



**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](mailto:tiekimas@kaunas.balt.net)  
A.s. Nr. LT 637011700026467129 AB "Ūkio bankas" banko kodas 70117  
Juridinių asmenų registras, tvarkytojas: VĮ Registrų centras

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**Management Certification**

**20 August 2008**

This Certification was issued in relation to the submission of AB Kauno Tiekimas annual data of 30 June 2008.

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;

Irena Keblerienė  
General Director

Danutė Skučienė  
Chief Accountant

**AB KAUNO TIEKIMAS  
INTERIM REPORT FOR 6 MONTHS  
2008**

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## **I. GENERAL PROVISIONS**

### **1. Reporting period for which the report has been prepared.**

The Interim has been produced for the first half of the year 2008.

### **2. Main data about the Issuer.**

AB Kauno Tiekimas. The authorised capital amounts to LTL 10,180,884. 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) 47 37 44, telephone/fax: (8 37) 47 37 44, e-mail: [teikimas@kaunas.balt.net](mailto:teikimas@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 website – [www.kaunotiekimas.lt](http://www.kaunotiekimas.lt)

### **3. Information on the place and manner of the access to the report and the documents, which serves 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, telephone number: (8 37) 37 35 70, telephone/fax: (8 37) 47 37 44, the Vilnius Exchange Stock and AB Kauno Tiekimas website. 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, telephone/fax: (8 37) 47 37 44 , and

Danutė Skučienė, Chief Financial Officer, telephone: (8 37) 37 35 70.

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 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 Directos

Irena Keblerienė

Chief Financial Officer

Danutė Skučienė

Report signed in August 2008 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 Tiekimas 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 approve/sign the documents. AB Kauno Tiekimas Branch specialises in the selling of 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 LTL 10,180,884.

The authorised capital of the Company is divided into 10,180,884 ordinary registered shares with the nominal value of LTL 1 each.

### **7. Shareholders.**

Shareholders whose participation in AB Kauno Tiekimas authorised capital and the number votes held thereby exceed 5% as of 30 June 2008:

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	1015556	507783	9,98	4,99
UAB FMĮ "Finbaltus"	122020469	Konstitucijos pr.23-660, Vilnius	1015556	507783	9,98	4,99
AB Ūkio bankas FMD	112020136	Maironio 25, Kaunas	2000000	2000000	19,64	19,64
InKompleks LLC	CP00193203	101 South Spring Street, Suite 2, Little Rock, Arkanzasas 72201, JAV	1502461	1502461	14,76	14,76
UAB "Energolinija"	135647258	Palemono 171, Kaunas	1232000	1232000	12,10	12,10
UAB „ATTENTUS“	135654594	K.Donelaičio g. 60, Kaunas	2544858	2544858	24,99	24,99

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	507593
UAB FMĮ "Finbaltus"	Konstitucijos pr. 23 – 660, Vilnius	122020469	507593

On 15 April 2008 the total number of shareholders was 300.

## **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 bauxities. Balkal A.D., in its turn, sells the Branch of AB Kauno Tiekimas the production of Birač factory: alumina, alumina hydrate, zeolite.

In the business year 2006, the turnover of the Company amounted to LTL 648m and increased by 1,31% in comparison to 2005. In the business year 2007, the sales revenue of the Company came up to LTL 417.4 m and shrank by 35,6% as compared to 2006. The decrease was determined by the decline of the global alumina market prices, which was observed since the second half of 2006, and a significant increase in the prices of energy resources and transportation costs. In the first six months of 2008, the sales revenue of the Company accounted for LTL 218.3 m, and increased by 14,3% as compared to LTL 191 m in the first half of the previous financial year. The increase in the sales revenue was determined by a slight growth of the alumina price in the global market.

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.

## **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 authorized capital of LTL 10,180,884 is registered with the Register of Companies. The capital consists of 10,180,884 ordinary registered shares with the nominal value of LTL 1 (one litas) each. The shares of the above type comprise 100% of the authorized capital. All the authorized 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 authorized capital.

