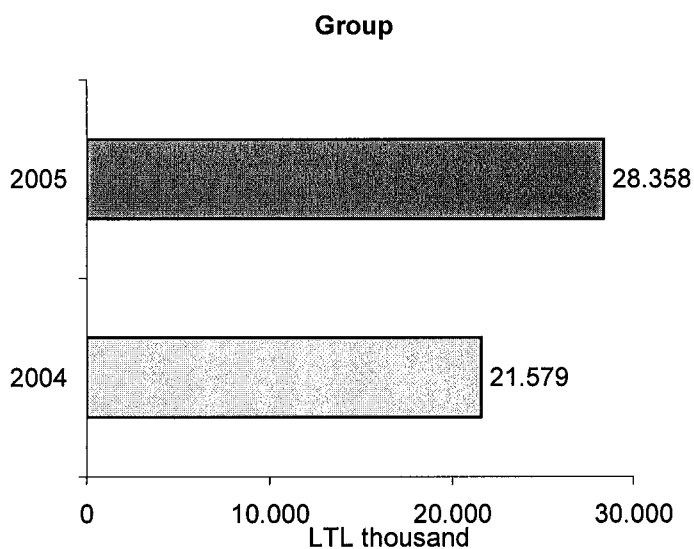
In 2005, the Company sold in Lithuania 1.42 million knitwear articles for LTL 12.9 million.

In 2005, the Group sold production in Lithuania for LTL 28.4 million, or by LTL 6.8 million more than during 2004.

The subsidiary of the Company, UAB “Utenos trikotažo prekyba”, which was trading in Lithuania and Ukraine, in 2005 purchased from the Company 0.87 million knitwear articles for LTL 9.0 million, which is by LTL 1.7 million less than in 2004.

The subsidiary of the Company, UAB “Gotija”, in 2005, sold production in Lithuania for LTL 0.74 million.

The company, which is controlled by the Company, AB “Šatrija”, during 2005 sold production in Lithuania for LTL 4.8 million.

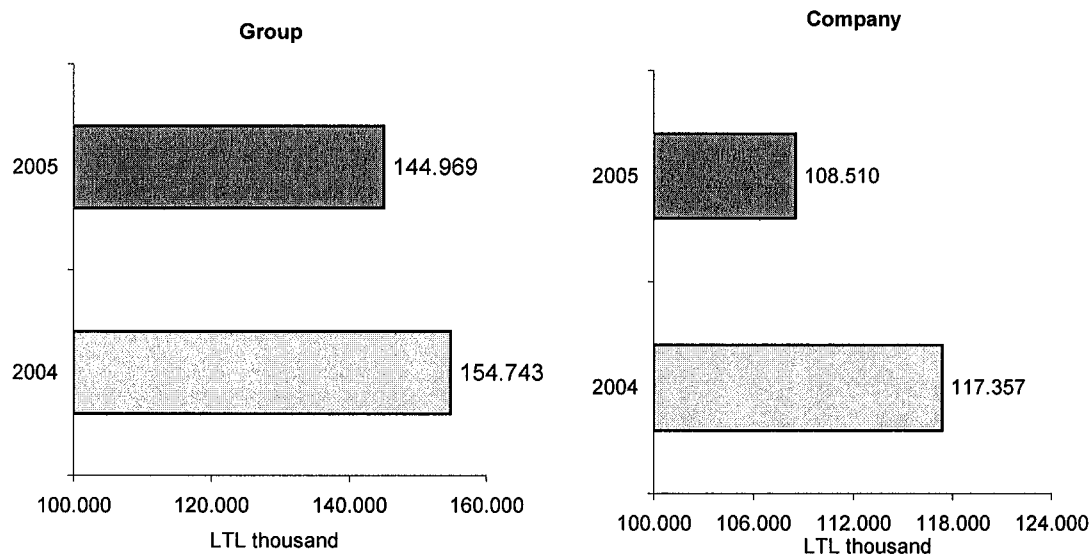


Export

In 2005, the Company exported 10.8 million knitwear articles for LTL 108.5 million. The export volumes decreased by LTL 8.8 million, or by 7.5 percent. The main purchasers of the Company production remained the large-scale retail chains in Western Europe.

In 2005, the Company's trade increased between the Company and France, Sweden and Switzerland.

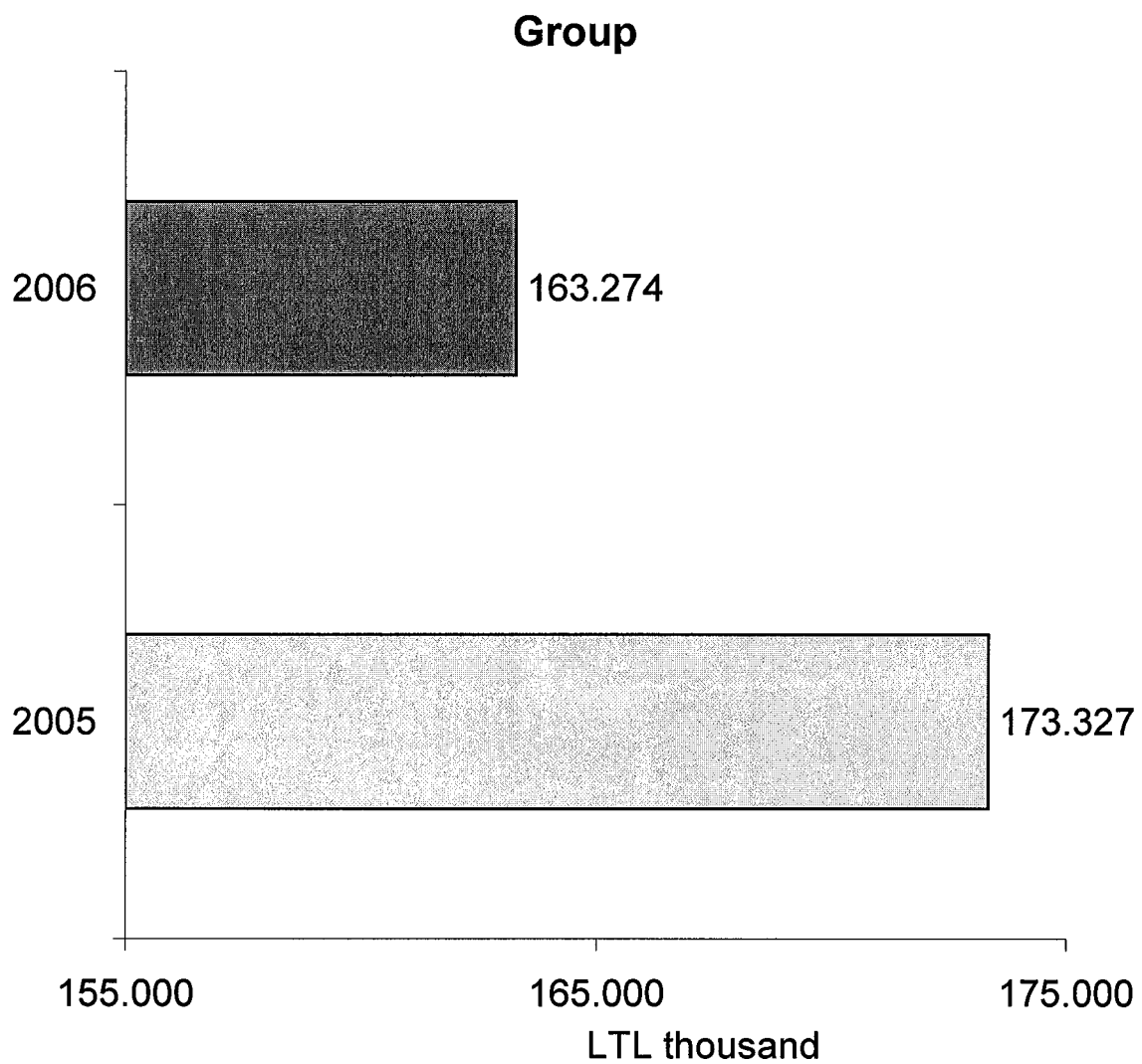
In 2005 m, the Group exported production for LTL 144.97 million, or by LTL 9.8 million less than during 2004.

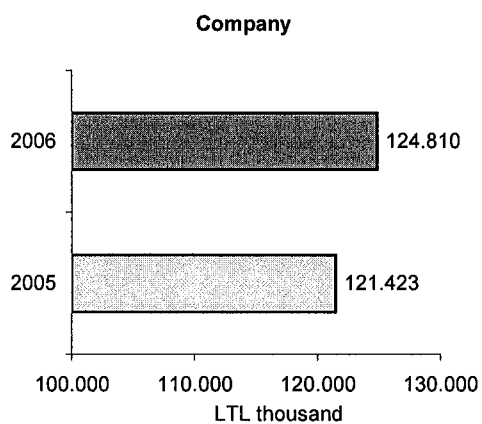


2006

In 2006, the Company sold production and provided services for LTL 124.8 million. The sales volumes, in comparison to 2005, increased by LTL 3.4 million, or by 2.8 percent. The Company exported to Western Europe and other countries 88 percent of its production, it sold in Lithuania 12 percent.

In 2006, Utenos trikotažas AB group (hereinafter “Group”) sold production and provided services for LTL 163.3 million. The Group exported 87 percent, and sold in Lithuania 13 percent of its production.

