

JSC “ALYTAUS TEKSTILĒ”

**Interim statement for
First quarter of 2007
Company’s code: 149698775**

ALYTAUS TEKSTILĖ AB

Financial statements of the 1st quarter of 2007

As far as we are informed, the financial statements of Alytaus tekstilė AB of the 1st quarter of 2007 are drawn up in accordance with the International Financial Reporting Standards adopted in the European Union, comment reality and fairly represent the company's assets, liabilities, financial status, profit or loss.

Chief executive officer

Dalė Rimkuvienė

Head accountant

Gražina Ludavičienė

JSC “ALYTAUS TEKSTILĒ”

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Name of the company: xxx	AB" ALYTAUS TEKSTILÉ"			
Office:	ALYTUS.PRAMONÉS I			
Date:	2007 03 31			
BALANCE SHEET (in Litas)				
			2007 03 31	2006 12 31
<i>Row No</i>	<i>Assets</i>	<i>Note No.</i>		
A.	LONG TERM ASSETS		60.127.299	60.996.575
I.	INTANGIBLE ASSETS		3.082	3.698
I.1.	<i>Development costs</i>			
I.2.	<i>Goodwill</i>			
I.3.	<i>Patent & lincence</i>			
I.4.	<i>Software</i>		3.082	3.698
I.5.	<i>Other intangible assets</i>			
II.	TANGIBLE ASSETS		60.124.217	60.992.877
II.1.	<i>Land</i>			
II.2.	<i>Buildings & Plant</i>		50.553.416	50.804.816
II.3.	<i>Machinery & equipments</i>		8.909.416	9.428.551
II.4.	Transporto priemonės ir kita iranga		231.938	269.601
II.5.	<i>Constructions in progress</i>		81.789	105.444
II.6.	<i>Other tangible assets</i>		347.658	384.465
III.	FINANCIAL LONG - TERM ASSETS			
III.1.	<i>Investment in subsidiary and associated company</i>			
III.2.	<i>Loans for associated and subsidiary company</i>			
III.3.	<i>Amounts receivable after one year</i>			
III.4.	<i>Other financial long-term assets</i>			
B.	SHORT TERM ASSETS		13.948.493	15.186.400
I.	STOCK AND CONTRACTS IN PROGRESS			
I.1.	<i>Stock</i>		10.863.398	12.525.070
I.1.1.	<i>Raw materials and consumables</i>		861.914	1.022.883
I.1.2.	<i>Work in progress</i>		5.336.230	7.426.413
I.1.3.	<i>Finished products</i>		4.540.569	3.902.907
I.1.4.	<i>Goods for resale</i>		371	1.012
I.2.	<i>Prepayments</i>		124.314	171.855
I.3.	<i>Contracts in progress</i>			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		2.961.376	2.627.596
II.1.	<i>Trade debtors</i>		2.372.651	2.433.443
II.2.	<i>Debts of subsidiary and associated companies</i>			
II.3.	<i>Other amounts receivable</i>		588.725	194.153
III.	OTHER SHORT TERM ASSETS			
III.1.	<i>Short term investment</i>			
III.2.	<i>Term deposits</i>			
III.3.	<i>Other short term assets</i>			
IV	PINIGAI IR JŲ EKVIVALENTAI		123.719	33.734
	CASH AND ITS EQUIVALENT			