### **11. Secondary trading in Issuers's securities.**

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

## **AB Kauno Tiekimas Interim Report for six months of 2008**

Reporting period		Central market and negotiated deals					
From	To	Price (LTL)			Last session date	Total turnover	
		Max.	Min.	Last session		Units	LTL
2008-01-01	2008-03-31	0,91	0,69	0,86	2008-03-28	2675340	2293642,10
2008-04-01	2008-06-30	0,80	0,63	0,74	2008-06-30	17010	12199,63

### **12. Agreements with intermediaries of public trading in securities.**

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

### **13. Members of the 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, 14 190 UAB Agrobiznis shares (100%), 7,200 UAB Kauno tiekimo prekybos centras shares (60%). Does not have any positions in other companies. During the reporting period, Igor Gončaruk was paid salaries in the total amount of LTL 36.300.

Board member Irena Keblerienė. Has no shareholdings 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 LTL 33.823.

Board member Nijolė Varanavičienė. Board member of UAB Eneergolinija; not employed by the Company; has no shareholding in the Company. Does not hold over 5% of other companies' shares.

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 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 and does not hold over 5% of other companies' shares. During the reporting period, Danutė Skučienė was paid salaries in the amount of LTL 26.208.

Vaclovas Macijauskas, AB Kauno Tiekimas Branch Director, has no shareholdings in the Company. Does not have any positions in other companies. Holds 327,100 shares in UAB Korelita, i.e.9,99% of the authorised capital. During the reporting period, Vaclovas Macijauskas was paid salaries in the amount of LTL 36.600.

Gediminas Antanas Baranauskas, AB Kauno Tiekimas Branch Chief Financial Officer. Has no shareholdings in the Company, does not have any positions in other companies. Holds 8 UAB

## **AB Kauno Tiekimas Interim Report for six months of 2008**

Pilega shares representing 13.33 percent of the authorised capital. During the reporting period, Gediminas Antanas Baranauskas was paid salaries in the amount of LTL 26,700.

### **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**

23.05.2008 – 10:30 (VSE)	KTK: Financial statements of first quarter of 2008
14.05.2008 – 13:23 (VSE)	KTK: Preliminary interim results for the first quarter of 2008
22.04.2008 – 14:58 (VSE)	KTK: Resolutions of the General Meeting
10.04.2008 – 15:41 (VSE)	KTK: CORRECTION: Draft resolutions of general meeting and annual information of the year 2007
10.04.2008 – 12:37 (VSE)	KTK: Draft resolutions of general meeting and annual information of the year 2007
17.03.2008 – 09:38 (VSE)	KTK: Notice of the General Meeting
28.02.2008 – 14:26 (VSE)	KTK: The results of activities for the IV quarter and financial year of 2007
29.01.2008 – 15:46 (VSE)	KTK: NOTIFICATION OF A PERSON/GROUP ON THE ACQUISITION/DISPOSAL OF A BLOCK OF SHARES*

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.

## **VI. SIGNIFICANT EVENTS OF THE REPORTING PERIOD THAT HAVE EXERCISED IMPACT UPON THE PERFORMANCE OF THE COMPANY**

### **VII.**

Over the first six months of the year there have been no material events which could influence the business activities of the Company.

**Kauno tiekimas AB**  
**BALANCE SHEET**

First half year of 2008

In litas

(reporting period)

(reporting currency and level of its accuracy)

