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Kauno tiekimas AB

(enterprise name)

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Ident.number 133523653, Palemono st.171,Kaunas

(enterprise identification number, address, other information)

APPROVED

Minutes No \_\_\_\_\_

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**BALANCE SHEET**

30 June 2006

Half-year ended 30-06-2006

in litas

(reporting period)

To specify - in litas or thousands of litas

	ASSETS	Note No.	Financial half-year ended 30-06-2006	Previous financial year 31 12 2005
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>19.212.050</b>	<b>19.225.971</b>
I.	INTANGIBLE ASSETS		3.320	4.375
I.1.	Development works			
I.2.	Goodwill			
I.3.	Licences and patents			
I.4.	Computer software		3.320	4.375
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS		1.651.076	1.663.942
II.1.	Land			
II.2.	Buildings and constructions		1.330.557	1.385.521
II.3.	Plant and equipment		589	1.521
II.4.	Vehicles		219.318	159.822
II.5.	Other property, plant and equipment		100.612	117.078
II.6.	Construction in progress			
II.7.	Other tangible assets			
III.	FINANCIAL ASSETS		17.557.654	17.557.654
III.1.	Investments in subsidiaries and associates			
III.2.	Loans to subsidiaries and associates			
III.3.	Amounts receivable after one year			
III.4.	Other financial assets		17.557.654	17.557.654
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>457.223.409</b>	<b>462.847.348</b>
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		238.105.942	232.740.396
I.1.	Inventories		9.110.099	3.640.943
I.1.1.	Raw materials and completing products		4.205	3.461
I.1.2.	Work in progress			
I.1.3.	Finished products			
I.1.4.	Goods for resale		9.105.894	3.637.482
I.2.	Prepayments		228.995.843	229.099.453
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		196.050.144	229.339.445
II.1.	Trade amounts receivable		134.699.346	123.087.557
II.2.	Receivables from subsidiaries and associates			
II.3.	Other amounts receivable		61.350.798	106.251.888
III.	OTHER CURRENTS ASSETS		22.028.069	122.050
III.1.	Current investments		9.406.023	122.050
III.2.	Time deposits			
III.3.	Other currents assets		12.622.046	
IV.	CASH AND CASH EQUIVALENTS		1.039.254	645.457
	<b>TOTAL ASSETS:</b>		<b>476.435.459</b>	<b>482.073.319</b>

	EQUITY AND LIABILITIES	Note No.	Financial half-year ended 30-06-2006	Previous financial year
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		2006	
<b>C.</b>	<b>EQUITY</b>	<b>16.373.525</b>	<b>15.973.852</b>
I.	CAPITAL	10.180.884	10.180.884
I.1.	Authorised (subscribed)	10.180.884	10.180.884
I.2.	Subscribed uncalled share capital (-)		
I.3.	Share premium		
I.4.	Own Shares (-)		
II.	REVALUATION RESERVE (RESULTS)		
III.	RESERVES	721.406	480.879
III.1.	Legal reserve	346.023	99.233
III.2.	Reserve for acquiring own shares		
III.3.	Other reserves	375.383	381.646
IV.	RETAINED EARNINGS (LOSSES)	5.471.235	5.312.089
IV.1.	Profit (loss) of the reporting year	399.673	4.935.805
IV.2.	Profit (loss) of the previous year	5.071.562	376.284
<b>D.</b>	<b>GRANTS AND SUBSIDIES</b>		
<b>E.</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>	<b>460.061.934</b>	<b>466.099.467</b>
I.	NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES		0
I.1.	Financial debts		0
I.1.1.	Leases and similar obligations		
I.1.2.	To credit institutions		
I.1.3.	Other financial debts		
I.2.	Trade amounts payable		
I.3.	Amounts received in advance		
I.4.	Provisions		0
I.4.1.	For covering liabilities and demands		
I.4.2.	For pensions and similar obligations		
I.4.3.	Other provisions		
I.5.	Deferred taxes		
I.6.	Other amounts payable and non-current liabilities		
II.	CURRENT AMOUNTS PAYABLE AND LIABILITIES	<b>460.061.934</b>	<b>466.099.467</b>
II.1.	Current portion of non-current debts		
II.2.	Financial debts	33.650.177	20.822.844
II.2.1.	To credit institutions	33.650.177	20.822.844
II.2.2.	Other debts		
II.3.	Trade amounts payable	405.094.984	431.702.887
II.4.	Amounts received in advance	249.940	263.581
II.5.	Profit tax liabilities	224.056	119.263
II.6.	Liabilities related with labour relations	383.811	217.528
II.7.	Provisions		
II.8.	Other amounts payable and current liabilities	20.458.966	12.973.364
	<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>476.435.459</b>	<b>482.073.319</b>