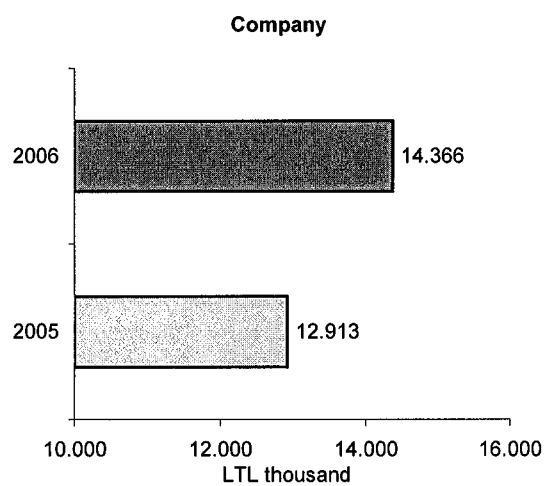
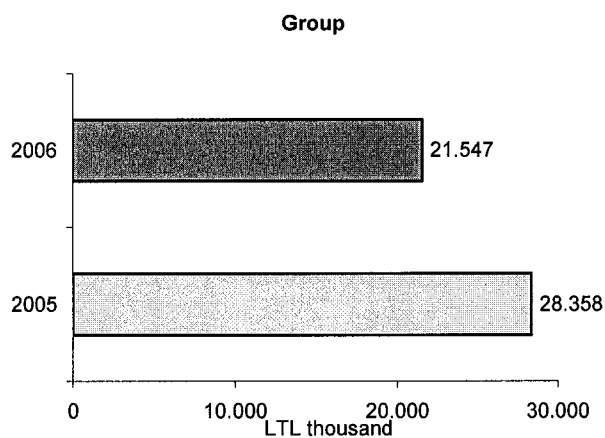




LITHUANIA

In 2006, the Company sold in Lithuania 1.6 million knitwear articles for LTL 14.4 million. The sales volumes in Lithuania increased by LTL 1.5 million, or by 11.3 percent.

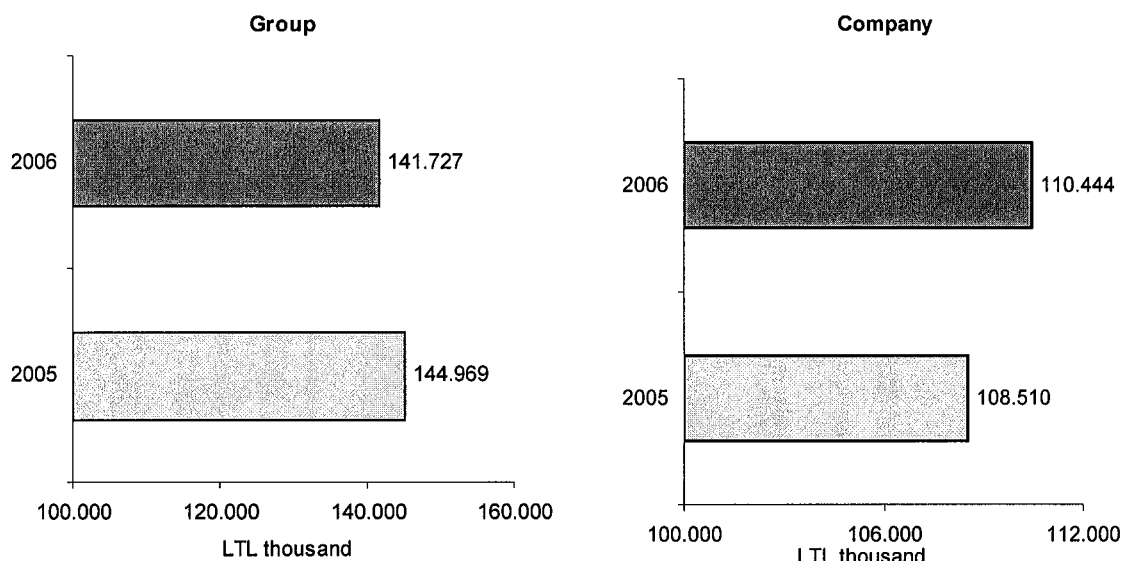
In 2006, the Group in Lithuania and in the states near the Baltic sold production for LTL 21.5 million, or by LTL 6.8 million less than during 2005.



Export

In 2006, the Company exported 10.9 million knitwear articles for LTL 110.4 million. The export volumes increased by LTL 1.9 million, or by 1.8 percent. The main purchasers of the Company production remained large-scale retail chains in Western Europe.

In 2006, the Group exported production to Western Europe and other regions for LTL 141.7 million or by LTL 3.2 million less than during 2005.



28. Procurement

In 2006, Utenos trikotažas AB imported the main raw materials that are used in knitwear manufacturing from Asian countries (from India and others) - about 76 percent of all raw materials, from Western Europe – 22.7 percent, from other countries – 1.3 percent

The short-term and long-term contracts are concluded with the suppliers of raw materials. The fixed prices, payment and delivery terms, liability are foreseen in the contracts. The raw materials are delivered: from European countries - within 1-6 weeks, from Asian countries - within 6 - 8 weeks, from other countries – within 1-8 weeks.

The main raw materials that are used in knitwear manufacturing:

- Non-taxable from European Union
- Taxable with customs duties from Asia and other countries.

Electric power is supplied by AB "Rytų skirstomieji tinklai". During the year, the Company consumed 9.83 (for manufacture 9,34 million) million Kwh and paid LTL 1.66 million.

Drinking water is supplied by UAB "Utenos vandenys", annual consumption – 16 164 cub. m. For industrial needs, the same company provides the water, consumption 467 623 cub. m.

Annual gas consumption by the Company is 3 522 617 cub. m. for LTL 179.9 thousand.

The annual consumption of thermal energy is 22 703 G/cal, which is produced in the boiler room of the Company.

29. Real estate and other fixed assets

Utenos trikotažas AB owns a lease title to the land of 95 861 m² at J. Basanavičiaus St. 122, Utena from the Administration of Utena Region Governor. The main buildings of Utenos trikotažas AB include production building, administration premises, accessory buildings and buildings of brand stores.

Utenos trikotažas AB vehicle fleet consists of motor cars.

Table 29.1. Utenos trikotažas AB real estate

Property	Acquisition value	Residual value (LTL) 31 December 2006	Depreciation percent
Land	15 660	15 660	0,0
Buildings	7 419 641	4 601 585	37,98
Structures and machinery	571 295	302 862	46,99
Vehicles	962 410	126 799	87,32
Other facilities and tools	50 906 449	19 699 116	59,44
Leasing and related rights	-		
Other tangible assets	14 605 497	5 674 317	59,72
Total:	74 480 952	32 894 167	

All buildings of the Company have been inventoried and registered with the Real Property Register.

The Company has no construction in progress.

30. Risk factors related to the Issuer's activity

The main risk factors related to the activity of Utenos trikotažas AB are as follows:

- General economic state of the Republic of Lithuania;
- Exchange fluctuations;
- Amendment of the laws and regulations of the Republic of Lithuania;
- Changes in accounting and tax regulation.

Economic aspects. Utenos trikotažas AB has been established according to the laws of Lithuania. The activity of the Company is influenced by the Government policy and other political and economical changes in Lithuania or changes having impact on Lithuania, i.e. political and economical changes in Ukraine.

The Company and the Group take measures in order to guarantee that the products are sold to reliable customers and the sales do not exceed the approved credit risk limit. In addition, credit insurance procedure is applied. Standard credit term applied to receivable and payable sums is 30 - 60 days.

The policy of the Company and the Group is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Company's liquidity and immediate repayment indices were 1,29 and 0,75, respectively, on 31 December 2006.

For several years, AB „Utenos trikotažas” successfully works and continually improves the management system according to EN ISO 9001, EN ISO 14001, SA 8000 and other relevant requirements.

Political risks. Essential changes in the business environment are associated with the country's tax reform. In the coming two years the corporate profit will be subject to an additional social tax. That will have a direct impact on the Company's net profit.

Social risks. The Company cares a lot for improvement of working conditions and staff further training. The Activity Plan 2007 provides for allocations of LTL 257,3 thousand for the staff training. In 2006 the Company was issued SA 8000 Certificate. For the meantime AB „Utenos trikotažas” is the first and the only company which introduced this standard in Lithuania.

Technical and technological risks. The fixed assets of the Company are in good condition, with no risk to the activity. Utenos trikotažas AB makes investments to modernisation of equipment and introduction of up-to-date technologies on an ongoing basis. In 2007 the Company intends to use LTL 5,3 million for investments.

Ecological risk. The Company has introduced Environment Management System in compliance with ISO 14001 requirements. The major strategic issues on environment control are as follows:

- to reduce environmental pollution by means of rational utilization of raw materials and energy resources;
- to reduce waste; to improve handling of waste and chemical substances; to decrease hazardous chemical substances in manufacturing process.

Liquidity risk. Due to limitation of the Lithuanian capital market the price of offered shares may experience a decrease in their value therefore it would be problematic for the investors to sell their shares in the market of Lithuania under such unfavourable circumstances.

Prices on the Vilnius Stock Exchange may be also affected by external factors, such as the performance of world markets generally or emerging markets results, change in trade and/or capital increase tax.

Share price fluctuation risk. The offered shares may be exposed to share price fluctuation due to changes in the Company's results of operations. Such changes may be associated with amendments of regulations, acts of the Government, Lithuanian political or economic conditions, economic environment in the region or other emerging markets as well as other events or factors. Any of the said market conditions could have negative effects on the market price of the offered shares.

LONG-TERM BORROWINGS

On 17 January 2002 the Company entered into loan agreement for the amount of EUR 9.274 thousand (equivalent to LTL 32.021 thousand) with AB bank Hansabankas. According to the amendment of the loan agreement of 01 March 2004, the maturity of the loan is 31 December 2008, yearly variable interest rate is 6 months LIBOR plus 1,05 percent. On 21 February 2005 the terms of the loan agreement were repeatedly amended by increasing the amount of the loan and providing the additional loan funds of EUR 724 thousand (equivalent to LTL 2.500 thousand) and the loan maturity was extended by 30 June 2009.