	ASSETS	Note No.	Financial year	Previous financial year
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>10.580.064</b>	<b>10.730.243</b>
I.	INTANGIBLE ASSETS		1.487	1.137
I.1.	Development works			
I.2.	Goodwill			
I.3.	Licences and patents			
I.4.	Computer software		1.487	1.137
I.5.	Other intangible assets			
II.	TANGIBLE ASSETS		2.552.606	2.703.135
II.1.	Land			
II.2.	Buildings and constructions		2.257.680	2.363.142
II.3.	Plant and equipment		51.277	58.027
II.4.	Vehicles		175.545	202.424
II.5.	Other property, plant and equipment		68.104	79.542
II.6.	Construction in progress			
II.7.	Other tangible assets			
II.8.	Investment assets		0	0
II.8.1.	Land			
II.8.2.	Buildings			
III.	FINANCIAL ASSETS		8.025.971	8.025.971
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		8.025.971	8.025.971
IV.	OTHER NON-CURRENT ASSETS		0	0
IV.1.	Deferred tax assets			
IV.2.	Other non-current assets			
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>146.656.447</b>	<b>186.963.553</b>
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		18.571.368	11.457.731
I.1.	Inventories		18.449.577	11.290.247
I.1.1.	Raw materials and components		15.588	20.316
I.1.2.	Work in progress			
I.1.3.	Finished products			
I.1.4.	Goods for resale		18.433.989	11.269.931
I.2.	Prepayments		92.439	167.484
I.3.	Contracts in progress		29.352	
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		110.037.242	155.644.721
II.1.	Trade amounts receivable		76.577.124	119.624.969
II.2.	Receivables from subsidiaries and associates			
II.3.	Other amounts receivable		33.460.118	36.019.752
III.	OTHER CURRENT ASSETS		17.956.440	19.551.425
III.1.	Current investments		17.869.640	19.494.721
III.2.	Time deposits			
III.3.	Other current assets		86.800	56.704
IV.	CASH AND CASH EQUIVALENTS		91.397	309.676
	<b>TOTAL ASSETS:</b>		<b>157.236.511</b>	<b>197.693.796</b>



	EQUITY AND LIABILITIES	Note No.	Financial year	Previous financial year
<b>C.</b>	<b>EQUITY</b>		<b>17.062.147</b>	<b>16.823.550</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		1.306.570	1.148.087
III.1.	Legal reserve		388.508	369.626
III.2.	Reserve for acquiring own shares			
III.3.	Other reserves		918.062	778.461
IV.	RETAINED EARNINGS (LOSSES)		5.574.693	5.494.579
IV.1.	Profit (loss) of the reporting year		238.597	377.632
IV.2.	Profit (loss) of the previous year		5.336.096	5.116.947
<b>D.</b>	<b>GRANTS AND SUBSIDIES</b>			
<b>E.</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>		<b>140.174.364</b>	<b>180.870.246</b>
I.	NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES		12.710.241	0
I.1.	Financial debts		12.710.241	
I.1.1.	Leases and similar obligations			
I.1.2.	To credit institutions		12.710.241	
I.1.3.	Other financial debts			
I.2.	Trade amounts payable			
I.3.	Amounts received in advance			
I.4.	Provisions		0	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 tax liabilities			
I.6.	Other amounts payable and non-current liabilities			
II.	CURRENT AMOUNTS PAYABLE AND LIABILITIES		<b>127.464.123</b>	<b>180.870.246</b>
II.1.	Current portion of non-current debts		583.039	
II.2.	Financial debts		117.546.349	110.832.198
II.2.1.	To credit institutions		106.798.000	103.919.978
II.2.2.	Other debts		10.748.349	6.912.220
II.3.	Trade amounts payable		7.524.188	65.428.346
II.4.	Amounts received in advance		104.210	2.774.816
II.5.	Profit tax liabilities		8.816	
II.6.	Liabilities related with labour relations		363.937	320.330
II.7.	Provisions			
II.8.	Other amounts payable and current liabilities		1.333.584	1.514.556
	<b>TOTAL EQUITY AND LIABILITIES:</b>		<b>157.236.511</b>	<b>197.693.796</b>

\_\_\_\_\_  
Director General  
title of the head of enterprise  
administration

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

\_\_\_\_\_  
Irena Keblierienė  
(full name)

## KAUNO TIEKIMAS AB

(enterprise name)

Ident.number 133523653, Palemono str.171, Kaunas

(enterprise identification number, address, other information)

