



AKCINĖ BENDROVĖ "KAUNO TIEKIMAS"

Įmonės kodas 1335 23653, PVM mokėtojo kodas LT 335236515

Palemono g. 171, 52501, Kaunas, telefonas/faksas 473744, el.paštas tiekimas@kaunas.balt.net

A.s. Nr. LT 637011700026467129 AB "Ūkio bankas" banko kodas 70117

Juridinių asmenų registras, tvarkytojas: VĮ Registrų centras

Management Certification

07 August 2007

This Certification was issued in relation to the submission of AB Kauno Tiekimas semiannual data of 30 June 2007.

We hereby certify that to the best of our knowledge and belief:

- the financial statements have been prepared in pursuance of the International Accounting Standards;
- the financial statements reveal the true situation and fairly reflect the assets, liabilities, financial standing, profit or losses of the company;
- the semiannual report provides a fair overview of the business development and performance, the standing of the issuer and a description of the main risks and contingencies faced thereby.

Irena Keblerienė
General Director

Danutė Skučienė
Chief Accountant

**AB KAUNO TIEKIMAS
INTERIM REPORT FOR 6 MONTHS
2007**

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I. GENERAL PROVISIONS

1. Reporting period for which the report has been prepared

The Interim Report has been produced for the first half of the year 2007.

2. Main data about the Issuer

AB Kauno Tiekimas. The authorised capital amounts to LTL10,180,884. The company is a limited civil liability company. AB Kauno Tiekimas is a legal person which has commercial, production and economic, financial, organisational, and legal independence. Address: Palemono g.171, Kaunas, LT-52501. Administrator's telephone number: (8 37) 37 35 50, General Director's telephone number: (8 37) 473744, telephone/fax: (8 37) 473744, e-mail: tiekimas@kaunas.balt.net. Legal form: public limited company. AB Kauno Tiekimas was registered on 26 November 1992 under Decree No 2088 of the Board of the City of Kaunas, register No AB-1072, Company code: 133523653. The Issuer has no website.

3. Information on the place and manner of the access to the report and the documents, which served as the basis for the report; the name of the means of mass media

The Interim Report and other documents that were used to draft the Interim Report are available at the accounts department of AB Kauno Tiekimas, tel. (8 37) 373570, telephone/fax (8 37) 473744, and the Reading Room of the State Securities Commission during the office hours. Material information is published in the daily *Lietuvos Rytas*.

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

Persons responsible for the information provided in the Report include:

Irena Keblerienė, General Director, tel./fax 8 37 473744, and

Danutė Skučienė, Chief Financial Officer, tel. 8 37 373570.

The management of the Company hereby declare that the information contained in the Report conforms to the facts and the Report contains no omissions that are likely to have an effect on the investors' decisions related to the purchase or sales of the Issuer's securities or on the market price and valuation of such securities.

5. Declaration by the Head of the Administration and the issuer's consultants that the information contained in the Report is in accordance with the facts and that the Report contains no omissions likely to have an effect on the investors' decision concerning purchase or sale of the issuer's securities or on the market price or valuation of these securities:

AB Kauno Tiekimas hereby declare that the information contained in the Report conforms to the facts and the Report contains no omissions that are likely to have a material effect on the investors' decisions.

General Director

Irena Keblerienė

Chief Financial Officer

Danutė Skučienė

Report signed in August 2007 in Kaunas.

II. OBJECTIVE OVERVIEW OF THE COMPANY STANDING, BUSINESS AND DEVELOPMENT

6. Company background

AB Kauno Tiekimas is a limited civil liability private legal person.

The Company has one branch. AB Kauno Tiekimo branch was registered on 8 November 2002. The Branch code is 235944730. The branch is a structural unit of the Company which is not a legal person. The activities of the Branch are regulated by its Statute. The Branch Director organizes the work of the Branch, directs the economic activities of the Branch, manages the property of the Branch, issues orders, and approves/signs the documents. AB Kauno Tiekimas Branch specialises in the selling alumina and other aluminium industry products and sells the products produced by Birač factory operating in Bosnia and Herzegovina.