	Borrowings			
	Group		Company	
	2006	2005	2006	2005
Current				
Short-term bank borrowings	3 720	1 267	870	922
Current portion of long-term bank borrowings	13 694	11 048	8 908	8 908
Finance lease liabilities	893	18	871	-
	<u>18 307</u>	<u>12 333</u>	<u>10 649</u>	<u>9,830</u>
Non-current				
Long-term bank borrowings	26 370	25 892	19 039	23 947
Finance lease liabilities	5 284	-	5 241	-
	<u>31 654</u>	<u>25 892</u>	<u>24 280</u>	<u>23,947</u>
Total borrowings	<u>49 961</u>	<u>38 225</u>	<u>34 929</u>	<u>33 777</u>

Bank borrowings are secured by non-current tangible assets, investment property, inventories and future cash inflows into certain bank accounts.

The fulfilment of finance lease liabilities is substantially secured since the title to assets acquired under finance lease automatically reverts to the lessor in the event of default.

The carrying amounts of borrowings as at 31 December are denominated in following currencies:

	Group		Company	
	2006	2005	2006	2005
UAH	36	439	-	-
EUR	49 055	36 846	34 059	32 855
LTL	870	940	870	922
	<u>49 961</u>	<u>38 225</u>	<u>34 929</u>	<u>33 777</u>

The weighted average interest rates (%) were as follows as at 31 December:

	Group		Company	
	2006	2005	2006	2005
Long-term bank borrowings	5,11	3,21	4,36	3,18
Short-term bank borrowings	6,91	6,69	3,45	4,71
Finance lease liabilities	4,81	4,20	4,81	-

Interest rate of majority of the borrowings is based on market interest rate, therefore, in the opinion of management, carrying amount of borrowings approximates to its fair value.

The exposure of the borrowings to interest rate change and the contractual re-pricing dates at the balance sheet dates are as follows:

	Group		Company	
	2006	2005	2006	2005
Within 6 months or less	49 880	37 786	34 929	33 777

Contractual maturity terms of long-term borrowings (excluding finance lease liabilities):

	Group		Company	
	2006	2005	2006	2005
Between 1 and 2 years	9 903	10 836	8 018	8 908
Between 2 and 5 years	16 467	15 056	11 021	15 039
	<u>26 370</u>	<u>25 892</u>	<u>19 039</u>	<u>23 947</u>

As at 31 December 2006, the Group was not compliant with requirements for (1) capital ratio in the subsidiary OAO MTF Mrija and (2) gross margin on certain inter-company transactions set out as restrictive covenants in two of bank borrowing agreements. The management of the Group does not expect that the bank will take any restrictive actions and, therefore, bank borrowings received under this agreement with contractual maturity over 1 year totalling EUR 2 099 thousand (equivalent to LTL 7 331 thousand) as at 31 December 2006 were not reclassified to borrowings in these financial statements.

Finance lease liabilities – minimum lease payments:

	Group		Company	
	2006	2005	2006	2005

Not later than 1 year	1 023	19	1 000	-
After 1 year but not later than 5 years	5 106	-	5 063	-
After 5 years	934	-	934	-
	<u>7 063</u>	<u>19</u>	<u>6,997</u>	<u>-</u>
Future finance lease charges	(886)	(1)	(885)	-
Present value of finance lease liabilities	<u>6 177</u>	<u>18</u>	<u>6 112</u>	<u>-</u>

Present value of finance lease liabilities:

Not later than 1 year	893	18	871	-
After 1 year but not later than 5 years	4 405	-	4 362	-
After 5 years	879	-	879	-
	<u>6 177</u>	<u>18</u>	<u>6 112</u>	<u>-</u>

31. Termination or reductions of production that have exercised or are exercising material impact on the results of the issuer during the last two financial years

There was no termination or reduction of performance during the last two financial years.

32. Patents, licences, contracts

The Company does not depend on patents and licences.

33. Court (arbitration) proceedings

No court (arbitration) proceedings likely to have had or to have a material effect on the Company's financial position took place during the reporting cycle.

34. Personnel

In 2006, the Company's average number of employees was 999, and the Groups average number of employees was 1,969.

As a result of a more active use of services rendered by the Lithuanian subcontractors and OAO Mrija, the Company's average number of employees decreased by 66 over the year. In 2006, workers comprised 87,3 percent, whereas managers and specialists comprised 12,7 percent of all Company's employees.

In 2006, one employee of the Company earned on average LTL 1,858 or EUR 538 per month, wherein an average worker earned LTL 1,444 or EUR 418, and an average specialist earned LTL 4,684 or EUR 1,357.

In 2006, one employee of the Group earned an average LTL 1,413 or EUR 409 per month, wherein an average worker earned LTL 1,101 or EUR 319, and an average specialist and manager earned LTL 3,425 or EUR 992.

IN 2006, production output of one employee of the Company as measured by sales increased by 9,6 percent, and the average monthly salary increased by 3,9 percent. Inflation rate in Lithuania was 3,9 percent in 2006.

Average number of employees and payroll expenses

	Group		Company	
	2006	2005	2006	2005
Average number of employees	1 969	2 185	999	1 065
Payroll expenses, excluding social security contributions, LTL thousand	33 476	36 768	22 761	23 634
Average monthly salary of employees, LTL	1 413	1 314	1 858	1 788
Average monthly salary of specialists, LTL	3 425	3 250	4 684	4 536
Average monthly salary of workers, LTL	1 101	1 044	1 444	1 424

In 2006, the Company paid out LTL 46 thousand in severance pay to employees who terminated employment with the Company, and LTL 65,4 thousand in benefits, LTL 50,6 thousand whereof represent death benefits.

In 2006, the Company's personnel training expenses amounted to LTL 106 thousand.

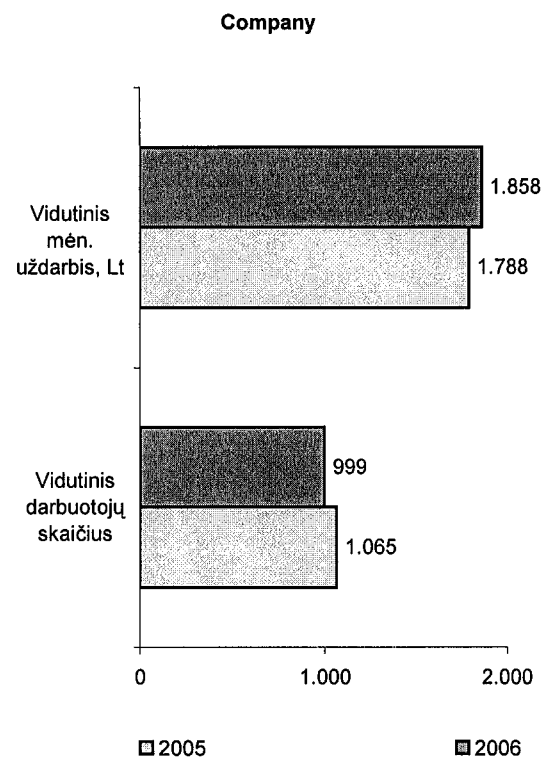
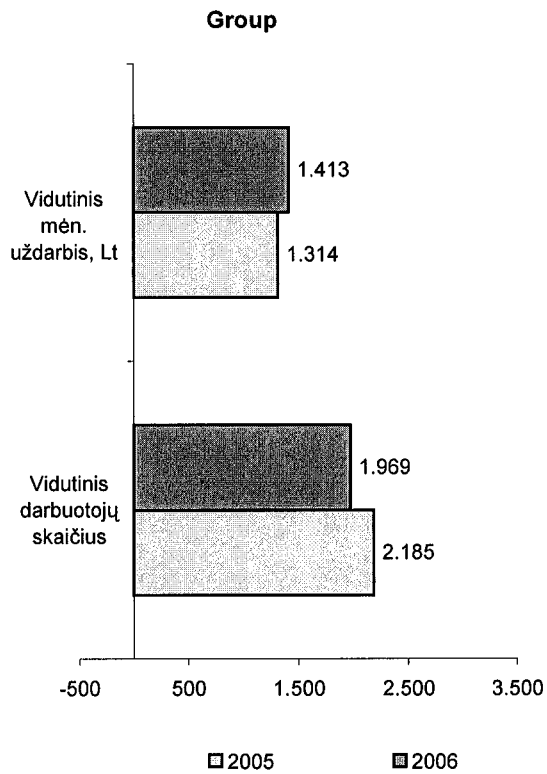


Table 34.1. Number of employees of Utenos trikotažas AB according to separate groups and average monthly earnings.

Employee group	Average listing number			Average pay, LTL		
	2004	2005	2006	2004	2005	2006
Managers and specialists	119	125	127	4461	4536	4684
Top managers	5	5	5			
Workers	999	935	896	1255	1424	1444
Total:	1130	1022	1028	1588	1788	1858

Table 34.2. Breakdown of employees by education

Group of employees	Breakdown of employees by education					
	University education	College education	Vocational education	Secondary education	Basic education	Higher non-university education
Top Managers	5	-	-	-	-	-
Specialists	97	25	2	-	-	6
Workers	16	276	186	320	81	14
Total:	118	301	188	320	81	20

35. Investment policy (provided in the Operational Activities Report)

As at 31 December 2006, Utenos trikotažas AB had controlling blocks of shares in the following three subsidiaries :

Šatrija AB – 89,78 percent,

Gotija UAB – 90,50 percent,

OAo MTF Mrija – 91,85 percent.

Šatrija AB

Šatrija AB was founded in 1955. Its address is: Vilniaus g. 5, 4400 Raseiniai, Lithuania, fax 8 (428) 70611, e-mail: raseiniai@satrija.lt.