## INCOME STATEMENT

Half-year of 2008  
(reporting period)in litas  
to specify – in litas or thousands of litas

No.	ITEMS	Note No.	Second quarter of 2008	Second quarter of 2007	First half year of 2008	First half year of 2007
I.	SALES INCOME		110.723.817	104.083.903	218.297.526	191.008.169
II.	COST OF SALES		102.621.402	93.072.019	198.740.895	163.991.624
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>		<b>8.102.415</b>	<b>11.011.884</b>	<b>19.556.631</b>	<b>27.016.545</b>
IV.	OPERATING COSTS		5.963.349	11.105.889	13.892.519	26.278.423
IV.1	Sales		4.631.787	9.882.382	11.028.854	24.092.456
IV.2	General and administrative		1.331.562	1.223.507	2.863.665	2.185.967
<b>V.</b>	<b>OPERATING PROFIT (LOSS)</b>		<b>2.139.066</b>	<b>-94.005</b>	<b>5.664.112</b>	<b>738.122</b>
VI.	OTHER ACTIVITIES		-761	229.002	61.866	230.253
VI.1.	Income		1	229.930	63.391	231.944
VI.2.	Expenses		762	928	1.525	1.691
VII.	FINANCING AND INVESTING ACTIVITIES		-2.004.579	-66.252	-5.487.381	-846.136
VII.1.	Income		552.758	1.602.844	1.100.057	2.641.265
VII.2.	Expenses		2.557.337	1.669.096	6.587.438	3.487.401
<b>VIII.</b>	<b>PROFIT (LOSS) FROM NORMAL ACTIVITIES</b>		<b>133.726</b>	<b>68.745</b>	<b>238.597</b>	<b>122.239</b>
IX.	GAIN					
X.	LOSSES					
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAX</b>		<b>133.726</b>	<b>68.745</b>	<b>238.597</b>	<b>122.239</b>
XII.	PROFIT TAX				0	
<b>XIII.</b>	<b>NET PROFIT (LOSS)</b>				<b>238.597</b>	<b>122.239</b>

Director General

Irena Keblerienė



<b>15. Balance at the end of previous first half year (30 06 2007)</b>	<b>10.180.884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>369.626</b>	<b>0</b>	<b>0</b>	<b>778.461</b>	<b>5.239.186</b>	<b>16.568.157</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											
21. Dividends											0
22. Other payments										255.393	255.393
23. Formed reserves											0
24. Used reserves											0
25. Increase / reduction of authorised capital											0
<b>26. Balance at the end of previous financial year ( 31 12 2007 )</b>	<b>10.180.884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>369.626</b>	<b>0</b>	<b>0</b>	<b>778.461</b>	<b>5.494.579</b>	<b>16.823.550</b>
27. Increase / decrease in non-current tangible assets value											0
28. Increase / decrease in financial assets value											0
29. Acquisition of own shares											0
30. Profit / loss, excluded from Income Statement											0
31. Net profit / loss of the reporting period										238.597	238.597
32. Dividends											0
33. Other payments											0
34. Formed reserves						18.882			575.000	-593.882	0
35. Used reserves									-435.399	435.399	0
36. Increase / reduction of authorised capital											0
<b>37. Balance at the end of reporting period ( 30 06 2008 )</b>	<b>10.180.884</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>388.508</b>	<b>0</b>	<b>0</b>	<b>918.062</b>	<b>5.574.693</b>	<b>17.062.147</b>

Director General

(title of the head of enterprise administration)

(signature)

Irena Keblerienė

(full name)

**Kauno tiekimas AB**

(enterprise name)

Registr.number 133523653, Palemono st. 171, Kaunas

(enterprise registration number, address, other information)

