

**JSC “ALYTAUS TEKSTILĒ”**

**Interim statement for  
The First six months of 2007  
Company’s code: 149698775**

## **JSC “ALYTAUS TEKSTILĒ”**

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## **ALYTAUS TEKSTILĒ AB**

Financial statements for the first six months of 2007

As far as we are informed, the financial statements of ALYTAUS TEKSTILĒ AB for the first six months 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.

Director General

Algida Žūkevičienė

Finance Director

Gražina Ludavičienė

Name of  
the  
company:  
xxx **AB" ALYTAUS TEKSTILÉ"**  
Office: ALYTUS.PRAMONĖS 1  
Date: 2007 06 30

**BALANCE SHEET (in Litas)**

			2007 06 30	2006 12 31
Row No	Assets	Note No.		
<b>A.</b>	<b>LONG TERM ASSETS</b>		<b>59.171.712</b>	<b>60.996.575</b>
<b>I.</b>	<b>INTANGIBLE ASSETS</b>		2.464	3.698
I.1	Development costs			
I.2	Goodwill			
I.3	Patent & lincence			
I.4	Software		2.464	3.698
I.5	Other intangible assets			
<b>II.</b>	<b>TANGIBLE ASSETS</b>		59.169.248	60.992.877
II.1.	Land			
II.2.	Buildings & Plant		50.302.031	50.804.816
II.3.	Machinery & equipments		8.148.312	9.428.551
II.4.	Transporto priemonės ir kita iranga		207.747	269.601
II.5.	Constructions in progress		177.589	105.444
II.6.	Other tangible assets		333.569	384.465
<b>III.</b>	<b>FINANCIAL LONG - TERM ASSETS</b>			
III.1.	Investment in subsidiary and associated company			
III.2.	Loans for associated and subsidiary company			
III.3.	Amounts receivable after one year			
III.4.	Other financial long-term assets			
<b>B.</b>	<b>SHORT TERM ASSETS</b>		<b>10.125.991</b>	<b>15.186.400</b>
<b>I.</b>	<b>STOCK AND CONTRACTS IN PROGRESS</b>			
I.1.	Stock		8.541.674	12.525.070
I.1.1	Raw materials and consumables		752.843	1.022.883
I.1.2	Work in progress		3.115.147	7.426.413
I.1.3	Finished products		4.623.813	3.902.907
I.1.4	Goods for resale		202	1.012
I.2.	Prepayments		49.669	171.855
I.3.	Contracts in progress			
<b>II.</b>	<b>AMOUNTS RECEIVABLE WITHIN ONE YEAR</b>		1.374.769	2.627.596
II.1.	Trade debtors		939.394	2.433.443
II.2.	Debts of subsidiary and associated companies			
II.3.	Other amounts receivable		435.375	194.153
<b>III.</b>	<b>OTHER SHORT TERM ASSETS</b>			
III.1.	Short term investment			
III.2.	Term deposits			
III.3.	Other short term assets			
<b>IV</b>	<b>PINIGAI IR JU EKVIVALENTAI</b>		209.548	33.734