The bodies of the Company include the General Meeting, the Board, and the Head of the Company. The Supervisory Board is not formed.

The authorised capital amounts to LTL10,180,884.

The authorised capital of the Company is divided into 10,180,884 ordinary registered shares with the nominal value of LTL1 each.

7. Shareholders

Shareholders whose participation in AB Kauno Tiekimas authorised capital and the number of votes held thereby exceed 5% as of 30 June 2007:

Shareholder	Company Register No	Seat address	No of shares		Participation in the authorised capital, %		Votes, %	
			Total	Under the property right	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	35.33	17.95
UAB FMĮ Finbaltus	122020469	Konstitucijos pr.23-660, Vilnius	3597376	1769593	35.33	17.38	35.33	17.38
AB Ūkio Bankas FMD	112020136	Maironio 25, Kaunas	2000000	2000000	19.64	19.64	19.64	19.64
InCompleks LLC	CP00193203	101 South Spring Street, Suite 2, Little Rock, Arkansas 72201, USA	1502461	1502461	14.76	14.76	14.76	14.76
UAB Energolinija	135647258	Palemono 171, Kaunas	1232000	1232000	12.10	12.10	12.10	12.10

Group of related persons:

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

On 30 June 2007 the total number of shareholders was 254.

8. Business activities

Established more than 3 decades ago, AB Kauno Tiekimas is mainly involved in wholesale trading with Lithuanian and foreign companies. Since 2002, the company has been successfully trading in alumina, which is the main raw material in aluminium production, and the main materials required for alumina production. After AB Kauno Tiekimas started trading in alumina, the Company entered the constantly growing alumina market. In order to strengthen its positions in this market, in November 2002 AB Kauno Tiekimas opened a branch of the Company which was entrusted all the activities in alumina and the raw materials trade. AB Kauno Tiekimas Branch is cooperating with Birač alumina factory, which is a strategic and one of the three largest companies in Srpska Republic, Bosnia and Herzegovina. Birač alumina factory does not buy raw materials or sell alumina by itself. This function is delegated to the trade representative of the company Balkal A.D., Bosnia. AB Kauno Tiekimas Branch and Balkal A.D. have signed an agreement, under which AB Kauno Tiekimas Branch undertakes the supply of raw material, i.e. hydrate of sodium and bauxites. Balkal A.D., in its turn, sells the Branch of AB Kauno Tiekimas the production of Birač factory: alumina, alumina hydrate, zeolite. After AB Kauno Tiekimas started the new activity, it significantly increased the production volumes and improved its performance results accordingly. In business year 2005, the turnover of the Company amounted to LTL639.6m and increased by 104.3% in comparison to 2004. In business year 2006, the sales revenue of the Company amounted to LTL648m and increased by 1.31% in comparison to 2005. The increase of the revenue was mainly related to the development of alumina trading activities. In the first half of 2007 the sales revenue amounted to LTL191m.

In view of the price fall in the global alumina market, which has been experienced since 2006, it is anticipated that in 2007 Birač factory will use 83% of its production capacity and will not increase it in order to minimise the losses. In the 2nd quarter of 2007 the trends are similar to those in the 1st quarter of the year: the prices in the main activities of the Company, i.e. wholesale prices of alumina and as well as the prices of finished products in the international markets persist to be several times lower in comparison with the beginning of the last year.

Other business activities of the Company include the lease of the Company's property and related services. On the territory of the Company there is a customs post and warehouses.

Apart from the ordinary operations, the Company is engaged in financial and investment activities. Successful investment into securities and the revenue earned from their sales led to the profitable result of the Company in 2006.

III. INFORMATION ON THE ISSUER'S AUTHORISED CAPITAL, ISSUED SECURITIES, AND THE MANAGEMENT BODIES

9. Authorised capital of the Issuer:

9.1. Authorised capital registered with the Register of Companies

The authorised capital of LTL10,180,884 is registered with the Register of Companies. The capital consists of sudaro 10,180,884 ordinary registered shares with the nominal value of LTL1 (one litas) each. The shares of the above type comprise 100% of the authorised capital. All the authorised capital is paid up in full.