Director General – Mrs. Aida Zigmantavičienė

The company's authorised share capital is LTL 10.420.551, 89,78 percent whereof is controlled by Utenos trikotažas AB. The company's principal activity is production of sewn articles. Production articles include trousers, suits, overalls, jackets, coats, overcoats and others. In 2006, average number of employees at Šatrija AB was 407.

In 2006, the company's total sales amounted to LTL 40,7 million or higher by 2,4 percent as compared to 2005. Sales in Lithuania accounted for 14 percent, whereas exports accounted for 86 percent of total production. According to International Financial Reporting Standards, AB "Šatrija" earned net profit of LTL 376,4 thousand in 2006.

Principal activity index

Short-term borrowings/current assets 0,82

Borrowings/assets 0,51

Gotija UAB

Gotija UAB was founded in 1994. Its address is: Laisvės al. 33, Kaunas, tel.: 8 (37) 205879.

Director – Mrs. Zita Davtartiene

The company's authorised share capital is LTL 190.000, 90,5 percent whereof is owned by Utenos trikotažas AB.

The company's principal activity is retail trade in clothes. The company has 5 employees.

In 2006, the company's sales amounted to LTL 748,5 thousand, and net profit was LTL 29,4 thousand.

Principal activity index

Short-term borrowings/current assets 0,50

Borrowings/assets 0,32

OA O Mukačevska Trikotažnaja Fabrika Mrija

OA O MTF Mrija was founded in 1971. Its address is: Matrosova 13, 89600 Mukačevo, Ukraine, fax +380 (3131) 52780, e-mail: mriya@mk.ukrtel.net.

General Project Manager – Mr. Arvydas Pretkelis.

The company's authorised share capital is LTL 2 960 942, 91,85 percent whereof is held by Utenos trikotažas AB. The company's principal activity is sewing. Production articles include a wide range of outer knit-wear and under knit-wear items. In 2006 OAO MTF Mrija had on average 555 employees.

In 2006, the company's sales amounted to LTL 4.035 million. According to International Financial Reporting Standards, the company incurred loss of LTL 5,253.6 thousand in 2006.

Principal activity index

Short-term borrowings/current assets 3,14

Borrowings/assets 0,83

35.2. Number, nominal value, type and class of shares owned or held by the Issuer, percent of votes held by the Issuer at the general meeting of shareholders of such companies.

As at 31 December 2006, Utenos trikotažas AB had controlling blocks of shares in the following three subsidiaries:

	Number of shares	Nominal value	Portion of the authorised capital, %	Portion of votes held
Šatrija AB	3 118 506	LTL 3	89,78	89,78
Gotija UAB	17 195	LTL 10	90,50	90,50
OAO MTF Mrija	471 254 484	UAH 0,01	91,85	91,85

- Šatrija AB – 89,78 percent,
- Gotija UAB – 90,50 percent,
- OAO MTF Mrija – 91,85 percent.

35.3. Dividends paid to the issuer, loans granted to the Company by the issuer and borrowed from the Company over the accountable period, characteristics of debt securities acquired from the Company and their total nominal value.

In 2006, Utenos trikotažas AB did not receive any dividends from its subsidiaries.

35.4. Large investment projects covering more than 10 percent of the Issuer's authorized capital that have been implemented over the past 3 financial years: kinds of investments, volume of investments, investment funding sources (external, internal); geographical distribution of investments (in Lithuania and abroad).

In 2005, the Company acquired the shares of OAO MTF Mrija operating in Ukraine for the amount of LTL 5 567 thousand. The shares have been acquired from the funds of the Company.

35.5. Information about projected investments.

Large investment projects are not foreseen.

36. Competitors

Increasing living standard and population lead to growing demand for clothes in the EU and the USA. We expect that the demand for textile and knitted goods remains stable for the nearest future.

China, together with other Asian countries, are the world's largest exporters of clothes while the competition between European producers is intensifying. The crisis of the Southeast Asia and Russia made the competition between producers more intense and forced the European producers to move to cheaper countries, to develop technologies more rapidly, to create fashion and to look for modern solutions in the sphere of marketing.

The main competitors of Utenos trikotažas AB in the internal market are Lithuanian companies producing similar products, importers of foreign knitted goods, store chains trading in clothes and knitted goods, market dealers.

The competitors among the Lithuanian producers are Audimas AB, Sparta AB producing of outer knit-wear and under knit-wear items, Vilniaus aušra AB sewing outer garments and underwear, Lorita AB producing babies' clothes.

Presently, the competitors of Utenos trikotažas AB in Lithuania are not able to compete neither in the quality and quantity of their knitted goods nor in a wide spectrum of technological development. Besides, many companies are specializing in other production.

Denmark, China, Turkey, Poland take a leading position among countries importers.

The Company's main competitors producing and selling goods in the Western European countries are Estonia, Latvia, Portugal, Greece, Romania, Hungary, Turkey, China, Bulgaria. The strong points of the competitors are short production terms and low price.

The competitive advantages of Utenos trikotažas AB are as follows:

full production cycle/flexibility;

large production capacities;

subsidiary in Ukraine;

independence from external heating power sources (the Company's own boiler house);

ability to carry out orders within a short period of time, well-known name of the Company customers and consumers;

high qualification staff;

own-brand store chain in the Lithuanian market;

geographical position/delivery time;

the Company maintains quality system in compliance with the requirements of international standards ISO 9001:2000, OEKO-TEX 100, ISO-14 001, SA 8000;

favourable price and quality relation;

introduction of novelties;

37. Dividends paid

Table 37.1. Dividends paid to the shareholders of Utenos trikotažas AB.

Year	Total amount of dividends, LTL thous.	Dividend per one share, LTL	Percent from the value of one nominal share
1997	4 030,5	0,22	22
1998	-	-	-
1999	11 630,2	0,50	50
2000	11 630,2	0,50	50
2001	8 833,6	0,25	25
2002	12 297,4	0,62	62
2003	12 297,4	0,62	62
2004	11 900,7	0,60	60
2005	17 851	0,90	90
2006	3 966,9	0,20	20
2007	7 933,8	0,40	40

Cases of failure to pay dividends (cases of reduction of dividends) to holders of preference shares – there are no preference shares issued by the Issuer.

V. FINANCIAL STATUS

38. Financial statements

The consolidated financial statements of the Company and Group for the year 2006 have been prepared according to the International Accounting Standards (IAS) in force applicable in the European Union.

Balance Sheet, LTL thousand

	Group		Company	
	As of 31 December		As of 31 December	
	2006	2005	2006	2005
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	2 523	2 622	-	-

Other intangible assets	451	137	155	36
Prepayments for intangible assets	716	641	716	641
Total intangible assets	3 690	3 400	871	677
Non-current tangible assets				
Land and buildings	9 023	13 605	4 617	4 706
Structures	476	498	303	334
Vehicles and other non-current tangible assets	39 128	35 403	25 500	27 051
Construction in progress and prepayments	4 272	1 359	2 474	155
Total non-current tangible assets	52 899	50 865	32 894	32 246
Investment property	5 651	931	5 651	5 098
Non-current financial assets				
Investments to subsidiaries	-	-	10 742	10 750
Receivables from related parties	1 050	1 100	-	-
Trade and other receivables	117	51	73	-
Total non-current financial assets	1 167	1 151	10 815	10 750
Deferred profit tax asset	428	811	206	467
Total non-current assets	63 835	57 158	50 437	49 238
Current assets				
Inventories and prepayments				
Inventories	21 678	23 878	12 451	14 377
Prepayments	406	385	288	97
Total inventories and prepayments	22 084	24 263	12 739	14 474
Trade and other receivables				
Trade receivables	17 178	16 171	12 215	11 550
Receivables from subsidiaries	-	-	7 439	6 000
Receivables from other related parties	6 546	91	5 354	6
Prepaid profit tax	1 228	1 156	1 227	1 156
Other taxes receivable	2 944	1 451	870	699
Other receivables	53	74	-	-
Total amounts receivable	27 949	18 943	27 105	19 411
Other current assets	142	328	74	55
Cash and cash equivalents	1 526	1 790	873	891
Total current assets	51 701	45 324	40 791	34 831
Total assets	115 536	102 482	91 228	84 069

	Group		Company	
	As of 31 December		As of 31 December	
	2006	2005	2006	2005
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to the equity holders of the Company				
Share capital	19 834	19 834	19 834	19 834
Reserves				
Foreign currency translation reserve	(203)	(84)	-	-
Other reserves	1 983	1 983	1 983	1 983
Total reserves	1 780	1 899	1 983	1 983
Profit brought forward	11 959	13 552	13 586	11 101
	33 573	35 285	35 403	32 918
Minority interest	1 084	1 206	-	-
Total equity	34 657	36 491	35 403	32 918
LIABILITIES				
Non-current liabilities				
Borrowings	31 654	25 892	24 280	23 947
Total non-current liabilities	31 654	25 892	24 280	23 947
Current liabilities				
Borrowings	18 307	12 333	10 649	9 830
Trade and other payables				
Trade payables	20 485	18 488	12 789	12 022
Payables to subsidiaries	-	-	9	-
Payables to other related parties	458	429	343	394
Profit tax payable	81	-	-	-
Other taxes payable	711	1 058	349	366
Accrued expenses and other current liabilities	9 183	7 791	7 406	4 592
Total trade and other payables	30,918	27 766	20 896	17 374
Total current liabilities	49 225	40 099	31 545	27 204
Total liabilities	80 879	65 991	55 825	51 151
Total equity and liabilities	115 536	102 482	91 228	84 069

Balance Sheet (LTL thousand)