APPROVED

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

**CASH FLOW STATEMENT**

**First half year of 2008**

in litas

reporting period

to specify – in litas or thousands of litas

No.	ITEMS	Note No.	First half year of 2008	First half year of 2007
<b>I.</b>	<b>Cash flows from operating activities</b>			
I.1.	Net profit (loss)		238.597	122.239
I.2.	Depreciation and amortization costs		154.213	95.619
I.3.	Decrease (increase) in amounts receivable after one year			
I.4.	Decrease (increase) in inventory		-7.159.330	-27.405
I.5.	Decrease (increase) in advances received		75.045	13.124
I.6.	Decrease (increase) in contracts in progress		-29.352	
I.7.	Decrease (increase) in trade receivables		43.047.845	35.436.777
I.8.	Decrease (increase) in amounts receivable from subsidiaries and associates			
I.9.	Decrease (increase) in other amounts receivable		-325.066	-522.771
I.10.	Decrease (increase) in other current assets		-30.096	-125.512
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		-60.574.764	-38.788.545
I.13.	Increase (decrease) in profit tax liability		8.816	
I.14.	Increase (decrease) in liabilities connected with labour relations		43.607	70.375
I.15.	Increase (decrease) in provisions			
I.16.	Increase (decrease) in other amounts payable and liabilities		<b>-180.972</b>	<b>13.818.252</b>
I.17.	Elimination of financing and investing activity results		4.531.646	1.070.423
	<b>Net cash flows from operating activities</b>		<b>-20.199.811</b>	<b>11.162.576</b>
<b>II.</b>	<b>Cash flows from investing activities</b>			
II.1.	Acquisition of non-current assets (excluding investments)		-10.645	-525.456
II.2.	Transfer of non-current assets (excluding investments)		70.000	17.500
II.3.	Acquisition of long-term investments			
II.4.	Transfer of long-term investments			
II.5.				
II.6.	Loans recovered			
II.7.	Dividends and interest received		1.100.057	1.042.100
II.8.	Other increase in cash flows from investing activities			
II.9.	Other decrease in cash flows from investing activities			
	<b>Net cash flows from investing activities</b>		<b>1.159.412</b>	<b>534.144</b>
<b>III.</b>	<b>Cash flows from financing activities</b>			
III.1.	Cash flows related to enterprise owners:		0	0

No.	ITEMS	Note No.	First half year of 2008	First half year of 2007
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		18.822.120	-11.791.552
III.2.1.	Increase in financial debts		198.689.414	78.734.826
III.2.1.1.	Loans received			
III.2.1.2.	Issue of bonds			
III.2.2.	Decrease in financial debts		-182.486.865	-90.042.453
III.2.2.1.	Loans repaid		-178.681.983	-87.140.491
III.2.2.2.	Purchase of bonds			
III.2.2.3.	Interest paid		-3.804.882	-2.901.962
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		2.884.700	
III.2.6.	Other decrease in cash flows from financial items		-265.129	-483.925
	<b>Net cash flows from financing activities</b>		<b>18.822.120</b>	<b>-11.791.552</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>VI.</b>	<b>Net increase (decrease) in cash flows</b>		<b>-218.279</b>	<b>-94.832</b>
<b>VII.</b>	<b>Cash and cash equivalents at the beginning of period</b>		<b>309.676</b>	<b>696.836</b>
<b>VIII.</b>	<b>Cash and cash equivalents at the end of period</b>		<b>91.397</b>	<b>602.004</b>

Director General  
title of the head of enterprise  
administration

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

Irena Keblerienė  
(full name)

**EXPLANATORY NOTES**  
**to Financial Statements of the first half year of 2008**

**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](mailto: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 30/06/2008.

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	1015556	507783	9,98	4,99
UAB FMĮ Finbaltus	122020469	Konstitucijos pr. 23-660, Vilnius	1015556	507783	9,98	4,99
AB Ūkio bankas FMD	112020136	Maironio g. 25, Kaunas	2000000	2000000	19.64	19.64
InCompleks 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
UAB ATTENTUS	135654594	K.Donelaičio g. 60, Kaunas	2544858	2544858	24,99	24,99

**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	507 783
UAB FMĮ Finbaltus	Konstitucijos pr. 23-660, Vilnius	122020469	507 783

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
01-01-2008	31-03-2008	0,91	0,69	0,86	28-03-2008	2 675 340	2 293 642,10
01-04-2008	30-06-2008	0,80	0,63	0,74	30-06-2008	17 010	12 199,63

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, 14 190 UAB Agrobiznis shares (100%), 7,200 UAB Kauno tiekimo prekybos centras shares (60%). 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 25 April 2007 and it will continue until April 2011.

