
Kauno tiekimas AB

(enterprise name)

Ident.number 133523653, Palemono st.171,Kaunas

(enterprise identification number, address, other information)

APPROVED

Minutes No _____

BALANCE SHEET

17 October 2006

First nine months ended 30-09-2006

in litas

(reporting period)

To specify - in litas or thousands of litas

	ASSETS	Note No.	Financial nine months ended 30-09-2006	Previous financial year 31 12 2005
A.	NON-CURRENT ASSETS		8.700.328	19.225.971
I.	INTANGIBLE ASSETS		2.646	4.375
I.1.	Development works			
I.2.	Goodwill			
I.3.	Licences and patents			
I.4.	Computer software		2.646	4.375
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS		1.607.723	1.663.942
II.1.	Land			
II.2.	Buildings and constructions		1.303.075	1.385.521
II.3.	Plant and equipment		123	1.521
II.4.	Vehicles		202.952	159.822
II.5.	Other property, plant and equipment		101.573	117.078
II.6.	Construction in progress			
II.7.	Other tangible assets			
III.	FINANCIAL ASSETS		7.089.959	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		7.089.959	17.557.654
B.	CURRENT ASSETS		291.183.773	462.847.348
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		38.868.793	232.740.396
I.1.	Inventories		38.865.414	3.640.943
I.1.1.	Raw materials and completing products		4.925	3.461
I.1.2.	Work in progress			
I.1.3.	Finished products			
I.1.4.	Goods for resale		38.860.489	3.637.482
I.2.	Prepayments		3.379	229.099.453
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		234.529.571	229.339.445
II.1.	Trade amounts receivable		180.075.592	123.087.557
II.2.	Receivables from subsidiaries and associates			
II.3.	Other amounts receivable		54.453.979	106.251.888
III.	OTHER CURRENTS ASSETS		16.820.804	122.050
III.1.	Current investments		16.642.376	122.050
III.2.	Time deposits			
III.3.	Other currents assets		178.428	
IV.	CASH AND CASH EQUIVALENTS		964.605	645.457
	TOTAL ASSETS:		299.884.101	482.073.319

	EQUITY AND LIABILITIES	Note No.	Financial half-year ended 30-06-2006	Previous financial year
--	------------------------	----------	--------------------------------------	-------------------------

		2006	
C.	EQUITY	19.590.590	15.973.852
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)	8.688.300	5.312.089
IV.1.	Profit (loss) of the reporting year	3.616.738	4.935.805
IV.2.	Profit (loss) of the previous year	5.071.562	376.284
D.	GRANTS AND SUBSIDIES		
E.	AMOUNTS PAYABLE AND LIABILITIES	280.293.511	466.099.467
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	280.293.511	466.099.467
II.1.	Current portion of non-current debts		
II.2.	Financial debts	47.814.809	20.822.844
II.2.1.	To credit institutions	47.814.809	20.822.844
II.2.2.	Other debts		
II.3.	Trade amounts payable	183.669.088	431.702.887
II.4.	Amounts received in advance	246.281	263.581
II.5.	Profit tax liabilities	758.356	119.263
II.6.	Liabilities related with labour relations	354.130	217.528
II.7.	Provisions		
II.8.	Other amounts payable and current liabilities	47.450.847	12.973.364
	TOTAL EQUITY AND LIABILITIES:	299.884.101	482.073.319

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

17 October 2006

First nine months ended 30-09-2006

(reporting period)