Director General  
title of the head of enterprise  
administration

\_\_\_\_\_  
(signature)

Irena Keblerienė  
(full name)

## KAUNO TIEKIMAS AB

(enterprise name)

Ident.number 133523653, Palemono str.171, Kaunas

(enterprise identification number, address, other information)

APPROVED

Minutes No \_\_\_\_\_

## INCOME STATEMENT

30 June 2006

Half-year ended 30-06-2006

(reporting period)

in litas

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	Second quarter of 2006	Second quarter of 2005	First six months of 2006	First six months of 2005
I.	SALES INCOME		209.278.873	146.726.581	473.601.954	235.613.876
II.	COST OF SALES		181.038.423	122.496.734	413.002.283	198.946.528
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>		<b>28.240.450</b>	<b>24.229.847</b>	<b>60.599.671</b>	<b>36.667.348</b>
IV.	OPERATING COSTS		17.872.226	11.233.432	43.706.875	18.201.324
IV.1	Sales		16.751.055	9.813.102	41.594.293	15.731.590
IV.2	General and administrative		1.121.171	1.420.330	2.112.582	2.469.734
<b>V.</b>	<b>OPERATING PROFIT (LOSS)</b>		<b>10.368.224</b>	<b>12.996.415</b>	<b>16.892.796</b>	<b>18.466.024</b>
VI.	OTHER ACTIVITIES		356.396	-762	398.322	-1.877
VI.1.	Income		357.158		399.847	
VI.2.	Expenses		762	762	1.525	1.877
VII.	FINANCING AND INVESTING ACTIVITIES		-10.599.440	-12.854.784	-16.786.652	-18.041.477
VII.1.	Income		19.584.553	197.749	27.953.511	407.085
VII.2.	Expenses		30.183.993	13.052.533	44.740.163	18.448.562
<b>VIII.</b>	<b>PROFIT (LOSS) FROM NORMAL ACTIVITIES</b>		<b>125.180</b>	<b>140.869</b>	<b>504.466</b>	<b>422.670</b>
IX.	GAIN					
X.	LOSSES					
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAX</b>		<b>125.180</b>	<b>140.869</b>	<b>504.466</b>	<b>422.670</b>
XII.	PROFIT TAX				104.793	100.690
<b>XIII.</b>	<b>NET PROFIT (LOSS)</b>				<b>399.673</b>	<b>321.980</b>

Director General

Irena Keblierienė



KAUNO TIEKIMAS AB

(enterprise name)

Ident.number 133523653, Palemono str.171 Kaunas

(enterprise registration number, address, other information)

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Minutes No \_\_\_\_\_

**CASH FLOW STATEMENT**

30 June 2006

**Half-year ended 30-06-2006**

in litas

(reporting period)

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	First six months of 2006	First six months of 2005
<b>I.</b>	<b>Cash flows from operating activities</b>			
I.1.	Net profit (loss)		399.673	321.980
I.2.	Depreciation and amortization costs		100.752	92.759
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventory		-5.469.156	-5.944.955
I.5.	Decrease (increase) in advances received		103.610	-143.722.697
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		-11.611.789	-21.419.804
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		44.901.090	-17.794.463
I.10.	Decrease (increase) in other current assets		-21.906.019	-922.634
I.11.	Increase (decrease) in non-current payables to suppliers and advances received			
I.12.	Increase (decrease) in current payables to suppliers and advances received		-26.621.544	161.193.301
I.13.	Increase (decrease) in profit tax liability		104.793	100.690
I.14.	Increase (decrease) in liabilities connected with labour relations		166.283	174.002
I.15.	Increase (decrease) in provisions			
I.16.	Increase (decrease) in other amounts payable and liabilities		<b>7.485.602</b>	<b>21.652.708</b>
I.17.	Elimination of financing and investing activity results		16.786.652	18.035.492
	<b><u>Net cash flows from operating activities</u></b>		<b>4.439.947</b>	<b>11.766.379</b>
<b>II.</b>	<b>Cash flows from investing activities</b>			
II.1.	Acquisition of non-current assets (excluding investments)		-86.831	-16.524
II.2.	Transfer of non-current assets (excluding investments)			6.719
II.3.	Acquisition of long-term investments			
II.4.	Transfer of long-term investments			
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received			42.500
II.8.	Other increase in cash flows from investing activities			
II.9.	Other decrease in cash flows from investing activities			
	<b><u>Net cash flows from investing activities</u></b>		<b>-86.831</b>	<b>32.695</b>
<b>III.</b>	<b>Cash flows from financing activities</b>			
III.1.	Cash flows related to enterprise owners:			