	CASH AND ITS EQUIVALENT			
	<b>TOTAL ASSETS</b>		<b>69.297.703</b>	<b>76.182.975</b>

<b>BALANCE SHEET (in Litass)</b>			<b>2007 06 30</b>	<b>2006 12 31</b>
<i>Row No</i>	<i>Shareholders equity and liabilities</i>	<i>Note No.</i>		
<b>C.</b>	<b>SHAREHOLDERS EQUITY</b>		<b>27.339.559</b>	<b>34.815.080</b>
<b>I.</b>	<b>KAPITALAS</b>		<i>51.509.472</i>	<i>51.509.472</i>
I.1.	<i>Subscribed capital</i>		<i>51.509.472</i>	<i>51.509.472</i>
I.2.	<i>Uncalled capital</i>			
I.3.	<i>Share premium account</i>			
I.4.	<i>Own shares</i>			
<b>II.</b>	<b>TRANSLATION RESERVE</b>		<i>45.587.201</i>	<i>45.587.201</i>
<b>III.</b>	<b>RESERVES</b>			
III.1.	<i>Legal reserve</i>			
III.2.	<i>Reserve for buying own shares</i>			
III.3.	<i>Other reserve</i>			
<b>IV.</b>	<b>PROFIT (LOSS) BROUGHT FORWARD</b>		<i>-69.757.114</i>	<i>-62.281.593</i>
IV.1.	<i>Current year</i>		<i>-7.475.521</i>	<i>-8.327.237</i>
IV.2.	<i>Previous years</i>		<i>-62.281.593</i>	<i>-53.954.356</i>
<b>D.</b>	<b>MAZUMOS DALIS</b>			
<b>E</b>	<b>GRANTS AND SUBSIDIES</b>			
<b>F</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>		<b>41.958.144</b>	<b>41.367.895</b>
<b>I</b>	<b>AMOUNTS PAYBLE AFTER ONE YEAR AND LONG TERM LIABILITIES</b>		<i>8.181.954</i>	<i>5.601.454</i>
I.1	<i>Financial debts</i>		<i>3.165.854</i>	<i>57.354</i>
I.1.1	<i>Leasing (financial rent)and similar liabilities</i>		<i>49.568</i>	<i>57.354</i>
I.1.2	<i>Credit institutions</i>		<i>3.116.286</i>	
I.1.3	<i>Others financial debts</i>			
I.2.	<i>Suppliers payable</i>		<i>4.841.902</i>	<i>5.325.340</i>
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>		<i>174.198</i>	<i>218.760</i>
<b>II.</b>	<b>AMOUNT PAYABLE WITHIN ONE YEAR AND SHORT TERM LIABILITIES</b>		<i>33.776.190</i>	<i>35.766.441</i>
II.1	<i>Current year portion of long term debts</i>			
II.2	<i>Financial debts</i>		<i>14.425.855</i>	<i>14.725.800</i>
II.2.1.	<i>Credit institutions</i>		<i>14.410.477</i>	<i>14.706.846</i>
II.2.2.	<i>Others</i>		<i>15.378</i>	<i>18.954</i>
II.3	<i>Suppliers payable</i>		<i>10.081.307</i>	<i>11.638.242</i>
II.4.	<i>Payments received in advance</i>		<i>915.505</i>	<i>130.762</i>
II.5.	<i>Profit tax liability</i>			
II.6.	<i>Work relationship liabilities</i>		<i>6.042.584</i>	<i>7.369.979</i>
II.7.	<i>Provisions</i>			
II.8.	<i>Other amounts payable and short-term liabilities</i>		<i>2.310.939</i>	<i>1.901.658</i>

	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69.297.703</b>	<b>76.182.975</b>
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General director  
Finance director

Algida Žūkevičienė  
Gražina Ludavičienė

**AB"ALYTAUS TEKSTILE"**  
**PRAMONES 1,ALYTUS**

**PROFIT AND LOSS ACCOUNT (in Litas)**

Row No	Items	Note No.	2007 m 01-06	2006 m 01-06
I.	SALES REVENUE		15.939.279	34.715.054
II.	COST OF SALES		18.155.191	35.576.303
<b>III.</b>	<b>GROSS PROFIT</b>			
	<b>(LOSS)</b>		<b>-2.215.912</b>	<b>-861.249</b>
IV.	OPERATING EXPENSES		4.802.210	4.999.183
IV.1.	Sales		1.160.399	2.167.280
IV.2.	General and administrative		3.641.811	2.831.903
<b>V.</b>	<b>OPERATING PROFIT</b>			
	<b>(LOSS)</b>		<b>-7.018.122</b>	<b>-5.860.432</b>
VI.	OTHER OPERATIONS		<b>-19.061</b>	<b>4.430.614</b>
VI.1.	Income		99.055	4.617.568
VI.2.	Expenses		118.116	186.954
VII.	FINANCIAL AND INVESTING ACTIVITIES		<b>438.338</b>	<b>459.267</b>
VII.1.	Income			
VII.2.	Expenses		438.338	459.267
<b>VIII.</b>	<b>PROFIT FROM ORDINARY ACTIVITY</b>			
	<b>(LOSS)</b>		<b>-7.475.521</b>	<b>-1.889.085</b>
IX.	EXTRAORDINARY GAIN			
X.	/ EXTRAORDINARY LOSS			
<b>XI.</b>	<b>PROFIT BEFORE TAXES</b>			
	<b>/ (LOSS)</b>		<b>-7.475.521</b>	<b>-1.889.085</b>
XII.	PROFIT TAX			
<b>XIII.</b>	<b>GRYNASIS PELNAS PO MOKESCIU</b>			
	<b>(LOSS)</b>		<b>-7.475.521</b>	<b>-1.889.085</b>
XII.				
<b>XIII.</b>	<b>NET PROFIT</b>			
	<b>(LOSS)</b>		<b>-7.475.521</b>	<b>-1.889.085</b>