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.

Vaclovas Macijauskas, AB Kauno tiekimas branch Director, has no shareholdings in the Company. Vaclovas Macijauskas holds 327,100 shares in UAB Korelita, i.e.9,99 percent of the authorised capital.

Gediminas Antanas Baranauskas, AB Kauno Tiekimas Branch Chief Financial Officer, 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.

### 4. ACCOUNTING POLICY

The accounting policy of the Company has been consistently applied in the financial statements for the first half year of 2008. 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 half year of 2008 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

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. In the reporting period the share revolution costs



amounted to LTL 1,6 m. At the end of the reporting period the company had current and noncurrent financial assets for LTL 25.9 m.

## 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 during the first half year of 2008 increased in comparison with the same period in 2007 LTL 27,3m or 14,3 percents. Services revenue during the first half year, in comparison with first half year in 2007, increased 20.5 percents. Trade revenue during the first half year of 2008, in comparison with same period of 2007, increased 14,25 percents.

In the reporting period, there were slight changes in the customer geography. In comparison with first half year of 2007, the sales increased to buyers from Romania, Slovenia and Switzerland. The company has new customers from Austria, but during the first half year has not sales to India and China.

During of year 2007 and the reporting period of this year the global alumina market has become more balanced and thus, more competitive. Hereby the previously prevalent shortage of alumina production decreased greatly, mainly with the emerging new suppliers and producers of alumina. Despite these tendencies of the market and constantly growing level of competition, all activities of enterprise remained profitable.

The revenue and results of the business and geographic segments are provided in Tables:

- No 1 Profit and Loss by business segments of the II quarter of 2008;
- No 2 Profit and Loss by business segments of the first half year of 2008;
- No 3 Balance Sheet by business segments;
- No 4.1 Information on geographical segments of II quarter of 2008;
- No 4,2 Information on geographical segments of II quarter of 2007;
- No 4,3 Information on geographical segments of first half year of 2008;
- No 4,4 Information on geographical segments of first half year of 2007;

**Table No1. Profit and Loss Account by business segments of the second quarter of 2008**

No	Items	Services		Trade		Total	
		Second quarter of 2008	Second quarter of 2007	Second quarter of 2008	Second quarter of 2007	Second quarter of 2008	Second quarter of 2007
<b>I.</b>	<b>SALES INCOME</b>	527 151	421 968	110 196 666	103 661 935	110 723 817	104 083 903
<b>II.</b>	<b>COST OF SALES</b>	-	-	102 621 402	93 072 019	102 621 402	93 072 019
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>	527 151	421 968	7 575 264	10 589 916	8 102 415	11 011 884
<b>IV.</b>	<b>OPERATING COSTS</b>	586 821	461 437	5 376 528	10 644 452	5 963 349	11 105 889
<b>V.</b>	<b>OPERATING PROFIT (LOSS)</b>	-59 670	-39 469	2 198 736	-54 536	2 139 066	-94 005
<b>VI.</b>	<b>OTHER ACTIVITIES</b>	1	228 864	-762	138	-761	229 002
VI.1	Income	1	228 864	-	1 066	1	229 930
VI.2	Expenses	-	-	762	928	762	928
<b>VII.</b>	<b>FINANCING AND INVESTING ACTIVITIES</b>	-1 101 653	761 521	-902 926	-827 773	-2 004 579	-66 252
VII.1	Income	32 124	761 521	520 634	841 323	552 758	1 602 844
VII.2	Expenses	1 133 777	-	1 423 560	1 669 096	2 557 337	1 669 096
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAX</b>	-1 161 322	950 916	1 295 048	-882 171	133 726	68 745
<b>XII.</b>	<b>PROFIT TAX</b>						
<b>XIII.</b>	<b>NET PROFIT (LOSS)</b>	-1 161 322	950 916	1 295 048	-882 171	133 726	68 745