in litas

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	III quarter of 2006	III quarter of 2005	First nine months of 2006	First nine months of 2005
I.	SALES INCOME		86.601.672	157.827.661	560.203.626	393.441.537
II.	COST OF SALES		81.625.920	144.027.785	494.628.203	343.141.630
III.	GROSS PROFIT (LOSS)		4.975.752	13.799.876	65.575.423	50.299.907
IV.	OPERATING COSTS		11.181.941	12.402.076	54.888.816	30.436.083
IV.1	Sales		9.918.255	10.862.498	51.512.548	26.594.088
IV.2	General and administrative		1.263.686	1.539.578	3.376.268	3.841.995
V.	OPERATING PROFIT (LOSS)		-6.206.189	1.397.800	10.686.607	19.863.824
VI.	OTHER ACTIVITIES		-763	-763	397.559	-2.640
VI.1.	Income				399.847	381
VI.2.	Expenses		763	763	2.288	3.021
VII.	FINANCING AND INVESTING ACTIVITIES		9.980.133	-1.196.867	-6.806.519	-19.238.344
VII.1.	Income		11.909.662	549.411	21.881.390	956.496
VII.2.	Expenses		1.929.529	1.746.278	28.687.909	20.194.840
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES		3.773.181	200.170	4.277.647	622.840
IX.	GAIN					
X.	LOSSES					
XI.	PROFIT (LOSS) BEFORE TAX		3.773.181	200.170	4.277.647	622.840
XII.	PROFIT TAX				660.909	192.586
XIII.	NET PROFIT (LOSS)				3.616.738	430.254

Director General

Irena Keblierienė

Kauno tiekimas AB

(enterprise name)

Palemono str.171, Kaunas idn.No.133523653

(enterprise identification number, address, other information)

APPROVED

Minutes No _____

STATEMENT OF CHANGES IN EQUITY

First nine months ended 30-09-2006

17 October 2006

litas

(reporting period)

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
1. Balance at the beginning of previous financial year (31 12 2004)	10.180.884					66.218		50.868	84.778	655.299	11.038.047
2. Result of change in accounting policies											0
3. Result of correcting essential errors											0
4. Recalculated balance at the beginning of previous financial year	10.180.884	0	0	0	0	66.218	0	50.868	84.778	655.299	11.038.047
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
15. Balance at the end of previous financial year (31 12 2005)	10.180.884	0	0	0	0	99.233	0	50.868	330.778	5.312.089	15.973.852
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										3.616.738	3.616.738
21. Dividends											0
22. Other payments											0
23. Formed reserves											0
24. Used reserves											0
25. Increase / reduction of authorised capital											0
26. Balance at the end of reporting period (30 09 2006)	10.180.884	0	0	0	0	99.233	0	50.868	330.778	8.928.827	19.590.590

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 registration number, address, other information)

APPROVED

Minutes No _____

CASH FLOW STATEMENT

17 October 2006

First nine months ended 30-09-2006

in litas

(reporting period)

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	First nine months of 2006	First nine months of 2005
I.	Cash flows from operating activities			
I.1.	Net profit (loss)		3.616.738	430.254
I.2.	Depreciation and amortization costs		160.031	131.932
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventory		-35.224.471	6.120.891
I.5.	Decrease (increase) in advances received		229.096.074	116.247.538
I.6.	Decrease (increase) in contracts in progress			-16.161
I.7.	Decrease (increase) in trade receivables		-56.988.035	-44.505.465
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		51.797.909	-29.966.238
I.10.	Decrease (increase) in other current assets		-16.698.754	-2.475.388
I.11.	Increase (decrease) in non-current payables to suppliers and advances received			-1.365
I.12.	Increase (decrease) in current payables to suppliers and advances received		-248.051.099	-60.807.542
I.13.	Increase (decrease) in profit tax liability		639.093	49.902
I.14.	Increase (decrease) in liabilities connected with labour relations		136.602	251.281
I.15.	Increase (decrease) in provisions			
I.16.	Increase (decrease) in other amounts payable and liabilities		34.477.483	20.845.534
I.17.	Elimination of financing and investing activity results		19.309.613	19.221.918
	<u>Net cash flows from operating activities</u>		-17.728.816	25.527.091
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)		-93.731	-168.665
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		24.028.019	
II.5.	Loans granted			
II.6.	Loans recovered			
II.7.	Dividends and interest received		1.767.403	42.500
II.8.	Other increase in cash flows from investing activities			
II.9.	Other decrease in cash flows from investing activities		-12.503.094	
	<u>Net cash flows from investing activities</u>		13.198.597	-119.446
III.	Cash flows from financing activities			
III.1.	Cash flows related to enterprise owners:			