	ASSETS	Group		Company	
		31 Dec. 2004	31 Dec. 2003	31 Dec. 2004	31 Dec. 2003
A	Non-current assets				
I.	Non-current intangible assets				
I.1.	Goodwill	(789)	(2.626)	-	-
I.2.	Other intangible assets	258	480	143	217
I.3.	Prepayments for non-current intangible assets	428	-	428	-
	Total non-current intangible assets	(103)	(2.146)	571	217
II.	Non-current tangible assets				
II.1.	Land and buildings	10.705	10.888	4.785	4.896
II.2.	Plant and machinery	482	462	365	346
II.3.	Vehicles and other non-current tangible assets	32.382	32.275	26.830	26.176
II.4.	Construction in progress and prepayments	156	1.134	9	1.134
	Total non-current tangible assets	43.725	44.759	31.989	32.552
III.	Investment property	995	1.069	5.240	5.348
IV.	Non-current financial assets				
IV.1.	Investments to subsidiaries	-	-	8.615	8.414
IV.2.	Prepayments for financial assets	146	-	146	-
IV.3.	Non-term receivables	-	1.200	-	-
	Total non-current financial assets	146	1.200	8.761	8.414
V.	Deferred profit tax asset	973	1.033	523	635
	Total non-current assets	45.736	45.915	47.084	47.166
B	Current assets				
I.	Inventories, prepayments and contracts in progress				
I.1.	Inventories	16.702	17.684	9.660	10.011
I.2.	Prepayments	823	137	268	61
	Total inventories, prepayments and contracts in progress	17.525	17.821	9.928	10.072
II.	Amounts receivable within one year				
II.1.	Amounts receivable from buyers	17.618	22.036	11.393	17.453
II.2.	Receivables from subsidiaries	-	-	5.704	6.195

	Prepaid profit tax	81	-	78	-
II.3.	Taxes receivable	1.078	3.073	551	1.750
II.4.	Other amounts receivable	1.627	534	370	522
	Total amounts receivable within one year	20.404	25.643	18.096	25.920
III.	Other current assets	388	267	71	91
IV.	Cash and cash equivalents	2.079	3.066	1.121	1.343
	Total current assets	40.396	46.797	29.216	37.426
	Total assets	86.132	92.712	76.300	84.592

LTL thousand

		Grupė		Bendrovė	
		2004 m. gruodžio 31 d.	2003 m. gruodžio 31 d.	2004 m. gruodžio 31 d.	2003 m. gruodžio 31 d.
EQUITY CAPITAL AND LIABILITIES					
C.	Equity capital				
I.	Capital	19.834	19.834	19.834	19.834
II.	Revaluation reserve (results)	-	-	-	-
III.	Reserves				
III.1.	Foreign currency translation reserve	20	175	20	175
III.2.	Other reserves	11.983	4.507	11.983	4.507
	Total reserves	12.003	4.682	12.003	4.682
IV.	Profit (loss) brought forward	11.004	20.348	11.004	20.348
	Total equity capital	42.841	44.864	42.841	44.864
	Minority interest	1.908	1.951	-	-
D.	Grants and subsidies	2	-	-	-
E.	Amounts payable and liabilities				
I.	Amounts payable after one year and liabilities				
I.1.	Long-term borrowings	23.244	23.558	23.244	23.558
I.2.	Leasing liabilities	18	-	-	-
	Total amounts payable after one year and liabilities	23.262	23.558	23.244	23.558
II.	Amounts payable within one year and liabilities				
II.1.	Current portion of long-term borrowings	183	4.009	183	4.009

II.2.	Current portion of long-term leasing liabilities	22	-	-	-
II.3.	Trade debtors	10.665	6.320	5.920	3.473
II.4.	Profit tax payable	-	2.054	-	2.045
II.5.	Taxes payable	680	1.153	340	665
II.6.	Other short-term amounts payable and accrued expenses	6.569	8.803	3.772	5.978
	Total amounts payable within one year	18.119	22.339	10.215	16.170
	Total equity capital and liabilities	86.132	92.712	76.300	84.592

38.2. PROFIT (LOSS) STATEMENT

(LTL thousand)

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2006	2005	2006	2005
Sales revenue	163 274	173 327	124 810	121 423
Cost of sales	(138 342)	(135 952)	(102 788)	(96 144)
Gross profit	24 932	37 375	22 022	25 279
Selling expenses	(4 166)	(11 153)	(3 017)	(3,367)
General and administrative expenses	(14 552)	(16 657)	(9 485)	(9 941)
Other operating income (expenses), net	1 618	1 268	668	2 606
Operating profit	7 832	10 833	10 188	14 577
Finance cost, net	(3 403)	(1 056)	(1 648)	(1 249)
Profit before income tax	4 429	9 777	8 540	13 328
Profit tax	(2 335)	(2 102)	(2 088)	(1 941)
Profit for the year	2 094	7 675	6 452	11 387
Attributable to:				
Equity holders of the Company	2 374	7 748	6 452	11 387
Minority interest	(280)	(73)	-	-
	2 094	7 675	6 452	11 387
Basic and diluted earnings per share, attributable to the equity holders of the Company (in LTL)	0,12	0,39	-	-

the equity holders of the Company (in LTL)
--

	Articles	Group		Company	
		2004	2003	2004	2003
I.	Sales revenue	174.691	180.855	129.794	134.191
II.	Cost of sales	(132.616)	(135.744)	(97.811)	(100.759)
III.	Gross profit (loss)	42.075	45.111	31.983	33.432
IV.	Operating expenses	(28.552)	(28.251)	(14.462)	(13.988)
V.	Profit (loss) from operations	13.523	16.860	17.521	19.444
VI.	Profit (loss) from other operations – net result	(74)	(24)	366	445
VII.	Profit (loss) from financial and investing activities– net result	(1.230)	(1.186)	(1.059)	(506)
VIII.	Profit (loss) from ordinary activities	12.219	15.650	16.828	19.383
IX.	Extraordinary gain	-	-	-	-
X.	Extraordinary loss	-	-	-	-
XI.	Profit (loss) before result of subsidiaries	12.219	15.650	16.828	19.383
XII.	Result of subsidiaries	-	-	(4.474)	(4.256)
XIII.	Profit (loss) before taxes	12.219	15.650	12.354	15.127
XIV.	Profit tax	(2.273)	(2.002)	(2.322)	(1.965)
XV.	Profit (loss) before minority	9.946	13.648	10.032	13.162
XVI.	Minority	86	(486)	-	-
XVII.	Net profit (loss)	10.032	13.162	10.032	13.162

38.3. Cash Flow Statements (LTL thousand)

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2006	2005	2006	2005
Cash flows from operating activities				
Net profit for the year	2 094	7 675	6 452	11 387
Adjustments for non-cash items:				
Impairment of investment	-	-	-	3 918
Gain on disposal of subsidiary	(436)	-	-	-
Excess of acquirer's interest in the net assets	-	(457)	-	-
Depreciation and amortization	8 937	7 629	5 953	5 792
Reversal of impairment of non-current tangible assets and investment property	(698)	(54)	(698)	(39)
Gain from disposal of non-current tangible assets	(705)	(964)	(220)	(344)
Write-off of non-current tangible assets	9	-	2	-
Impairment of write-off of inventories	93	(116)	5	198
Impairment and write-off of accounts receivable	(163)	(81)	(10)	-
Interest income	(176)	(64)	(121)	(59)
Interest expenses	2 150	1 376	1 416	1 090
Foreign exchange loss on borrowings	785	-	-	-
Profit tax expenses	2 335	2 102	2 088	1 941
Changes in working capital:				
Decrease (increase) in inventories	(639)	(6 603)	1 920	(4 915)
Decrease (increase) in trade receivables	(7 382)	1 676	(6 013)	(163)
Decrease (increase) in receivables from subsidiaries	-	-	1 095	(4 222)
Decrease (increase) in other receivables and other current assets	(1 855)	1 926	(2 988)	597
Increase in trade and other accounts payable	9 189	7 823	3 539	6 102
(Decrease) increase in taxes payable and other current liabilities	600	(891)	(17)	1 214

Cash generated from operations	14 138	20 977	12 403	22 497
Profit tax paid	(1 943)	(3 136)	(1 898)	(3 125)
Net cash flows from operating activities	12 195	17 841	10 505	19 372
Cash flows from investing activities				
Acquisition of non-current tangible assets	(13 364)	(11 774)	(1 256)	(6 943)
Acquisition of intangible assets	(524)	(213)	(237)	(213)
Proceeds from sale of non-current assets	2 426	1 878	1 173	1 526
Acquisition of subsidiaries, less net cash acquired (in the Group)	-	(2 841)	-	(5 440)
Disposals of subsidiaries, less net cash disposed (in the Group)	(507)	-	9	-
Repayment of loans granted	-	100	-	-
Interest received	176	64	121	59
Net cash flows used in investing activities	(11 793)	(12 786)	(190)	(11 011)
Cash flows from financing activities				
Cash flows related to the Company's shareholders				
Dividends paid	(3 967)	(18 523)	(3 967)	(17 851)
	(3 967)	(18 523)	(3 967)	(17 851)
Cash flows related to other sources of financing				
Proceeds from borrowings	17 283	22 891	4 000	17 480
Repayment of borrowings	(11 969)	(8 336)	(8 960)	-
Contributions by minorities	158	-	-	-
Interest paid	(2 150)	(1 376)	(1 416)	(1 090)
	3 322	13 179	(6 376)	9 260
Net cash flows used in financial activities	(645)	(5 344)	(10 343)	(8 591)
Net decrease in cash and cash equivalents	(243)	(289)	(18)	(230)
Cash and cash equivalents at the beginning of the year	1 790	2 079	891	1 121
Currency exchange losses on cash and cash equivalents	(21)	-	-	-
Cash and cash equivalents at the end of the year	1 526	1 790	873	891