10. Securities non-representing participation in the capital, the trading whereof is governed by the Law on Securities Market of the Republic of Lithuania

The Company has not issued securities non-representing participation in the authorised capital.

11. Secondary trading in Issuer's securities

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

AB Kauno Tiekimas Interim Report for six months of 2007

Reporting period		Central market and negotiated deals								
		Price (LTL)			Turnover (LTL)				Last session date	Total turnover
from	to	max.	min.	units	units	min.	last session			units
2007-01-01	2007-03-30	1.89	1.12	1.12	56898	86	1568	2007-03-30	365347	622029
2007-04-01	2007-06-29	1.24	0.95	1.08	72429	1.09	324	2007-06-29	189562	196029

12. Agreements with intermediaries of public trading in securities

The Company has entered into a service agreement with UAB FMI Finbaltus, Konstitucijos pr. 23-660, Vilnius LT -08105.

13. Members of the managing bodies

The Supervisory Board is not formed.

Board members:

Chairman: Igor Gončaruk, personal ID code 35503130922. Holds 65,994 shares or 0.65% of AB Kauno Tiekimas authorised capital. Holds 8,600 (100%) UAB Agrobiznis shares, and 100 (100%) UAB Klemka shares. Does not have any positions in other companies. During the reporting period, Igor Gončaruk was paid salaries in the total amount of LTL44,275.

Board member Irena Keblerienė, personal ID code 44808010769, has no shareholding in the Company. Does not have any positions in other companies and does not hold over 5% of other companies' shares. During the reporting period, Irena Keblerienė was paid salaries in the total amount of LTL41,079.

Board member Nijolė Varanavičienė, personal ID code 46102090516, Board member of UAB Energolinija; not employed by the Company; has no shareholding in the Company. Does not hold over 5% of other companies' shares. During the reporting period, has been paid bonus in the amount of LTL7,200.

The office term of the Board members started on 25 April 2007; the office term will end in April 2011.

ADMINISTRATION:

Irena Keblerienė: General Director, has no shareholding in the Company.

Igor Gončaruk: CEO, holds 65,994 shares of the Company (0.65% of the authorised capital)

Danutė Skučienė: Chief Financial Officer, personal ID code 45202010255, has no shareholding in the Company. Does not have any positions in other companies and does not hold over 5% of other companies' shares. During the reporting period, Danutė Skučienė was paid salaries in the amount of LTL20,884.

Gediminas Antanas Baranauskas: Director of AB Kauno Tiekimas Branch, personal ID code 36010020131, has no shareholding in the Company, does not have any positions in other companies. Holds 8 UAB Pilega shares(13.33% of the authorised capital). During the reporting period, Gediminas Antanas Baranauskas was paid salaries in the amount of LTL22,669.

Nadežda Belozerskich: Branch Accountant, personal ID code 46602220603, has no shareholding in the Company, holds 320,000 (9.78%) of UAB Korelita shares. During the reporting period, Nadežda Belozerskich was paid salaries in the total amount of LTL41,080.

14. Information on audit

The accounting and financial statements of AB Kauno Tiekimas for the first half of the financial/business year have not been audited.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES

15. Material events in the Issuer's activities

25.07.2007 - 14:51 (VSE)	KTK: Results of the first half of 2007
05.05.2007 – 13:30 (VSE)	KTK: Financial reporting of the first quarter of 2007
26.04.2007 – 08:58 (VSE)	KTK: Results of the first quarter of 2007
25.04.2007 – 14:08 (VSE)	KTK: Resolutions of the General Meeting
13.04.2007 – 16:22 (VSE)	KTK: Auditor's Opinion and Audit Report on the Financial Statements for 2006
13.04.2007 – 16:22 (VSE)	KTK: Draft Resolutions of the General Meeting 25-04-2007
22.03.2007 – 15:24 (VSE)	KTK: Notification about General Meeting
26.02.2007 – 14:15 (VSE)	KTK: Preliminary business results for 2006

Notices on material events have been submitted to the State Securities Commission, National Stock Exchange, the daily *Lietuvos Rytas*, and the news agency BNS.