No.	ITEMS	Note No.	First six months of 2006	First six months of 2005
III.1.1.	Emission of shares			
III.1.2.	Owners' contributions against losses			
III.1.3.	Purchase of own shares			
III.1.4.	Dividends paid			
III.2.	Cash flows arising from other financing sources		-3.959.319	-10.892.266
III.2.1.	Increase in financial debts		166.748.983	48.599.500
III.2.1.1.	Loans received		166.748.983	48.599.500
III.2.1.2.	Issue of bonds			
III.2.2.	Decrease in financial debts		-156.423.584	-42.374.020
III.2.2.1.	Loans repaid		-153.921.650	-41.309.698
III.2.2.2.	Purchase of bonds			
III.2.2.3.	Interest paid		-2.501.934	-1.064.322
III.2.2.4.	Payments of lease (finance lease) liabilities			
III.2.3.	Increase in other enterprise liabilities			
III.2.4.	Decrease in other enterprise liabilities			
III.2.5.	Other increase in cash flows from financial activities		27.953.511	266.494
III.2.6.	Other decrease in cash flows from financial items	3,11	-42.238.229	-17.384.240
	<b>Net cash flows from financing activities</b>		<b>-3.959.319</b>	<b>-10.892.266</b>
<b>IV.</b>	<b>Cash flows from extraordinary items</b>		<b>0</b>	<b>0</b>
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
<b>V.</b>	<b>The effects of changes in foreign exchange rates on cash and cash equivalents balance</b>			<b>98.091</b>
<b>VI.</b>	<b>Net increase (decrease) in cash flows</b>		<b>393.797</b>	<b>1.004.899</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of period</b>		<b>645.457</b>	<b>376.633</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of period</b>		<b>1.039.254</b>	<b>1.381.532</b>

Director General  
title of the head of enterprise  
administration

\_\_\_\_\_  
(signature)

Irena Keblerienė  
(full name)

Kauno tiekimas AB

(enterprise name)

Palemono str.171, Kaunas idn.No.133523653

(enterprise identification number, address, other information)

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**STATEMENT OF CHANGES IN EQUITY**

Half-year ended 30-06-2006

(reporting period)

30 June 2006

litas

Indicate – litas or thousands of litas

	Paid up authorised capital	Share premium	Own shares (-)	Revaluation reserve (results)		Legal reserves		Other reserves		Retained earnings (losses)	Total
				of non-current tangible assets	of financial assets	compulsory	Acquisition of own shares				
	1	2	3	4	5	6	7	8	9	10	11
<b>1. Balance at the beginning of previous financial year (31 12 2004)</b>	<b>10.180.884</b>					<b>66.218</b>		<b>50.868</b>	<b>84.778</b>	<b>655.299</b>	<b>11.038.047</b>
2. Result of change in accounting policies											0
3. Result of correcting essential errors											0
<b>4. Recalculated balance at the beginning of previous financial year</b>	<b>10.180.884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66.218</b>	<b>0</b>	<b>50.868</b>	<b>84.778</b>	<b>655.299</b>	<b>11.038.047</b>
5. Increase / decrease in non-current tangible assets value											0
6. Increase / decrease in financial assets value											0
7. Acquisition / sales of own shares											0
8. Profit / loss, excluded from Income Statement											0
9. Net profit / loss of the reporting period										4.935.805	4.935.805



	1	2	3	4	5	6	7	8	9	10	11
10. Dividends											0
11. Other payments											0
12. Formed reserves						33.015			251.000	-284.015	0
13. Used reserves									-5.000	5.000	0
14. Increase / reduction of authorised capital											0
<b>15. Balance at the end of previous financial year (31 12 2005)</b>	<b>10.180.884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>99.233</b>	<b>0</b>	<b>50.868</b>	<b>330.778</b>	<b>5.312.089</b>	<b>15.973.852</b>
16. Increase / decrease in non-current tangible assets value											0
17. Increase / decrease in financial assets value											0
18. Acquisition of own shares											0
19. Profit / loss, excluded from Income Statement											0
20. Net profit / loss of the reporting period										399.673	399.673
21. Dividends											0
22. Other payments											0
23. Formed reserves											0
24. Used reserves											0
25. Increase / reduction of authorised capital											0
<b>26. Balance at the end of reporting period ( 30 06 2006 )</b>	<b>10.180.884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>99.233</b>	<b>0</b>	<b>50.868</b>	<b>330.778</b>	<b>5.711.762</b>	<b>16.373.525</b>

Director General

(title of the head of enterprise administration)

(signature)

Irena Keblerienė

(full name)

**EXPLANATORY NOTES**  
**to Financial Statements for the first six months of 2006**

The accounting policy of the company has been consistently applied in the financial statements for the first six months of 2006. The interim financial reports have been drawn up in pursuance of the International Financial Accounting Standard on Interim Financial Reporting.