Cash Flow Statements (LTL thousand)

	Group		Company	
	2005	2004	2005	2004 (restructured)
Cash flows form operating activities				
Net profit for the year	7.675	9.946	11.387	9.706
Reversal of non-cash expenses (income):				
Impairment of investments	-	-	3.918	4.800
Depreciation and amortization	7.629	7.748	5.792	5.714
Impairment of non-current tangible assets and investment property	(54)	(118)	(39)	(110)
Amortization and impairment of goodwill	-	(400)	-	-
Negative goodwill	(457)	-	-	-
(Profit) loss from disposal of non-current tangible assets and write-offs of non-current tangible assets and inventories	(912)	831	(344)	591
Impairment and write-off of accounts receivable	(81)	(343)	-	(334)
Impairment of inventories	(168)	729	198	44
(Income) from interest	(64)	(87)	(59)	(165)
Expenses on interest	1.376	892	1.090	886
Change in deferred profit tax	162	60	56	112
	15.106	19.258	21.999	21.244
Changes in working capital:				
(Increase) decrease in inventories	(6.603)	97	(4.915)	269
Decrease (increase) in receivables from buyers	1.676	4.582	(163)	6.214
(Increase) in receivables from subsidiaries	-	-	(3.084)	(4.242)
Decrease in other receivables and decrease (increase) in other current assets	730	1.056	(1.781)	934
Increase in trade and other accounts payable	7.823	4.345	6.102	2.447
(Decrease) increase in axes payable and other short-term liabilities	(891)	(5.424)	1.214	(5.225)
Net cash flows form operating activities	17.841	23.914	19.372	21.641
Cash flows from investing activities				
(Acquisition) of non-current tangible assets	(11.774)	(7.158)	(6.943)	(5.406)
(Acquisition) of intangible assets and prepayments	(213)	(412)	(213)	(470)
Transfer of non-current assets (except for investments)	1.878	53	1.526	49

(Acquisition) of investments into subsidiaries, less balance of cash acquired in the Group	(2.841)	(1.393)	(5.440)	(43)
Pre-(payments) for financial property	-	(146)	-	(146)
Collection of loans granted	100	337	-	331
Interest received	64	99	59	99
Net cash flows from investing activities	(12.786)	(8.620)	(11.011)	(5.586)
Cash flows from financing activities				
Cash flows related to the Company's owners				
(Payment) of dividends	(18.523)	(11.251)	(17.851)	(11.251)
	(18.523)	(11.251)	(17.851)	(11.251)
Cash flows related to other sources of financing				
Proceeds from borrowings	22.891	-	17.480	-
(Repayment) of borrowings	(8.336)	(4.140)	(7.130)	(4.140)
Interest (paid)	(1.376)	(890)	(1.090)	(886)
	13.179	(5.030)	9.260	(5.026)
Net cash flows from financing activities	(5.344)	(16.281)	(8.591)	(16.277)
Net (decrease) of cash flows	(289)	(987)	(230)	(222)
Cash and cash equivalents at the beginning of the year	2.079	3.066	1.121	1.343
Cash and cash equivalents at the end of the year	1.790	2.079	891	1.121
Further information on cash flows				
Profit tax paid	3.136	2.803	3.125	2.803
Non-cash investing activities (contribution into a subsidiary by means of set-off of amounts receivable from the subsidiary)	-	-	3.926	4.800

38.4. Statement of changes in equity (LTL)

Group	Notes	Equity attributable to the equity holders of the Company					Minority interest	Total equity
		Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total		
Balance as of 31 December 2004 (restructured)		19.834	20	11.983	11.004	42.841	1.908	44.749
Application of IFRS 3 provisions (write-off of		-	-	-	2.097	2.097	-	2.097

„Šatrija“ negative goodwill)								
Restructured balance as of 01 January 2005		19.834	20	11.983	13.101	44.938	1.908	46.846
Dividends paid		-	-	-	(17.851)	(17.851)	(672)	(18.523)
Reserve for redemption of own shares		-	-	(10.000)	10.000	-	-	-
Transfers to (from) foreign currency translation reserve		-	(104)	-	-	(104)	-	(104)
Interest sold		-	-	-	-	-	43	43
Acquisition of minority interest in subsidiaries		-	-	-	554	554	-	554
Net profit for the year		-	-	-	7.748	7.748	(73)	7.675
Balance as of 31 December 2005		19.834	(84)	1.983	13.552	35.285	1.206	36.491

<u>Company</u>	<u>Notes</u>	<u>Capital</u>	<u>Foreign currency translation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Restructured balance as of 01 January 2004		19.834	-	4.507	17.235	41.576
Dividends paid		-	-	-	(11.900)	(11.900)
Decrease in reserves		-	-	(2.524)	2.524	-
Reserve for redemption of own shares		-	-	10.000	(10.000)	-
Restructured net profit for the year		-	-	-	9.706	9.706
Restructured balance as of 31 December 2004 (restructured)		19.834	-	11.983	7.565	39.382
Dividends paid		-	-	-	(17.851)	(17.851)
Transferred to retained earnings		-	-	(10.000)	10.000	-
Net profit for the year		-	-	-	11.387	11.387
Balance as of 31 December 2005		19.834	-	1.983	11.101	32.918

Statement of changes in equity

Group	Equity attributable to the equity holders of the Company						
	Share capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance as of 01 January 2005	19 834	20	11 983	13 101	44 938	1 908	46 846
Currency translation differences – recognised directly in equity		(104)	-	-	(104)	-	(104)
Net profit (loss) for the year	-	-	-	7 748	7 748	(73)	7 675
Total recognised income and expenses for 2005	-	(104)	-	7 748	7 644	(73))	7 571
Dividends paid	-	-	-	(17 851)	(17 851)	(672)	(18 523)
Transferred to retained earnings	-	-	(10 000)	10 000	-	-	-
Interest sold	-	-	-	-	-	43	43
Acquisition of minority interest in subsidiaries	-	-	-	554	554	-	554
Balance as of 31 December 2005/ 01 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
Total recognised income and expenses for 2006	-	(119)	-	2 374	2 255	(280)	1 975
Dividends paid	-	-	-	(3 967)	(3 967)	-	(3 967)
Contributions by minority interest	-	-	-	-	-	158	158
Balance as of 31 December 2006	19 834	(203)	1 983	11 959	33 573	1 084	34 657

<u>Company</u>	<u>Share capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as of 01 January 2005	19 834	11 983	7 565	39 382
Dividends paid	-	-	(17 851)	(17 851)
Transferred to retained earnings	-	(10 000)	10 000	-
Net profit (loss) for the year –				
Total recognised income and expenses for 2005	-	-	11 387	11 387
Balance as of 31 December 2005/				
01 January 2006	19 834	1 983	11 101	32 918
Dividends paid	-	-	(3 967)	(3 967)
Net profit (loss) for the year –				
Total recognised income and expenses for 2006	-	-	6 452	6 452
Balance as of 31 December 2006	19 834	1 983	13 586	35 403

STATEMENT OF CHANGES IN ASSETS (LTL THOUSAND)

Group	Notes	Equity attributable to the equity holders of the Company					Minority interest	Total equity
		Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total		
Balance as of 31 December 2004 (restructured)		19.834	20	11.983	11.004	42.841	1.908	44.749
Application of IFRS 3 provisions (write-off of „Šatrija“ negative goodwill)		-	-	-	2.097	2.097	-	2.097
Restructured balance as of 01 January 2005		19.834	20	11.983	13.101	44.938	1.908	46.846
Dividends paid		-	-	-	(17.851)	(17.851)	(672)	(18.523)
Dividends paid		-	-	(10.000)	10.000	-	-	-
Reserve for redemption of own shares		-	(104)	-	-	(104)	-	(104)
Transfers to (from) foreign		-	-	-	-	-	43	43
Acquisition of minority interest in subsidiaries		-	-	-	554	554	-	554
Net profit for the year		-	-	-	7.748	7.748	(73)	7.675
Balance as of 31 December 2005		19.834	(84)	1.983	13.552	35.285	1.206	36.491

Company	Notes	Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total
Restructured balance as of 01 January 2004		19.834	-	4.507	17.235	41.576
Dividends paid		-	-	-	(11.900)	(11.900)
Decrease in reserves		-	-	(2.524)	2.524	-
Reserve for redemption of own shares		-	-	10.000	(10.000)	-
Reformed net profit for the year		-	-	-	9.706	9.706
Restructured balance as of 31 December 2004 (restructured)		19.834	-	11.983	7.565	39.382

Dividends paid			-	-	(17.851)	(17.851)
Transferred to retained earnings			-	(10.000)	10.000	-
Net profit for the year			-	-	11.387	11.387
Balance as of 31 December 2005		19.834		1.983	11.101	32.918
Balance as of 31 December 2002		35.334		4.507	19.913	59.754
Decrease in share capital		(15.500)				(15.500)
Dividends paid			-	-	(12.367)	(12.367)
Bonuses paid			-	-	(360)	-(360)
Reserve for redemption of own shares			-	10.000	(10.000)	-
Transfer to foreign currency translation reserve				175		175
Net profit for the year			-	-	13.162	13.162

Statement of changes in equity

Equity attributable to the equity holders of the Company							
Group	Capital	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance as of 01 January 2005	19.834	20	11.983	13.101	44.938	1.908	46.846
Currency translation differences – recognised directly in equity		(104)	-	-	(104)	-	(104)
Net profit (loss) for the year	-	-	-	7.748	7.748	(73)	7.675
Total recognised income and expenses for 2005	-	(104)	-	7.748	7.644	(73))	7.571
Dividends paid	-	-	-	(17.851)	(17.851)	(672)	(18.523)

Transferred to retained earnings	-	-	(10 000)	10 000	-	-	-
Interest sold	-	-	-	-	-	43	43
Acquisition of minority interest in subsidiaries	-	-	-	554	554	-	554
Balance as of 31 December 2005 / 01 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
Total recognised income and expenses for 2006	-	(119)	-	2 374	2 255	(280)	1 975
Dividends paid	-	-	-	(3 967)	(3 967)	-	(3 967)
Contributions by minority interest	-	-	-	-	-	158	158
Balance as of 31 December 2006	19 834	(203)	1 983	11 959	33 573	1 084	34 657

39. Comments on the financial statements

Explanatory Notes to the financial statements of **Utenos trikotažas AB** are attached to the Annual Prospectus – Report.