No.	ITEMS	Note No.	First nine months of 2006	First nine 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		4.849.367	-24.016.239
III.2.1.	Increase in financial debts		260.394.560	61.709.697
III.2.1.1.	Loans received		260.394.560	61.709.697
III.2.1.2.	Issue of bonds			
III.2.2.	Decrease in financial debts		-237.657.132	-67.908.861
III.2.2.1.	Loans repaid		-233.402.595	-66.484.032
III.2.2.2.	Purchase of bonds			
III.2.2.3.	Interest paid		-4.254.537	-1.423.464
III.2.2.4.	Payments of lease (finance lease) liabilities			-1.365
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		6.555.311	954.301
III.2.6.	Other decrease in cash flows from financial items		-24.443.372	-18.771.376
	Net cash flows from financing activities		4.849.367	-24.016.239
IV.	Cash flows from extraordinary items		0	0
IV.1.	Increase in cash flows from extraordinary items			
IV.2.	Decrease in cash flows from extraordinary items			
V.	The effects of changes in foreign exchange rates on cash and cash equivalents balance			
VI.	Net increase (decrease) in cash flows		319.148	1.391.406
VII.	Cash and cash equivalents at the beginning of period		645.457	376.633
VIII.	Cash and cash equivalents at the end of period		964.605	1.768.039

Director General
title of the head of enterprise
administration

(signature)

Irena Keblerienė
(full name)

EXPLANATORY NOTES
to Financial Statements for the first nine months of 2006

1. GENERAL PROVISIONS

AB Kauno Tiekimas authorised capital amounts to LTL10,180,884. The Company is a limited liability company. AB Kauno Tiekimas is a legal person which enjoys commercial, production and economic, financial, organisational, and legal independence. The address of the company is at Palemono g.171, Kaunas, LT-52501. Administrators telephone number: (8 37) 373550; General Director's telephone number: (8 37) 473744; telephone/fax number: (8 37) 473744; e-mail: tiekimas@kaunas.balt.net. Company type: public limited liability company. AB Kauno Tiekimas was registered on 26 November 1992, register No AB-1072. Company code: 133523653. The Company has no website. The Company has a branch. The branch was registered on 8 November 2002. The code of the branch is 235944730. The company has no subsidiaries.

The main activities of the company include commercial activities and services. The commercial activities include wholesale and retail trade. The services include the customs and terminal services and rent of premises.

2. SHARES AND ACCOUNTING FOR SHARES

The authorised capital of LTL10,180,884 is registered with the Register of Companies. The Company has issued 10,180,884 ordinary registered shares with the nominal value of LTL1 each; the total nominal value of the shares amounts to LTL10,180,884. All the shares are paid up in full. The authorised capital is not intended to be increased by converting or exchanging the issued debt securities or derivative securities for shares.

Shareholders whose participation in AB Kauno Tiekimas authorised capital and the number of votes held thereby exceed 5% as of 30/09/2006.

Shareholder	Company Register No	Seat address	No of shares		Participation in the authorised capital, %	
			Total	Under the property right	Total	Under the property right
UAB Ūkio Banko Investicinė Grupė	135201099	K.Donelaičio g. 60, Kaunas	3597376	1827783	35.33	17.95
UAB FMĮ Finbaltus	122020469	Konstitucijos pr. 23-660, Vilnius	3597376	1769593	35.33	17.38
AB Ūkio bankas FMD	112020136	Maironio g. 25, Kaunas	2000000	2000000	19.64	19.64
InKompleks LLC	CP00193203	101 South Spring Street, Suite 2, Little Rock, Arkansas 72201, JAV	1502461	502461	14.76	14.76
UAB Energolinija		Palemono g. 171,				

	135647258	Kaunas	1232000	1232000	12.10	12.10
--	-----------	--------	---------	---------	-------	-------

Group of related persons:

Company	Seat address of the company	Company code	No of shares and votes
UAB Ūkio Banko Investicinė Grupė	K.Donelaičio g. 60, Kaunas	135201099	1 827 783
UAB FMĮ Finbaltus	Konstitucijos pr. 23-660, Vilnius	122020469	1 769 593

Since 31/03/2003, AB Kauno Tiekimas securities have been included to the Vilnius Stock Exchange Current List. Securities code: LT0000104879.