16. Court and arbitration proceedings

During the reporting period, there have been no court or arbitration proceedings that might have affected the financial standing of the Company.

V. SIGNIFICANT EVENTS OF THE REPORTING PERIOD THAT HAVE EXERCISED IMPACT UPON THE PERFORMANCE OF THE COMPANY

During the first half of the year the global alumina market became more balanced and consequently competitive. As a result of new alumina product suppliers and producers, the previously experienced significant deficit of alumina products markedly decreased. However despite of the market trends and the increasing competition, the business activities of the Company remain profitable.

In order to maintain the existing position, the Company will keep looking for new ways and methods that would boost the sales of the Company and offer possibilities for implementing a more efficient policy of alumina production sales.

Kauno tiekimas AB

(enterprise name)

Ident.number 133523653, Palemono st.171,Kaunas

(enterprise identification number, address, other information)

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Minutes No _____

BALANCE SHEET

30 June 2007

First half of 2007

in litas

(reporting period)

To specify - in litas or thousands of litas

	ASSETS	Note No.	First half of 2007 30-06-2007	Previous financial year 31 12 2006
A.	NON-CURRENT ASSETS		10.424.505	10.011.932
I.	INTANGIBLE ASSETS	3,1	1.700	2.270
I.1.	Development works			
I.2.	Goodwill			
I.3.	Licences and patents			
I.4.	Computer software		1.700	2.270
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS	3,2	2.062.346	1.649.203
II.1.	Land			
II.2.	Buildings and constructions		1.368.909	1.277.569
II.3.	Plant and equipment		64.777	2
II.4.	Vehicles		233.032	276.998
II.5.	Other property, plant and equipment		101.199	92.474
II.6.	Construction in progress		294.429	2.160
II.7.	Other tangible assets			
III.	FINANCIAL ASSETS	3,3	8.360.459	8.360.459
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		8.360.459	8.360.459
B.	CURRENT ASSETS		187.236.242	220.832.159
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		504.079	489.798
I.1.	Inventories	3,4	494.972	467.567
I.1.1.	Raw materials and completing products		6.558	7.476
I.1.2.	Work in progress			
I.1.3.	Finished products			
I.1.4.	Goods for resale		488.414	460.091
I.2.	Prepayments		9.107	22.231
I.3.	Contracts in progress			
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	3,5	165.608.159	200.522.165
II.1.	Trade amounts receivable		114.158.295	149.595.072
II.2.	Receivables from subsidiaries and associates			
II.3.	Other amounts receivable		51.449.864	50.927.093
III.	OTHER CURRENTS ASSETS	3,6	20.522.000	19.123.360
III.1.	Current investments		20.396.488	19.123.360
III.2.	Time deposits			
III.3.	Other currents assets		125.512	
IV.	CASH AND CASH EQUIVALENTS		602.004	696.836
	TOTAL ASSETS:		197.660.747	230.844.091

	EQUITY AND LIABILITIES	Note No.	Financial year	Previous financial year
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C.	EQUITY		16.568.157	16.445.918
I.	CAPITAL		10.180.884	10.180.884
I.1.	Authorised (subscribed)	3,7	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	3,9	1.148.087	721.406
III.1.	Legal reserve		369.626	346.023
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		778.461	375.383
IV.	RETAINED EARNINGS (LOSSES)	3,8	5.239.186	5.543.628
IV.1.	Profit (loss) of the reporting year		122.239	472.066
IV.2.	Profit (loss) of the previous year		5.116.947	5.071.562
D.	GRANTS AND SUBSIDIES			
E.	AMOUNTS PAYABLE AND LIABILITIES		181.092.590	214.398.173
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	3,11	181.092.590	214.398.173
II.1.	Current portion of non-current debts			
II.2.	Financial debts		44.544.652	52.950.317
II.2.1.	To credit institutions		44.544.652	52.950.317
II.2.2.	Other debts			
II.3.	Trade amounts payable		84.777.272	123.327.383
II.4.	Amounts received in advance		240	238.674
II.5.	Profit tax liabilities		44.897	44.897
II.6.	Liabilities related with labour relations		309.983	239.608
II.7.	Provisions			
II.8.	Other amounts payable and current liabilities		51.415.546	37.597.294
	TOTAL EQUITY AND LIABILITIES:		197.660.747	230.844.091