40. Activity Report prepared by the issuer's Board or any other managing body performing its functions

The Annual Activity Report of **Utenos trikotažas AB** for the year 2006 is attached to the Annual Prospectus – Report.

41. Information about the audit

The audit of the financial statements (Balance Sheets, Profit (Loss) Statement, Statements of Changes in Equity and Cash Flow Statements) for the year 2006 was performed by audit company **PricewaterhouseCoopers UAB**.

Audit was performed on 30 March 2007.

The Auditor's Report is attached to the Annual Prospectus – Report.

VI. INFORMATION ABOUT THE ISSUER'S MANAGING BODIES

42. Members of the managing bodies

42.1. Position held, name and surname, identity number, data about participation in the issuer's authorised capital

Name, surname, identity number	Position held	Portion of the capital, %	Votes held, %
THE BOARD			
Arūnas Martinkevičius	Chairman	-	-
Regina Sajienė	Member	-	-
Martynas Česnavičius	Member	-	-
THE ADMINISTRATION			
Regina Sajienė	Director General	-	-
Darius Varnas	Chief Financier	-	-
Nėrijus Vilūnas	Marketing Director	-	-
Laimutis Žurauskas	Technical Director	-	-
Diana Brašiškienė	Production Director	-	-
Valda Gylienė	Accountant-general	-	-

42.2. Data about the Chairman of the Board, the Head of the Administration and the Chief Financier.

Arūnas Martinkevičius, the Chairman of the Board. Educational background: Kaunas University of Technology, Faculty of Economics and Management. Professional experience: since 1992 President of SBA Group.

Regina Sajienė, the Director General and the Member of the Board. University education. Diploma of Engineer Economist.

Professional experience within the last 10 years:

until 2004 Development and Economics Director of SBA Group;

from 1 September 2004 until today the Director General of Utenos trikotažas AB.

Valda Gylienė, Accountant-general. University education. Diploma of Economist; Field of studies: accounting.

Professional experience within the last 10 years:

From 1979 to 1991 Economist; Pretensionist-solicitor of the company;

From 1991 to 1996 Accountant – Auditor of the company;

From 1 October 1996 until today the Accountant-general of Utenos trikotažas AB.

42.3. Data about participation in the activities of other companies, enterprises and organisations (name of the company, enterprise or organisation and position held); capital and votes exceeding 5 percent, held in other enterprises (percentage)

Name, surname	Name of organization; position held	Portion of the capital and votes held in other enterprises, %.
Arūnas Martinkevičius	Chairman of the Board of SBA Group	100
	Chairman of the Board of Utenos trikotažo prekyba UAB	-
	Chairman of the Board of Klaipėdos baldų prekyba UAB	-
	Chairman of the Board of of SBA Baldų kompanija UAB	-
Regina Sajienė	Chairman of the Board of Šatrija AB	-
	Chairman of the Board of Utenos trikotažo prekyba UAB	-
	Chairman of the Supervisory Council of Kauno baldai AB	-
	Chairman of the Supervisory Council of OAO MTF Mrija	-
	Chairman of the Supervisory Council of Šilutės baldai AB	-
	Chairman of the Supervisory Council of Karigė AB	-
Martynas Česnavičius	Member of the Board of LNK UAB	-
	Member of the Board of Snaigė AB	-
	Member of the Board of Litagros chemija UAB	-
	Member of the Board of Atradimų studija UAB	-

	Member of the Board of Sidabra UAB	-
	Chairman of the Board of Pro Finance UAB	48
	Member of the Board of Kauno pieno centras AB	-
	Member of the Board of Sanitas AB	
	Member of the Board of Naftos tekmė UAB	
	Member of the Board of Malsena AB	
N. Vilūnas	Member of the Supervisory Council of OAO MTF Mrija	-
	Member of the Board of Šatrija AB	-
L. Žurauskas	Chairman of the Board of OAO MTF Mrija	-
D. Brašiškienė	Member of the Supervisory Council of OAO MTF Mrija	-
D. Varnas	-	
Valda Gylienė	Auditor of Gotija UAB	-

42.4. Data about the effective conviction of members of managing bodies for the economic crimes and crimes against property, business procedures and finances.

Members of managing bodies are not convicted and have never been convicted for the economic crimes and crimes against property, business procedures and finances.

42.5. Data about the beginning and the end of the term of office of each managing body member.

Name, surname	Beginning of the term in office	End of the term in office
THE BOARD		
Arūnas Martinkevičius	30.03.2005	30.09.2009
Regina Sajienė	30.03.2005	30.03.2009
Martynas Česnavičius	30.03.2005	30.03.2009

43. Information about payments and loans extended to the members of managing bodies

43.1. Information about total and average amounts of tantiemes, salaries and other payments made from the profit per person during the accountable period (members of the Supervisory Council, the Board and the administration).

In business year 2006 the amount of LTL 300 000 was paid for tantiemes at Utenos trikotažas AB. The Company did not make any other payments from the profit to the members of the Board and the

Administration. In 2006, the total amount of LTL 1 495 thousand was paid to the administration of the Company.

43.2. Total amounts of tantiemes, salaries and other payments made during the accountable period from profit to members of the Supervisory Council, the Board and the administration received from enterprises wherein the Issuer's share in the authorized capital makes up more than 20 percent.

In 2006, there were no payments made during the accountable period from profit to members of the Board and the administration of Utenos trikotažas AB received from enterprises wherein the Issuer's share in the authorized capital makes up more than 20 percent.

43.3. Loans granted to members of managing bodies over the accountable period, guarantees and warranties given with respect to fulfilment of their obligations.

There were none.

44. Transactions with related persons

There were no transactions with companies, institutions and organisations that are not related to the principal activity of AB Utenos trikotažas.

The parties are related when one party is in a position to exercise control over the other or to have a material effect on the adoption of financial or business decisions of the other party. The parties of the Group concerned:

SBA Group (one of the main shareholders of the Company);

In 2005 and 2006, the transactions of the Group and the Company with related parties were as follows:

SBA Group

Šatrija AB (the subsidiary of the Company) provided the loan of LTL 1.300 thousand to SBA Group. On 31 December 2006 the balance of the loan was LTL 1.100 thousand (LTL 1.100 thousand on 31 December 2005) and must be returned in cash by 2008. Klaipėdos baldų prekyba UAB under indirect control of SBA Group stands security for the loan repayment.

In 2006, the Company paid LTL 1.973 thousand for consultations and other services to SBA Group (LTL 1.962 thousand in 2005).

VII. RECENT AND MATERIAL EVENTS IN THE ISSUER'S ACTIVITY AND ITS PROSPECTS

45. Most recent developments in the Issuer's activities.

15.02.2007

The Board of Utenos trikotažas AB approved the financial statements of 2006 (not reviewed by auditors) drawn up in accordance with standards that are based on IFRS. The sales of Utenos trikotažas AB are LTL 124 810 thousand (equivalent to EUR 36 147,5 thousand) and profit before taxes of LTL 9 524 thousand (equivalent to EUR 2 758,3 thousand).

The Board of Utenos trikotažas AB approved the performance projections for the year 2007: the projected sales are LTL 140 720 thousand (equivalent to EUR 40 755 thousand) and profit before taxes of LTL 9 600 thousand (equivalent to EUR 2 780 thousand).

23.03.2007

The General Shareholders' Meeting of Utenos trikotažas AB.

The Regular General Shareholders' Meeting of Utenos trikotažas AB is convened in the hall of Utenos trikotažas AB (Company registration number 183709468) of Basanavičiaus 122, Utena, on 26 April 2007 at 11 a.m. The registration takes place from 10 a.m. to 11 a.m.

The General Meeting is convened upon the initiative of the Company's Board following the resolution of the Company's Board of 23 March 2007.

The issues of the Agenda are:

1. The Company's annual report for the year 2006.
2. The Company's auditor's report.
3. Approval of the Company's financial statement for 2006.
4. Approval of the Company's profit appropriation for 2006.
5. Election of the auditor's firm and remuneration for the auditor's work.

Persons who were shareholders of the Company at the end of the record date the General Meeting (on 19 April 2007) shall have the right to attend and vote at the General Meeting themselves or may authorise other persons to vote for them as proxies or may dispose of their right to vote to other persons with whom an agreement on the disposal of the voting right has been concluded. All persons attending the General Meeting and entitled to vote shall produce a document which is a proof of his personal identity. A proxy of a shareholder shall produce an original power of attorney certifying his right to vote at the General Meeting.

As of 16 April 2007 the shareholders who come to Utenos trikotažas AB of Basanavičiaus St. 122, Utena, shall be granted access to the documents available to the company, relating to the agenda of the Meeting, including drafts of the resolutions.

06.04.2007

Regarding the amendment of the agenda of Utenos trikotažas AB Shareholders' Meeting.

Following the resolution of the Company's Board, the agenda of the Regular General Shareholders' Meeting, dated 26 April 2007, of Utenos trikotažas AB (Company registration number 183709468, head office at Basanavičiaus St. 122, Utena) was amended on the issue 6: „6. Election of a member of the Board”.