Reporting period		Central market and block trading								
from	to	Price (LTL)			Turnover (LTL)			Last session date	Total turnover	
		Max	Min.	Last session	Max	Min.	Last session		Units	LTL
01-01-2006	31-03-2006	1.54	1.18	1.25	36787.4	39	125	10-03-2006	89208	119068.36
01-04-2006	30-06-2006	1.36	0.90	1.05	7893.5	105	315	29-06-2006	24000	28126.50
01-07-2006	30-09-2006	1.14	0.93	1.11				22-09-2006	73998	74105.53

The Company has entered into a contract for managing securities accounts with UAB FMĮ Finbaltus, Konstitucijos pr.23-660, Vilnius.

3. MEMBERS OF MANAGING BODIES

The Supervisory Board is not formed.

Board members:

Chairman of the Board Igor Gončaruk, holds 65,994 shares or 0.65% of AB Kauno Tiekimas authorised capital, 8,600 UAB Agrobiznis shares (100%), 95 UAB Optimalus Turto Valdymas shares (9.50%), and 64,200 UAB Businessline shares (5.53%). Igor Gončaruk does not have any positions in other companies.

Board member Irena Keblerienė has no shareholdings in the Company. Irena Keblerienė does not have any positions in other companies or any shareholdings of other companies exceeding 5 percent.

Board member Nijolė Varanavičienė, UAB Energolinija Board member, does not have any position in the Company or shares of the Company. Nijolė Varanavičienė does not have any shareholdings of other companies exceeding 5 percent.

The term of the Board members' office started on from 9 April 2003 and it will continue until April 2007.

Administration:

Iena Keblerienė, General Director, has no shareholdings in the Company.

Igor Gončaruk, CEO, holds 65,994 shares of the Company or 0.65% of the authorised capital.

Danutė Skučienė, Chief Financial Officer, has no shareholdings in the Company, does not have any positions in other companies or any shareholdings of other companies exceeding 5 percent.

Gediminas Antanas Baranauskas, AB Kauno Tiekimas Branch Director, has no shareholdings in the Company, does not have any positions in other companies, holds 8 UAB Pilega shares representing 13.33 percent of the authorised capital.

Nadežda Belozerskich, Branch Accountant, has no shareholdings in the Company, holds 320,000 UAB Korelita shares representing 9.78 percent of the authorised capital.

4. ACCOUNTING POLICY

The accounting policy of the Company has been consistently applied in the financial statements for the first nine 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 nine months of 2006 remained the same. The income tax for the interim period was calculated in pursuance of the valid provisions set forth for income tax calculation.

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 nine months of 2006 became incomparable with the revenue of the first nine months of 2005. In order to maintain comparability, the revenue and expenses of the first nine 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. 273,721; LTL106,404 for the third quarter of 2005.

Table of comparison for the first nine months of 2005

Indices	Financial accounting for the first nine months of 2005	Financial accounting for the first nine months of 2005 following the correction of error
Revenue	393,715,258	393,441,537
Expenses	373,851,434	373,577,713
Result of operations	19,863,824	19,863,824

Table of comparison for the third quarter of 2005

Indices	Quarter 3, 2005	Quarter 3, 2005 following the
----------------	------------------------	--------------------------------------

		correction of error
Revenue	157,934,065	157,827,661
Expenses	156,536,265	156,429,861
Result of operations	1,397,800	1,397,800

5 .FINANCIAL ASSETS

During the third quarter of 2006, AB Kauno Tiekimas acquired 12,503,094 shares of other companies for Ltl12,503,094 and sold 9,067,177 shares for LTL24,028,019.05. The share transfer revenue amounts to LTL8,293,583.58. At the end of the reporting period the Company had current and non-current financial assets in the amount of LTL23.7m.