	TOTAL ASSETS		74.075.792	76.182.975
	BALANCE SHEET (in Litas)			
			2007 03 31	2006 12 31
<i>Row No</i>	<i>Shareholders equity and liabilities</i>	<i>Note No.</i>		
C.	SHAREHOLDERS EQUITY		31.908.179	34.815.080
I.	KAPITALAS		<i>51.509.472</i>	<i>51.509.472</i>
I.1.	<i>Subscribed capital</i>		51.509.472	51.509.472
I.2.	<i>Uncalled capital</i>			
I.3.	<i>Share premium account</i>			
I.4.	<i>Own shares</i>			
II.	TRANSLATION RESERVE		45.587.201	45.587.201
III.	RESERVES			
III.1.	<i>Legal reserve</i>			
III.2.	<i>Reserve for buying own shares</i>			
III.3.	<i>Other reserve</i>			
IV.	PROFIT (LOSS) BROUGHT FORWARD		<i>-65.188.494</i>	<i>-62.281.593</i>
IV.1.	<i>Current year</i>		-2.906.901	-8.327.237
IV.2.	<i>Previous years</i>		-62.281.593	-53.954.356
D.	MAZUMOS DALIS			
E	GRANTS AND SUBSIDIES			
F	AMOUNTS PAYABLE AND LIABILITIES		42.167.613	41.367.895
I	AMOUNTS PAYBLE AFTER ONE YEAR AND LONG TERM LIABILITIES		<i>8.750.344</i>	<i>5.601.454</i>
I.1	<i>Financial debts</i>		3.470.244	57.354
I.1.1	<i>Leasing (financial rent)and similar liabilities</i>		53.485	57.354
I.1.2	<i>Credit institutions</i>		3.416.759	
I.1.3	<i>Others financial debts</i>			
I.2.	<i>Suppliers payable</i>		5.083.621	5.325.340
I.3.	<i>Payments received in advance</i>			
I.4.	<i>Provisions</i>			
I.5.	<i>Deferred taxes</i>			
I.6.	<i>Other amounts payable and long-term liabilities</i>		196.479	218.760
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND SHORT TERM LIABILITIES		<i>33.417.269</i>	<i>35.766.441</i>
II.1	<i>Current year portion of long term debts</i>			
II.2	<i>Financial debts</i>		15.120.596	14.725.800
II.2.1.	<i>Credit institutions</i>		15.101.786	14.706.846
II.2.2.	<i>Others</i>		18.810	18.954
II.3	<i>Suppliers payable</i>		11.956.808	11.638.242
II.4.	<i>Payments received in advance</i>		125.781	130.762
II.5.	<i>Profit tax liability</i>			
II.6.	<i>Work relationship liabilities</i>		4.662.818	7.369.979
II.7.	<i>Provisions</i>			
II.8.	<i>Other amounts payable and short-term liabilities</i>		1.551.266	1.901.658
	TOTAL EQUITY AND LIABILITIES		74.075.792	76.182.975
	General director		Dalė Rimkuvienė	

AB"ALYTAUS TEKSTILE"				
PRAMONES 1,ALYTUS				
PROFIT AND LOSS ACCOUNT (in Litas)				
			2007 m 01-03	2006 m 01-03
Row No	Items	Note No.		
I.	SALES REVENUE		11.158.229	18.992.260
II.	COST OF SALES		12.418.058	19.478.961
III.	GROSS PROFIT			
	(LOSS)		-1.259.829	-486.701
IV.	OPERATING EXPENSES		1.421.697	1.978.348
IV.1.	Sales		835.260	1.221.484
IV.2.	General and administrative		586.437	756.864
V.	OPERATING PROFIT			
	(LOSS)		-2.681.526	-2.465.049
VI.	OTHER OPERATIONS		-19.760	4.283.235
VI.1.	Income		62.536	4.402.281
VI.2.	Expenses		82.296	119.046
VII.	FINANCIAL AND INVESTING ACTIVITIES		205.615	256.358
VII.1.	Income			
VII.2.	Expenses		205.615	256.358
VIII.	PROFIT FROM ORDINARY ACTIVITY			
	(LOSS)		-2.906.901	1.561.828
IX.	EXTRAORDINARY GAIN			
X.	/ EXTRAORDINARY LOSS			
XI.	PROFIT BEFORE TAXES			
	/ (LOSS)		-2.906.901	1.561.828
XII.	PROFIT TAX			
XIII.	GRYNASIS PELNAS PO MOKESCIU			
	(LOSS)		-2.906.901	1.561.828
XII.				
XIII.	NET PROFIT			
	(LOSS)		-2.906.901	1.561.828
	General director		Dalė Rimkuvienė	