The assets, liabilities, revenue, and expenses valuation methods in the financial statements for the first six months of 2006 remained unchanged. The income tax for the interim period was calculated in pursuance of the valid provisions set forth for income tax calculation.

The main activities of the company remained unchanged.

At the end of the previous financial year the company employed 65 persons while at the end of the first six months of this year this number was 61.

The company is using a credit line granted by the bank. At the end of the accounting period the company owed the bank LTL33.6m.

When financial statements for 2005 were drawn up, an error, which was immaterial in its size, was corrected, i.e. the revenue received from the lessees for the actually consumed electricity, water, and actually received telecommunication services were not recognised as income and the incurred expenses were reduced by this amount. Due to that reason the revenue of the first six months of 2006 became incomparable with the revenue of the first six months of 2005. In order to maintain comparability, the revenue and expenses of the first six months of 2005 were reduced by the amount received from the lessees for the actually consumed electricity and water, and incurred telecommunication expenses, i.e. LTL167,317; LTL97,487 for the second quarter of 2005.

Table of comparison for the first six months of 2005

<b>Indices</b>	<b>Financial accounting for the first six months of 2005</b>	<b>Financial accounting for the first six months of 2005 following the correction of error</b>
Revenue	235,781,193	235,613,876
Expenses	217,315,169	217,147,849
Result of operations	18,466,024	18,466,024

Table of comparison for the second quarter of 2005

<b>Indices</b>	<b>The second quarter of 2005</b>	<b>The second quarter of 2005 following the correction of error</b>
Revenue	146,824,068	146,726,581
Expenses	133,827,653	133,730,166
Result of operations	12,996,415	12,996,415

During the second quarter of 2006, AB Kauno Tiekimas acquired shares of other companies for LTL9.4m and at the end of the accounting period it had current and non-current financial assets in the amount of LTL27m.

The revenue and results of business and geographic segments are provided in Table 1 Information on business segments and Table 2 Information on geographic segments.

Table 1. **Information on business segments**

**First six months of 2006**

<b>Indices</b>	<b>Segments (types of activities)</b>				<b>All enterprises</b>	
	<b>Services</b>		<b>Trade</b>		<b>First six months of 2006</b>	<b>First six months of 2005</b>
	<b>First six months of 2006</b>	<b>First six months of 2005</b>	<b>First six months of 2006</b>	<b>First six months of 2005</b>		
Revenue	712,791	666,114	472,889,163	234,947,762	473,601,954	235,613,876
Expenses	727,406	650,397	455,981,752	216,497,455	456,709,158	217,147,849
Result of operations	-14,615	15,717	16,907,411	18,450,307	16,892,796	18,466,024

**Second quarter of 2006**

<b>Indices</b>	<b>Segments (types of activities)</b>				<b>All enterprises</b>	
	<b>Services</b>		<b>Trade</b>		<b>Second quarter of 2006</b>	<b>Second quarter of 2005</b>
	<b>Second quarter of 2006</b>	<b>Second quarter of 2005</b>	<b>Second quarter of 2006</b>	<b>Second quarter of 2005</b>		
Revenue	393,805	364,770	208,885,068	146,361,811	209,278,873	146,726,581
Expenses	377,686	334,012	198,532,963	133,396,154	198,910,649	133,730,166
Result of operations	13,124	30,758	10,352,105	12,965,657	10,368,224	12,996,415

Table 2. Information on geographic segments

**First six months of 2006**

Indices	Segments (regions )				All enterprises	
	Lithuania		Bosnia		First six months of 2006	First six months of 2005
	First six months of 2006	First six months of 2005	First six months of 2006	First six months of 2005		
Revenue	725,146	684,950	472,876,808	234,928,926	476,601,954	235,613,876
Expenses	758,512	671,202	455,950,646	216,476,650	456,709,158	217,147,849
Result of operations	-33,366	13,748	16,926,162	18,452,276	16,892,796	18,466,024

**Second quarter of 2006**

Indices	Segments (regions )				All enterprises	
	Lithuania		Bosnia		Second quarter of 2006	Second quarter of 2005
	Second quarter of 2006	Second quarter of 2005	Second quarter of 2006	Second quarter of 2005		
Revenue	395,636	368,271	208,883,237	146,358,310	209,278,873	146,726,581
Expenses	380,099	338,980	198,530,550	133,391,186	198,910,649	133,730,166
Result of operations	15,537	29,291	10,352,687	12,967,124	10,368,224	12,996,416

Irena Keblerienė  
General Director