General director

Algida Žūkevičienė

Finance director

Gražina Ludavičienė

**AB"ALYTAUS TEKSTILE"**  
**PRAMONES 1,ALYTUS**

**CASH FLOWS STATEMENT (in Litas)**

			<b>2007 06 30</b>	<b>2006 12 31</b>
<i>Row No</i>	<i>Items</i>	<i>Note No.</i>		
<b>I.</b>	<b>Cash flow from company's main activity</b>			
I.1.	<i>Net profit (loss)</i>		<b>-7.475.521</b>	<b>-8.327.237</b>
I.2.	<i>Depreciation and amortisation expenses</i>		1.688.227	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>		3.861.210	3.837.237
I.5.	<i>(Increase) Decrease in prepayments pad-sum+</i>		122.186	181.584
I.6.	<i>(Increase) Decrease in contracts in progress</i>			
I.7.	<i>(Increase) Decrease in trade receivables pad-sum+</i>		1.494.050	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>		-241.222	334.935
I.10.	<i>(Increase) Decrease in other short-term asset</i>			
I.11.	<i>(Increase) decrease in long-term trade payables and received prepayments (pad+sum-)</i>		-528.000	3.474.937
I.12.	<i>(Increase) decrease in short-term trade payables and received prepayments (pad+sum-)</i>		-772.192	741.978
I.13.	<i>(Increase) decrease in profit tax payable</i>			
I.14.	<i>(Increase) decrease in liabilities related to labour relations (pad+sum-)</i>		-1.327.395	-1.749.718
I.15.	<i>(Increase) decrease in provisions</i>			
I.16.	<i>(Increase) decrease in other amounts payables and liabilities (pad+sum-)</i>		409.281	-11.531.242
I.17.	<i>Elimination of results of financial and investing activities</i>		-4.950	-6.657.143
	<b>Net cash flows from main activity</b>		<b>-2.774.326</b>	<b>-14.722.429</b>
<b>II.</b>	<b>Cash flow from investing activities</b>			
II.1.	<i>Purchases of long term assets (except investments)</i>		-59.847	-1.762.307
II.2.	<i>Sales of long term assets (except investments)</i>		201.433	9.325.410
II.3.	<i>Purchases of long-term investments</i>			
II.4.	<i>Sales of long-term investments</i>			
II.5.	<i>Loans provided</i>			
II.6.	<i>Loans returned</i>			
II.7.	<i>Dividends, interests received</i>			
II.8.	<i>Other increases in cash flow from investing activities</i>		95.014	880.683

	<b>Net cash flow from investing activities</b>		<b>141.586</b>	<b>8.443.786</b>
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**CASH FLOWS STATEMENT (in Litas)**

		Note No.	2007 06 30	2006 12 31
	<b>Cash</b>			
<b>III.</b>	<b>flows from financial activities</b>			
	<i>Cash flows related to owners</i>			
III.1.				
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 financing sources</i>			
III.2.1.	<i>Increase in financial debts</i>			
III.2.1.1.	<i>Loans gained</i>		5.195.886	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>		-2.375.970	-2.556.000
III.2.2.2.	<i>Leasing gained</i>			95.000
III.2.2.3.	<i>Leasing payments</i>		-11.362	-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>			
	<b>Net cash flows from financial activities</b>		<b>2.808.554</b>	<b>6.142.541</b>
	<b>Cash</b>			
<b>IV.</b>	<b>flows from extraordinary activities</b>			
IV.1	<i>Increase in cash flows from extraordinary activities</i>			
IV.2.	<i>Decrease in cash flows from extraordinary activities</i>			
<b>V.</b>	<b>Influence of changes in foreign currency exchange rates to balance of cash and cash equivalent</b>			
<b>VI.</b>	<b>Increase (decrease) in net cash flow</b>		<b>175.814</b>	<b>-136.102</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of the period</b>		<b>33.734</b>	<b>169.836</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of the period</b>		<b>209.548</b>	<b>33.734</b>