6. BUSINESS AND GEOGRAPHIC SEGMENTS

The revenue and results of the 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 nine months of 2006

Indices	Segments (types of activities)				All enterprises	
	Services		Trade		First nine months of 2006	First nine months of 2005
	First nine months of 2006	First nine months of 2005	First nine months of 2006	First nine months of 2005		
Revenue	1,105,032	1,037,592	559,098,594	392,403,945	560,203,626	393,441,537
Expenses	1,019,691	1,028,580	548,497,328	372,549,133	549,517,019	373,577,713
Result of operations	85,341	9,012	10,601,266	19,854,812	10,686,607	19,863,824

Third quarter of 2006

Indices	Segments (types of activities)				All enterprises	
	Services		Trade		Services	
	First nine months of 2006	First nine months of 2005		First nine months of 2006	First nine months of 2005	
Revenue	392,241	371,478	86,209,431	157,456,183	86,601,672	157,827,661
Expenses	292,285	378,183	92,515,576	156,051,678	92,807,861	156,429,861
Result of operations	99,956	-6,075	-6,306,145	1,404,505	-6,206,189	1,397,800

Table 2. Information on geographic segments

First nine months of 2006

Indices	Segments (regions)										All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	Slovenia	Other	
Revenue	1,121,900	64,028,631	9,646,108	63,474,101	193,470,905	472,978	4,481,357	211,912,704	11,116,640	478,302	560,203,626
Expenses	1,057,364	49,235,007	8,889,114	67,880,465	210,410,689	401,773	4,605,203	198,313,978	8,323,018	400,408	549,517,019
Result of operations	64,536	14,793,624	756,994	-4,406,364	-16,939,784	71,205	-123,846	13,598,726	2,793,622	77,894	10,686,607

First nine months of 2005

Indices	Segments (regions)										All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	Slovenia	Other	
Revenue	1,060,223	848,237	5,538,295	55,645,941		105,929	5,392,307	324,478,427	165,650	206,528	393,441,537
Expenses	1,055,558	917,846	4,481,982	56,405,384		79,502	4,764,373	305,595,765	121,685	155,618	373,577,713
Result of operations	4,665	-69,609	1,056,314	-759,443		26,427	627,934	18,882,663	43,964	50,910	19,863,824

Third quarter of 2006

Indices	Segments (regions)										All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	Slovenia	Other	
Revenue	396,754	25,802,455	9,646,109	17,255,902	26,881,225	353,091	1,317,350		4,494,655	454,131	86,601,672
Expenses	298,852	21,197,492	8,473,508	18,130,886	38,585,168	272,451	1,259,978		4,277,353	312,173	92,807,861
Result of operations	97,902	4,604,963	1,172,601	-874,984	-	80,640	57,372		217,302	141,958	-6,206,189

Third quarter of 2005

Indices	Segments (regions)										All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	Slovenia	Other	
Revenue	375,273	848,237	733,427	23,559,315		105,929	2,911,626	123,629,195	5,367,866	296,793	157,827,661
Expenses	384,356	763,594	611,727	23627606		79,447	2,666,864	123,173,622	4,908,697	213,948	156,429,861
Result of operations	-9,083	84,643	121,700	-68,291		26482	244,762	455,573	459,169	82,845	1,397,800

7. EMPLOYEES

At the end of the previous financial year the Company had 65 employees; at the end of Quarter 3, 2006 the number of employees was 62.

8. CREDIT FACILITIES

The Company uses credit facilities granted by the bank. At the end of the accounting period the Company's debt to the Bank was LTL47.8m.

Irena Keblerienė
General Director