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)

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Minutes No _____

INCOME STATEMENT

30 June 2007

Half-year ended 30-06-2007

(reporting period)

in litas

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	Second quarter of 2007	Second quarter of 2006	First six months of 2007	First six months of 2006
I.	SALES INCOME		104.083.903	209.278.873	191.008.169	473.601.954
II.	COST OF SALES		93.072.019	181.038.423	163.991.624	413.002.283
III.	GROSS PROFIT (LOSS)		11.011.884	28.240.450	27.016.545	60.599.671
IV.	OPERATING COSTS		11.105.889	17.872.226	26.278.423	43.706.875
IV.1	Sales		9.882.382	16.751.055	24.092.456	41.594.293
IV.2	General and administrative		1.223.507	1.121.171	2.185.967	2.112.582
V.	OPERATING PROFIT (LOSS)		-94.005	10.368.224	738.122	16.892.796
VI.	OTHER ACTIVITIES		229.002	356.396	230.253	398.322
VI.1.	Income		229.930	357.158	231.944	399.847
VI.2.	Expenses		928	762	1.691	1.525
VII.	FINANCING AND INVESTING ACTIVITIES		-66.252	-10.599.440	-846.136	-16.786.652
VII.1.	Income		1.602.844	19.584.553	2.641.265	27.953.511
VII.2.	Expenses		1.669.096	30.183.993	3.487.401	44.740.163
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES		68.745	125.180	122.239	504.466
IX.	GAIN					
X.	LOSSES					
XI.	PROFIT (LOSS) BEFORE TAX		68.745	125.180	122.239	504.466
XII.	PROFIT TAX				0	104.793
XIII.	NET PROFIT (LOSS)				122.239	399.673

Director General

Irena Keblierienė

KAUNO TIEKIMAS AB

(enterprise name)

Ident.number 133523653, Palemono str.171 Kaunas

(enterprise registration number, address, other information)

APPROVED

Minutes No _____

CASH FLOW STATEMENT

30 June 2007

Half-year ended 30-06-2007

in litas

(reporting period)

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	First six months of 2007	First six months of 2006
I.	Cash flows from operating activities			
I.1.	Net profit (loss)		122.239	399.673
I.2.	Depreciation and amortization costs		95.619	100.752
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventory		-27.405	-5.469.156
I.5.	Decrease (increase) in advances received		13.124	103.610
I.6.	Decrease (increase) in contracts in progress			
I.7.	Decrease (increase) in trade receivables		35.436.777	-11.611.789
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		-522.771	44.901.090
I.10.	Decrease (increase) in other current assets		-125.512	-21.906.019
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		-38.788.545	-26.621.544
I.13.	Increase (decrease) in profit tax liability			104.793
I.14.	Increase (decrease) in liabilities connected with labour relations		70.375	166.283
I.15.	Increase (decrease) in provisions			
I.16.	Increase (decrease) in other amounts payable and liabilities		13.818.252	7.485.602
I.17.	Elimination of financing and investing activity results		1.070.423	16.786.652
	Net cash flows from operating activities		11.162.576	4.439.947
II.	Cash flows from investing activities			
II.1.	Acquisition of non-current assets (excluding investments)		-525.456	-86.831
II.2.	Transfer of non-current assets (excluding investments)		17.500	
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		1.042.100	
II.8.	Other increase in cash flows from investing activities			
II.9.	Other decrease in cash flows from investing activities			
	Net cash flows from investing activities		534.144	-86.831
III.	Cash flows from financing activities			
III.1.	Cash flows related to enterprise owners:			