**Table No2. Profit and Loss Account by business segments of the first half year of 2008**

No	Items	Services		Trade		Total	
		First half year of 2008	First half year of 2007	First half year of 2008	First half year of 2007	First half year of 2008	First half year of 2007
<b>I.</b>	<b>SALES INCOME</b>	1 028 894	853 417	217 268 632	190 154 752	218 297 526	191 008 169
<b>II.</b>	<b>COST OF SALES</b>	-	-	198 740 895	163 991 624	198 740 895	163 991 624
<b>III.</b>	<b>GROSS PROFIT (LOSS)</b>	1 028 894	853 417	18 527 737	26 163 128	19 556 631	27 016 545
<b>IV.</b>	<b>OPERATING COSTS</b>	1 111 885	890 969	12 780 634	25 387 454	13 892 519	26 278 423
<b>V.</b>	<b>OPERATING PROFIT (LOSS)</b>	-82 991	-37 552	5 747 103	775 674	5 664 112	738 122
<b>VI.</b>	<b>OTHER ACTIVITIES</b>	63 389	229 617	-1 523	636	61 866	230 253
VI.1	Income	63 389	229 617	2	2 327	63 391	231 944
VI.2	Expenses	-	-	1 525	1 691	1 525	1 691
<b>VII.</b>	<b>FINANCING AND INVESTING ACTIVITIES</b>	-1 595 307	1 288 082	-3 892 074	-2 134 218	-5 487 381	-846 136
VII.1	Income	32 151	1 288 082	1 067 906	1 353 183	1 100 057	2 641 265
VII.2	Expenses	1 627 458	-	4 959 980	3 487 401	6 587 438	3 487 401
<b>XI.</b>	<b>PROFIT (LOSS) BEFORE TAX</b>	-1 614 909	1 480 147	1 853 506	-1 357 908	238 597	122 239
<b>XII.</b>	<b>PROFIT TAX</b>						
<b>XIII.</b>	<b>NET PROFIT (LOSS)</b>	-1 614 909	1 480 147	1 853 506	-1 357 908	28 597	122 239

**Table No 3. Balance Sheet by business segments**

No	Items	Services		Trade		Total	
		First half year of 2008	2007	First half year of 2008	2007	First half year of 2008	2007
<b>I.</b>	<b>ASSETS</b>	<b>29 152 874</b>	<b>30 909 499</b>	<b>128 083 637</b>	<b>166 784 297</b>	<b>157 236 511</b>	<b>197 693 796</b>
I.I.	NON-CURRENT	10 460 162	10 582 658	119 902	147 585	10 580 064	10 730 243
I.I.1.	Intangible	1 484	1 134	3	3	1 487	1 137
I.I.2.	Tangible	2 432 707	2 555 553	119 899	147 582	2 552 606	2 703 135
I.I.3.	Financial	8 025 971	8 025 971			8 025 971	8 025 971
I.I.4.	Other						
I.2	CURRENT	18 692 712	20 326 841	127 963 735	166 636 712	146 656 447	186 963 553
<b>II.</b>	<b>LIABILITIES</b>	<b>600 092</b>	<b>859 819</b>	<b>139 574 272</b>	<b>180 010 427</b>	<b>140 174 364</b>	<b>180 870 246</b>
II.1	LONG-TERM LIABILITIES			12 710 241		12 710 241	
II.2.	SHORT-TERM LIABILITIES	600 092	859 819	126 864 031	180 010 427	127 464 123	180 870 246