AB"ALYTAUS TEKSTILE"				
PRAMONES 1,ALYTUS				
CASH FLOWS STATEMENT (in Litas)				
			2007 04 01	2006 12 31
<i>Row No</i>	<i>Items</i>	<i>Note No.</i>		
I.	Cash flow from company's main activity			
I.1.	<i>Net profit (loss)</i>		-2.906.901	-8.327.237
I.2.	<i>Depreciation and amortisation expenses</i>		869.100	3.639.078
I.3.	<i>(Increase) Decrease in amounts receivable after one year</i>			
I.4.	<i>(Increase) Decrease in stock pad-sum+</i>		1.614.133	3.837.237
I.5.	<i>(Increase) Decrease in prepayments pad-sum+</i>		47.541	181.584
I.6.	<i>(Increase) Decrease in contracts in progress</i>			
I.7.	<i>(Increase) Decrease in trade receivables pad-sum+</i>		60.792	1.333.162
I.8.	<i>(Increase) Decrease in debts of subsidiary and associated companies</i>			
I.9.	<i>(Increase) Decrease in other amounts receivables p-s+</i>		-394.572	334.935
I.10.	<i>(Increase) Decrease in other short-term asset</i>			
I.11.	<i>(Inrease) decrease in long-term trade payables and received prepayments (pad+sum-)</i>		-241.719	3.474.937
I.12.	<i>(Inrease) decrease in short-term trade payables and received prepayments (pad+sum-)</i>		318.566	741.978
I.13.	<i>(Inrease) decrease in profit tax payable</i>			
I.14.	<i>(Inrease) decrease in liabilities related to labour relations(pad+sum-)</i>		-2.707.161	-1.749.718
I.15.	<i>(Inrease) decrease in provisions</i>			
I.16.	<i>(Inrease) decrease in other amounts payables and liabilities(pad+sum-)</i>		-377.654	-11.531.242
I.17.	<i>Elimination of results of financial and investing activities</i>			
	Net cash flows from main activity		-3.717.875	-14.722.429
II.	Cash flow from investing activities			
II.1	<i>Purchases of long term assets (except investments)</i>			
II.2.	<i>Sales of long term assets (except investments)</i>		175	9.325.410
	Net cash flow from investing activities		175	8.443.786
CASH FLOWS STATEMENT (in Litas)				
		<i>Note No.</i>	2007 04 01	2006 12 31
III.	Cash flows from financial activities			
III.1.	<i>Cash flows related to owners</i>			
III.1.1.	<i>Emission of shares</i>			5.004.500
III.1.2.	<i>Owners contributions against losses</i>			
III.1.3.	<i>Redemption of own shares</i>			
III.2.	<i>Cash flows related to other finansing sources</i>			

III.2.1.	<i>Increase in financial debts</i>			
III.2.1.1.	<i>Loans gained</i>		4.456.559	3.630.601
III.2.1.2.	<i>Bonds emission</i>			
III.2.2.	<i>Decrease in financial debts</i>			
III.2.2.1.	<i>Loans paid</i>		-644.861	-2.556.000
III.2.2.2.	<i>Leasing gained</i>			95.000
III.2.2.3.	<i>Leasing payments</i>		-4.013	-31.560
III.2.3.	<i>Increase in other liabilities</i>			
III.2.4.	<i>Decrease in other liabilities</i>			
III.2.5.	<i>Increase in other cash flows from financial activities</i>			
III.2.6.	<i>Decrease in other cash flows from financial activities</i>			
	Net cash flows from financial activities		3.807.685	6.142.541
IV.	Cash flows from extraordinary activities			
IV.1	<i>Increase in cash flows from extraordinary activities</i>			
IV.2.	<i>Decrease in cash flows from extraordinary activities</i>			
V.	<i>Influence of changes in foreign currency exchange rates to balance of cash and cash equivalent</i>			
VI.	Increase (decrease) in net cash flow		89.985	-136.102
VII.	Cash and cash equivalents at the beginning of the period		33.734	169.836
VIII.	Cash and cash equivalents at the end of the period		123.719	33.734
			89.985	(136.102)
	General director		Dalė Rimkuvienė	

AB"ALYTAUS TEKSTILĖ"