No.	ITEMS	Note No.	First six months of 2007	First six months of 2006
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		-11.791.552	-3.959.319
III.2.1.	Increase in financial debts		78.734.826	166.748.983
III.2.1.1.	Loans received		78.734.826	166.748.983
III.2.1.2.	Issue of bonds			
III.2.2.	Decrease in financial debts		-90.042.453	-156.423.584
III.2.2.1.	Loans repaid		-87.140.491	-153.921.650
III.2.2.2.	Purchase of bonds			
III.2.2.3.	Interest paid		-2.901.962	-2.501.934
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
III.2.6.	Other decrease in cash flows from financial items		-483.925	-42.238.229
	Net cash flows from financing activities		-11.791.552	-3.959.319
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		-94.832	393.797
VII.	Cash and cash equivalents at the beginning of period		696.836	645.457
VIII.	Cash and cash equivalents at the end of period		602.004	1.039.254

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)

APPROVED

Minutes No _____

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
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										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
26. Balance at the end of reporting period (30 06 2006)	10.180.884	0	0	0	0	99.233	0	50.868	330.778	5.711.762	16.373.525

Director General

(title of the head of enterprise administration)

(signature)

Irena Keblerienė

(full name)

**AB KAUNO TIEKIMAS EXPLANATORY NOTES
to Financial Statements for the first six months of 2007**

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	135647258	Palemono g. 171, Kaunas	1232000	1232000	12.10	12.10
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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 FMI 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			Last session date	Total turnover	
		Max	Min	Last session		Units	LTL
01-01-2007	31-03-2007	1.89	1.12	1.12	30-03-2007	365 347	622 030
01-04-2007	30-06-2007	1.24	0.95	1.08	29-06-2007	189 562	196 029

The Company has entered into a contract for managing securities accounts with UAB FMI 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%) and 100 UAB Klemka shares (100%). 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.

5 .FINANCIAL ASSETS

During the reporting period there have been no movements of AB Kauno tiekimas financial assets. At the end of the reporting period the value of the company's shares quoted at the Stock Exchange is reflected in the Balance Sheet at the fair market value. The revenue from the revaluation of the financial assets accounted for LTL 1.3 m. At the end of the reporting period the company had current and noncurrent financial assets for LTL 28.8m.

6. BUSINESS AND GEOGRAPHIC SEGMENTS

AB Kauno Tiekimas renders services and carries out retail business in Lithuania, whereas the wholesale business is done outside Lithuania, in Bosnia. A customs post, warehouses, and an IE terminal are located on the territory of the company. The services rendered in Lithuania include the lease of the property owned by the company and the related services. The wholesale trade is taken up by the branch of the company, which supplies hydrate of sodium and bauxites for the alumina factory in Bosnia and sells alumina produced in the said factory.

The sales revenue in the first half year of 2007 decreased in comparison with the same period in 2006. This decrease resulted from a significant fall in the prices of alumina, which is the main raw material for aluminium, on the international markets as compared to 2006.

In the reporting period, there were slight changes in the customer geography. Compared to first half year of 2006, the sales to buyers from India increased 19.8 percents. In first half year of 2007, the sales to buyers from Turkey were 6.9 higher than in first half year of 2006. The company has new customers from USA, Switzerland, Greece. The sales to the Polish, Romanian and Chinese customers slightly declined.

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 second quarter of 2007

Indices	Segments (types of activities)				All enterprises	
	Services		Trade		Second quarter of 2007	Second quarter of 2006
	Second quarter of 2007	Second quarter of 2006	Second quarter of 2007	Second quarter of 2006		
Revenue	421 968	393 805	103 661 935	208 885 068	104 083 903	209 278 873
Expenses	465 994	377 686	103 711 914	198 532 963	104 177 908	198 910 649
Result of operations	-2 283	13 124	834 410	10 352 105	-94 005	10 368 224

First half year of 2007

Indices	Segments (types of activities)				All enterprises	
	Services		Trade		First half year of 2007	First half year of 2006
	First half year of 2007	First half year of 2006	First half year of 2007	First half year of 2006		
Revenue	853 417	712 791	190 154 752	472 889 163	191 008 169	473 601 954
Expenses	899 726	727 406	189 370 321	455 981 752	190 270 047	456 709 158
Result of operations	-46 309	-14 615	784 431	16 907 411	738 122	16 892 796