**Table No 4.1. Information on geographic segments of second quarter of 2008**

Indices	Segments (regions)											All enterprises
	Lithuania	Poland	Romania	Bosnia	Switzerland	Turkey	Check	Austria	USA	Slovenia	Other	
<b>Revenue</b>	527900	3102872	23203699	13094398	47435342	697096	826332	3020118	17508612	827125	480323	110723817
<b>Expenses</b>	591440	3040852	22739902	12832666	46487200	683163	809815	2959751	17158648	810592	470722	108584751
<b>Result of operations</b>	-63540	62020	463797	261732	948142	13933	16517	60367	349964	16533	9601	2139066

**Table No 4.2. Information on geographic segments of second quarter of 2007**

Indices	Segments (regions)											All enterprises
	Lithuania	Poland	Switzerland	Bosnia	India	Turkey	Check	Greece	USA	Slovenia	Other	
<b>Revenue</b>	444661	440280	15666640	9693646	54991766	479384	24635	22732	19923750	1487831	698578	104083903
<b>Expenses</b>	489504	440489	15674072	9698244	55017852	479611	24647	232842	19933201	1488537	698909	104177908
<b>Result of operations</b>	-44843	-209	-7432	-4598	-26086	-227	-12	-110	-9451	-706	-331	-94005

**Table No 4.3. Information on geographic segments of first half year of 2008**

Indices	Segments (regions)											All enterprises
	Lithuania	Poland	Romania	Bosnia	Switzerland	Turkey	Check	Austria	USA	Slovenia	Other	
<b>Revenue</b>	1030423	4105015	37568241	24682614	121173767	1092964	1717718	4280425	17508612	4513811	623935	218297526
<b>Expenses</b>	1121975	3996268	36573014	24028742	117963730	1064010	1672214	4167031	17044788	4394235	607406	212633414
<b>Result of operations</b>	-91552	108747	995227	653872	3210037	28954	45504	113394	463824	119576	16529	5664112

**Table No 4.4. Information on geographic segments of first half year of 2007**

Indices	Segments (regions)											All enterprises
	Lithuania	Poland	Switzerland	Bosnia	India	China	Check	Turkey	USA	Slovenia	Other	
<b>Revenue</b>	935739	2102300	15666640	18301852	99002804	27718482	1159030	828684	21712848	2124572	1455218	191008169
<b>Expenses</b>	983105	2086460	15674072	18223324	98603894	27450816	1148088	825538	21705022	2119129	1450599	190270047
<b>Result of operations</b>	-47366	15840	-7432	78528	398910	267666	10942	3146	7826	5443	4619	738122

**Table No 5. Information on transactions with related legal persons (in LTL)**

Indices	First half year of 2008	First half year of 2007	Receivable amount or balance 30-06-2008	Receivable amount or balance 30-06-2008
<b>A. Total sales of goods or services, including:</b>	111 085	100 525	16 167	
1. Key shareholders (corporate)				
2. Other enterprises	111 085	100 525	16 167	
<b>B. Total purchase of goods or services, including:</b>	220 509	273 142		248 433
1. Key shareholders (corporate)		8 757		
2. Other enterprises	220 509	264 385		248 433
<b>C. Total sales of non-current assets, including:</b>				
1. Key shareholders (corporate)				
2. Other enterprises				
<b>D. Total purchase of non-current assets, including:</b>				
1. Key shareholders (corporate)				
2. Other enterprises				
<b>E. Total granted loans, including:</b>				
1. Key shareholders (corporate)				
2. Other enterprises				
<b>F. Total received loans, including:</b>	181 560 005	78 734 826		106 798 000
1. Key shareholders (corporate)				
2. Other enterprises	181 560 005	78 734 826		106 798 000
<b>H. Total granted guarantees, including:</b>				
1. Key shareholders (corporate)				
2. Other enterprises				
<b>I. Total other material transactions, including:</b>				
1. Key shareholders (corporate)				
2. Other enterprises				

## **7. EMPLOYEES**

At the end of the previous financial year the Company employed 55 persons. At the end of first half year of 2008 the Company employed 56 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 LTL106, 8m. In the reporting period the Company get a long lease LTL13, 3m.

Irena Keblerienė  
General Director