PRAMONĖS 1,ALYTUS

2006 12 31

CHANGES IN SHAREHOLDERS EQUITY (in Litas)							
	Issued authorized capital	Share premium account	shares(-)	Perkainojimo rezervas (rezultatai) / Revaluation reserve (results)		Įstatymo numatyti rezervai / Legal reserve	
				Ilgalaikio materialiojo turto / Of long-term tangible assets	Finan-sinio turto / Of financial assets	Privalo-masis / Obligatory	Sav...
1. Balance at 31 December, 2005	46.504.972			45.587.201			
1. Increase / decrease in authorized capital	5.004.500						
2. Net profit / loss of current year							
1. Balance at 31 December, 2006	51.509.472	0	0	45.587.201	0	0	
1 Net profit / loss of current year							
1/ Increase / decrease in authorized capital							
1. Balance at 31 03 2007	51.509.472	0	0	45.587.201	0	0	
General director				Dalė Rimkuviėnė			

JSC “ALYTAUS TEKSTILĖ”

Explanatory message for first quarter of 2007 m.

JSC “Alytaus tekstilė” had sold production for 11, 158 million litas in the first quarter of 2007, and it is 41, 2 % less than in the same period at 2006 (18, 992 million litas). The sellings declined so significantly because of the bad situation in the company, which was influenced by the government’s decision to privatise the company. The workers refuse to work and demanded their salaries, the main creditors started to arrest the company’s accounts at the SEB “Vilniaus bankas” and “Snoras” banks. The manufacturing activities in the company was stopped because of the lack of the current assets. It was because of the creditorian demands why the supply of the electricity was restricted, the raws, other materials and services were available only by advance payment. In the March partially worked only finishing department and sartorial department. The departments of spinning and weaving haven’t worked and workers was forced to take annual holidays or involuntary downtime. Contracts rests bow out and the buyers gave their orders to the other manufacturers.

The main countries for sellings rests the same: Lithuania (31, 4 %), Sweden (39, 3 %), Finland (11,4 %), Italy and Germany.

As production capacity has decreased, 105 employees were terminated or resigned office in the first quarter of 2007 and at the end of period, there were 1290 employees. Average salary for employee was 1072 Lt/ monthly.

The financial rates for the first quarter of the 2007 shows the Company’s losses. According to the signed contracts for the first quarter of 2007, it was planned to sell production for the amount of 13, 8 million litas, but it was sold only for 11, 1 million litas. Net loss was equal to the 2, 9 million litas. The gross loss was equal to 1, 2 million litas. The loss of standard activity was 2, 6million litas.

Main causes of loss:

- Decrease of the sales volume forced to pay to employees for downtime and termination compensations (compensations’ payment – 204 thousands Lt, minimum salary payment for downtime – 471 thousands Lt);
- Shortage of working capital forced cuts in ordered production volumes, delays in salary payment and raised the volume of

- nonproductive expenditures (penalties for delayed salaries – 107 thousands Lt);
- Increased payment for thermal energy and gas supply tariffs – 250 thousands Lt.
 - The spinning and weaving departments haven't worked since the 1st of March and the loss increased because of outlays of the nonproductional activity of these departments; outlays were equal to 656, 9 thousands litas.

Company's authorised capital was 51 509 472 Lt at the end of the reporting cycle. Authorised capital was divided into 51 509 472 ordinary registered shares, each one is equal to 1 litas. 69, 56 % of company's shares were owned by the government of Lithuanian republic, which was represented by Economical Ministry of Lithuanian republic (by the right of trust), 5,6 % owns Estonian company "Tolaram Investments AS", the rest 24,84 % shares are owned by the other small shareholders.

According to the resolution No. 228 (27th of February, 2007), the government of the Lithuanian republic decided to transfer (by the right of trust to rule, use and dispose) to "Valstybės Turto Fondas VĮ" 35 828 133 ordinary registered shares of JSC "Alytaus tekstilė" (at par value of 1 litas) with voting rights of 69, 56 %. "Valstybės turto fondas VĮ" has already prepared a program for the privatization of the shares, which are owned by the state. This program is approved by the Commission of Privatization. It is planned that the process of privatization will be complete till the end of May, 2007.