Table 2. Information on geographic segments

Second quarter of 2007

Indices	Segments (regions)											All enterprises
	Lithuania	Poland	Switzerland	Bosnia	India	Turkey	Check	Greece	USA	Slovenia	Other	
Revenue	444 661	440 280	15 666 640	9 693 646	54 991 766	479 384	24 635	232 732	19 923 750	1 487 831	698 578	104 083 903
Expenses	489 504	440 489	15 674 072	9 698 244	55 017 852	479 611	24 647	232 842	19 933 201	1 488 537	698 909	104 177 908
Result of operations	-44 843	-209	-7 432	-4 598	-26 086	-227	-12	-110	-9 451	-706	-331	-94 005

Second quarter of 2006

Indices	Segments (regions)										All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	Greece	Other	
Revenue	395 636	16 045 608	2 058 204	24 539 839	39 795 863	59 709	1 627 296	124 311 649	107 861	337 208	209 278 873
Expenses	380 099	15 250 354	1 956 195	23 323 594	37 823 497	56 750	1 546 644	118 150 506	102 515	320 495	198 910 649
Result of operations	15 537	795 254	102 009	1 216 245	1 972 366	2 959	80 652	6 161 143	5 346	16 713	10 368 224

First half year of 2007

Indices	Segments (regions)													All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	USA	Slovenia	Switzerland	Greece	Other	
Revenue	935 739	2 102 300	303 861	18 301 852	99 002 804	828 684	1 159 030	27 718 482	21 712 848	2 124 572	15 666 640	232 732	918 625	191 008 169
Expenses	983 105	2 086 460	300 927	18 223 324	98 603 894	825 538	1 148 088	27 450 816	21 705 022	2 119 129	15 674 072	232 842	916 830	190 270 047
Result of operations	-47 366	15 840	2 934	78 528	398 910	3 146	10 942	267 666	7 826	5 443	-7 432	-110	1 795	738 122

First half year of 2006

Indices	Segments (regions)												All enterprises
	Lithuania	Poland	Romania	Bosnia	India	Turkey	Check	China	Greece	Slovenia	Other		
Revenue	725 146	38 226 176	2 645 842	46 218 199	82 627 665	119 887	3 029 586	297 374 718	107 861	2 141 450	385 424	473 601 954	
Expenses	758 512	36 878 623	2 529 201	44 462 160	79 588 781	115 430	2 914 017	286 904 282	102 515	2 088 128	367 509	456 709 158	
Result of operations	-33 366	1 347 553	116 641	1 756 039	3 038 884	4 457	115 569	10 470 436	5 346	53 322	17 915	16 892 796	

Information on transactions with related legal persons (in LTL) is provided in the table below:

Indices	First half year of 2007	Firs half year of 2006	Receivable amount or balance 30-06-2007	Receivable amount or balance 30-06-2007
A. Total sales of goods or services, including:				
1. Key shareholders (corporate)				
2. Other enterprises	100 525	26 382	41 742	
B. Total purchase of goods or services, including:				
1. Key shareholders (corporate)	8 757	8 400		7 357
2. Other enterprises	264 385			60 039
C. Total sales of non-current assets, including:				
1. Key shareholders (corporate)				
2. Other enterprises				
D. Total purchase of non-current assets, including:				
1. Key shareholders (corporate)				
2. Other enterprises				
E. Total granted loans, including:				
1. Key shareholders (corporate)				
2. Other enterprises				
F. Total received loans, including:				
1. Key shareholders (corporate)				
2. Other enterprises				
H. Total granted guarantees, including:				
1. Key shareholders (corporate)				
2. Other enterprises				
I. Total other material transactions, including				
1. Key shareholders (corporate)				
2. Other enterprises				

7. EMPLOYEES

At the end of the previous financial year the Company employed 59 persons. At the end of first half year of 2007 the Company employed 61 persons..

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 LTL44.5m.

Irena Keblerienė
General Director