The complete Agenda of the General Meeting is:

- The Company's annual report for the year 2006.
- The Company's auditor's report.
- Approval of the Company's financial statement for 2006.
- Approval of the Company's profit appropriation for 2006.
- Election of the auditor's firm and remuneration for the auditor's work.
- Election of a member of the Board.

26 April 2007

On 26 April 2007 the General Shareholders' Meeting of Utenos trikotažas AB resolved:

- to approve the auditor's report after hearing the annual report for 2006 of Utenos trikotažas AB;
- to approve the financial statement for the year 2006 of Utenos trikotažas AB;
- to approve the profit appropriation for 2006 of Utenos trikotažas AB. The profit for appropriation is LTL 13 284 thousand (equivalent to EUR 3 847 thousand) and dividends whereof amounting to LTL 7 934 thousand (equivalent to EUR 2 298 thousand);
- to pay LTL 0,40 dividends for one share with a nominal value of LTL 1;
- to set a registration date of shareholders entitled to dividends on 26 April 2007;
- to allot a portion of the profit of LTL 300 thousand (equivalent to EUR 86,9 thousand) for payment of tantiemes;
- to carry forward retained profit of LTL 5 050 thousand (equivalent to EUR 1 463 thousand) to the next financial year;
- to elect the audit company UAB „PricewaterhouseCoopers” as an auditor of Utenos trikotažas AB for the year 2007 and to fix the price for the services of LTL 80 000, excluding VAT;
- to elect Mr. Algirdas Šabūnas as a member of the Board of Utenos trikotažas.

46.MATERIAL EVENTS IN THE ISSUER'S ACTIVITY.

The reports concerning material events are submitted to the Commission of Securities of the Republic of Lithuania, Vilnius Security Exchange, daily paper the “Lietuvos rytas”, Lithuanian News Agency ELTA and Baltic News Service BNS

05.01.2006 Decision made by the Board of Utenos trikotažas AB.

On 4 January 2006, the Board made decision to sell 100 percent of ordinary nominal shares of Utenos trikotažas AB subsidiary, UAB “Utenos trikotažo prekyba”.

09.02.2006 Utenos trikotažas AB activity results for 2005.

The Board of Utenos trikotažas AB approved the financial statements for 2005 that had not been checked by auditors, and had been prepared in compliance with International Reporting standards. The sales of Utenos trikotažas AB – LTL 121 910 thousand (EUR 35 308 thousand). Net non-audited profit is LTL 10 411 thousand (EUR 3 015 thousand). The Board of the Company approved the investment programme and activity plan for 2006. Sales forecast – LTL 144 400 thousand (EUR 41 821 thousand.), net profit – LTL 11 022 thousand (EUR 3 192 thousand), investments- LTL 7 955 thousand (EUR 2 304 thousand)

21.02.2006 Credit indemnity agreement

Utenos trikotažas AB signed the indemnity agreement, by which it guaranteed for the subsidiary, OAO “MTF Mrija”, in compliance with credit agreements with SEB Vilniaus Bankas subsidiary, AB Agio bank in Ukraine. The total volume of the credit is EUR 3.5 million.

28.02.2006 The result of Utenos trikotažas AB activity in 2005.

The preliminary consolidated non-audited net profit for 2005 of Utenos trikotažas AB Group, in compliance with International Reporting standards - LTL 7 475 thousand (EUR 2 165 thousand). The sales –LTL 173 327 thousand (EUR 50 199 thousand).

17.03.2006 The audited results of Utenos trikotažas AB for 2005.

The Board approved the financial statements for 2005 of Utenos trikotažas AB Company and those of the Group that had been checked by the auditors and prepared in compliance with International Reporting standards. The sales of Utenos trikotažas AB - LTL 121 423 thousand (EUR 35 166 thousand), net profit – LTL 11 387 thousand (EUR 3 298 thousand). The sales of the Group – LTL 173 327 thousand (EUR 50 199 thousand), net profit LTL 7 675 thousand (EUR 2 223 thousand)

20.03.2006 Convening of the Meeting of Utenos trikotažas AB Shareholders

Upon decision made by the Board of the Company, an Ordinary General Shareholders' Meeting is summoned on 20 April 2006. The address of the Meeting – Utenos trikotažas AB, company code 183709468, Basanavičiaus g. 122, Utena.

AGENDA:

1. Annual Report of the Company concerning the year 2005.
2. The report of the Audit.
3. Approval of Reporting of the Company concerning the year 2005.
4. Approval of Company's profit distribution concerning the year 2005.
5. Audit company election and payment for the audit work.

The Meeting starts at 11 a.m.

The participants of the Meeting shall be registered from 10 a.m.

The persons are entitled to take part in the Meeting that were possessing Company's shares at the end of the day of the Meeting accountant (11 April 2006).

20.04.2006

Resolutions of the Meeting of AB "Utenos trikotažas" shareholders, that was held on 20 April 2006.

The Meeting of Utenos trikotažas AB shareholders, held on 20 April 2006, resolved:

1. Approved the Report on activity of Utenos trikotažas AB concerning the year 2005.
2. Agreed with the Audit's conclusions.
3. Approved the Reporting of Utenos trikotažas AB for 2005.
4. Approved the profit distribution of Utenos trikotažas AB for 2005. Distributable profit is LTL

11 100 thousand (EUR 3 215 thousand), from which the amount of LTL 3 967 thousand (EUR 1 149 thousand) was devoted to dividend payment.

Agreed on dividend payment of LTL 0.2 per one share of nominal value of one Litas.

The date for accountant of shareholders that are entitled to the dividends is 20 April 2006.

The profit part intended to make annual payments (tantiemes) is LTL 300 thousand (EUR 86.9 thousand),

Undistributed profit, transferred into other financial year is LTL 6 833 thousand (EUR 1 979 thousand).

5. AB "Utenos trikotažas" elected for the year 2006 as auditor the audit company

UAB "PricewaterhouseCoopers". Established the price of payment for services LTL 63 000 excluding VAT.

28.04.2006

The activity results of AB "Utenos trikotažas" during first quarter of 2006.

The Board of Utenos trikotažas AB approved the activity results obtained during first quarter of 2006. Non-audited net profit in accordance with International Reporting standards is LTL 2 263 thousand (EUR 655.4 thousand). The Sales – LTL 31 954 thousand (EUR 9 254 thousand).

01.06.2006

Utenos trikotažas AB implemented the international SA 8000 standard of social responsibility.

27.07.2006

The activity results of AB “Utenos trikotažas” during first half year of 2006.

The Board of Utenos trikotažas AB approved the activity results obtained during first half year of 2006. Non-audited net profit in accordance with International Reporting standards is LTL 4 715 thousand (EUR 1 366 thousand). The sales – LTL 62 598 thousand (EUR 18 130 thousand).

31.10.2006

The activity results of AB “Utenos trikotažas” during 9 months of 2006.

The Board of Utenos trikotažas AB approved the activity results during 9 months. Non-audited net profit of the Company in accordance with International Reporting standards is LTL 6 441 thousand (EUR 1 865 thousand). The sales – LTL 95 541 thousand (EUR 27 671 thousand). Non-audited net profit of the Group in accordance with International Reporting standards is LTL 5 446 thousand (EUR 1 577 thousand). The sales LTL 122 116 thousand (EUR 35 367 thousand).

The Board adjusted the activity plan of the Company for 2006. The net profit for 2006 was adjusted by LTL 7 458 thousand (EUR 2 160 thousand), the sales LTL 124 541 thousand (EUR 36 070 thousand). The adjustment to the activity indices planned is related to 6 month delay in installation of new equipment at subsidiary “Mrija”. Therefore, AB “Utenos trikotažas” had to refuse part of orders for the main seasons – spring, summer.

47. Activity strategy and its changes forecast for the nearest financial (economy) year

The objectives of the Company for the year 2007

To sell production for LTL 140.7 million.

To sell production of its own design to new customers and to those from higher clothing segment for LTL 9 million.

To obtain consolidated net profit of LTL 8.5 million.

To increase the flexibility and speed of the production process:

To achieve that new order execution duration would not exceed 6.8 week.

To buy 75.5 million minutes of sewing services.

To maintain the level of remake in the finishing shop not exceeding 16 percent.

To shorten the time period for production of the standard items up to 14 days.

To submit to the customers attractive innovations: introduce into mass production over 63 percent of newly created fabrics.

To educate qualified personnel of the Company, optimise the number of employees, to retain the reserve.

The sales

It is planned that the sales of the Company will amount to LTL 140.7 million, or by 14.9 percent more than in 2006. It is planned that export volumes of the Company will amount to LTL 122.6 million, or by LTL 12.1 million more than in 2006.

In 2007, 15.5 million articles will be sold, from which 8.8 million will be the ones produced at OAO “Mrija“

Profit

In 2007, the Company is planning to receive consolidated pre-tax profit of LTL 9.6 million amount.

Investments

In 2007, the Company is intended to made investments of LTL 5.3 million, and in OAO “MTF Mrija” – LTL 1.4 million.

Personnel

In 2007, the planned average number of employees in the Company – 1,025 employees, in OAO “MTF Mrija” – 650 employees.

Activity directions

Education of qualified personnel (specialists and workers).

Optimization of employee number.

Retention of the employees that work in critical positions and education of their reserve and retention.

Formation of organizational culture and employee loyalty to the Company.

For employee training the amount of LTL 257.3 thousand is intended.

Training tendencies:

Education of specialists:

In conformity with SBA group training programs on education: ”Young Leaders” ,”Leaders” , ”Over-ages” ,

marketing, business environment, logistics;

personnel management and improvement in managerial skills.

training of the workers.

Remark: The activity plan for 2007 was approved in the meeting of the Board on 14 February 2006, Protocol No.1.