175.814 (136.102)

General director

Algida Žūkevičienė

Finance director

Gražina Ludavičienė



AB"ALYTAUS TEKSTILĖ"  
PRAMONĖS 1,ALYTUS

**CHANGES IN SHAREHOLDERS EQUITY (in Litas)**

	Issued authorized capital	Share premium account	shares(-)	Perkainojimo rezervas (rezultatai) / Revaluation reserve (results)		Įstatymo numatyti rezervai / Legal reserve		Kiti rezervai / Other reserve
				Ilgalaikio materialiojo turto / Of long-term tangible assets	Finan-sinio turto / Of financial assets	Privalomasis / Obligatory	Savų akcijų įsigijimo / For buying own shares	
<b>1. Balance at 31 December, 2005</b>	<b>46.504.972</b>			<b>45.587.201</b>				
1. Increase / decrease in authorized capital	5.004.500							
2. Net profit / loss of current year								
<b>1. Balance at 31 December, 2006</b>	<b>51.509.472</b>	<b>0</b>	<b>0</b>	<b>45.587.201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Net profit / loss of current year								
1/ Increase / decrease in authorized capital								
<b>1. Balance at 30 06 2007</b>	<b>51.509.472</b>	<b>0</b>	<b>0</b>	<b>45.587.201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

General director

Algida Žūkevičienė

Finance director

Gražina Ludavičienė

## JSC “Alytaus Tekstilė”

### Explanatory message for first half of 2007 m.

JSC “Alytaus tekstilė” had sold production for 15, 939 million litas in the first half of 2007, and it is 54, 1 % less than in the same period at 2006 (34, 715 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, April and June partially worked only finishing department and sartorial department. Starting from March, 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 (36 %), Sweden (30, 9 %), Finland (10, 9 %), Italy and Germany.

As production capacity has decreased, 217 employees were terminated or resigned office in the first half of 2007 and at the end of period, there were 1179 employees. Average salary for employee was 956 Lt/ monthly.

The financial rates for the first half of the 2007 shows the Company’s losses. According to the signed contracts for the first half of 2007, it was planned to sell production for the amount of 18, 6 million litas, but it was sold only for 15, 9 million litas. Net loss was equal to the 7, 5 million litas. The gross loss was equal to 2, 2 million litas. The loss of standard activity was 6, 6million litas.

Main causes of loss:

- Decrease of the sales volume forced to pay to employees for downtime and termination compensations (compensations’ payment – 326 thousands Lt, minimum salary payment for downtime – 1925 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 – 128 thousands Lt, economical sanctions – 332 thousands Lt);
- Increased payment for thermal energy and gas supply tariffs – 299 thousands Lt.
- The spinning and weaving departmens haven’t worked since the 1st of March, the finishing departament haven’t worked since the 3th of May and

the sartorial department haven't worked since the June. The loss increased because of outlays of the nonproductional activity of these departments; outlays were equal to 4072, 4 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. Until the May, 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 VI" 35 828 133 ordinary registered shares of JSC "Alytaus tekstilė" with voting rights of 69, 56 %.

"Valstybės turto fondas VI" have sold shares of JSC "Alytaus tekstilė" on 23th of May, 2007. Three natural persons has acquired the package of shares: Bronius Bieliauskas, Algida Žukevičienė, Gintautas Dunaitis acquired 19, 41 proc. each one, and 11, 33 proc was bought by unknown person.

Bronius Bieliauskas had sold his shares (with 19, 41 proc. voting right) to JSC "Marijampolės gelžbetonis" on 26 of June, 2007.

