

LIETUVOS ELEKTRINĖ AB

Semi-Annual Report, 30 June 2004

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I. GENERAL PROVISIONS

1. Reporting period covered by this Report

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2. Main data about the issuer

Name of the company	Public company (AB) Lietuvos Elektrinė
Authorized capital	LTL 145,800,689
Address	21 Elektrinės St., LT- 26108, Elektrėnai
Telephone	(8~528) 39 066
Fax	(8~528) 39 733
E-mail	info@lelektrine.lt
Internet website	www.lelektrine.lt
Legal and organizational form	Legal person of a limited liability; public company
Date and place of registration	31 December 2001; Ministry of Economy of the Republic of Lithuania
Registration No.	BĮ 01-249
Code in the Register of Enterprises	1087093

3. Information about where and how to access the Report and the documents, on the basis of which it was prepared, and the designation of the means of mass media

One can access the Report at the company's registered office at 21 Elektrinės St., Elektrėnai, at the financial brokerage firm Finasta AB, 23 Konstitucijos St., Vilnius and in the reading room of the Securities Commission at 23 Konstitucijos St., Vilnius

The means of mass media: the daily "Lietuvos Rytas".

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

4.1. Members of the managing bodies of the issuer, employees and the Head of the Administration are responsible for the accuracy of the information:

Pranas Noreika, Director General, tel. (+370~528) 33,250, fax (+370~528) 39 733

Rolandas Jankauskas, Chief Financier, tel. (+370~528) 33 743, fax (+370~528) 39 733

4.2. The report was prepared with the assistance of Finasta AB (23 Konstitucijos St., Vilnius, tel. (+370~5) 278 68 44, fax (+370~5) 210 24 74), represented by Audrius Leitonas, financial broker.

5. Declaration by the members of the issuer's managing bodies, employees, 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 makes no omission likely to have an effect on the investors' decision concerning purchase, sale or valuation of the issuer's securities or on the market price of these securities

Pranas Noreika, Director General

Rolandas Jankauskas, Chief Financier

Audrius Leitonas, financial broker of Finasta AB

Date of signing the Report: 26 August 2004.

Place of preparation of the Report: Finasta AB (23 Konstitucijos St., Vilnius)

II. DATA ABOUT THE ISSUER'S AUTHORIZED CAPITAL, THE SECURITIES ISSUED AND MEMBERS OF THE MANAGING BODIES

6. The issuer's authorized capital

6.1. The authorized capital as registered in the Register of Enterprises

6.1.1. Composition of the authorized capital.

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share in the authorized capital, %
Ordinary registered shares	145,800,689	1.00	145,800,689.00	100.00

All shares of Lietuvos Elektrinė AB are fully paid up.

6.2. Information about the projected increase of the authorized capital in connection with conversion or exchange of debt securities or derivative securities into shares:

The company has issued no debt securities or derivatives.

7. Shareholders

As of 30 June 2004, there were 4,811 shareholders of Lietuvos Elektrinė AB.

7.1. Shareholders having more than 5 percent of the issuer's authorized capital by the right of ownership on 30 June 2004.

Names of the shareholders, types, addresses of head offices and their enterprise codes	Number of ordinary registered shares held	Portion of the authorized capital/ votes held, %
The state, represented by the Ministry of Economy of the Republic of Lithuania 38/2 Gedimino St., LT-2600 Vilnius 8862191	140,711,469	96.51

8. Securities not representing capital, the trading of which is regulated by the Law on Securities Market, except debt securities

There have been no issues of securities not representing capital, the trading of which is regulated by the Law on Securities Market.

9. Secondary trading in the issuer's securities

The securities of Lietuvos Elektrinė AB are listed in the Current List of the National Stock Exchange of Lithuania AB (hereinafter – the NSEL).

9.1. Main characteristics of the shares of Lietuvos Elektrinė AB.

Type of shares	ISIN code	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000126351	145,800,689	1.00	145,800,689.00

9.2. Trading in ordinary registered shares of Lietuvos Elektrinė AB on the central market of the NSEL*

Reporting period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	Highest	Lowest	Last session	Highest	Lowest	Last session		Units	LTL
2004, 1st quarter	2.22	1.50	2.15	73,373	18	7,166	31/03/2004	503,673	955,316
2004, 2nd quarter	3.59	2.17	2.80	195,166	-	1,431	30/06/2004	463,689	1,242,270

9.3. Trading in ordinary registered shares of Lietuvos Elektrinė AB by negotiated deals*

Reporting period	Average price, LTL	Turnover	
		Units	LTL
2004, 1st quarter	1.72	26,629	45,840
2004, 2nd quarter	2.29	672	1,538

10. Agreements with intermediaries of public trading in securities

Lietuvos Elektrinė AB signed agreements with the financial brokerage firm Finasta AB (23 Konstitucijos St., Vilnius) concerning management of securities accounting and payment of dividends to the shareholders for the financial years 2002 and 2003.

11. Members of the managing bodies

11.1. Position held, names and surnames, data about participation in the issuer's authorized capital

11.1.1. Participation of the members of the managing bodies of Lietuvos Elektrinė AB in the issuer's authorized capital

Name, surname	Position held	Share of the capital/ votes held, %
THE SUPERVISORY BOARD		
Artūras Dainius	Chairman	-
Saulius Spėčius,	Member	-
Laima Sidarkevičienė	Member	-
Nijolė Bujauskienė	Member	-
Marija Siniavska	Member	-
THE BOARD		
Pranas Noreika	Chairman, Director General	0.004
Vida Dzermeikienė	Member	-
Arvydas Galinis	Member	-
Rolandas Jankauskas	Member, Chief Financier	-
Domininkas Pečiulis	Member	-
ADMINISTRATION		
Pranas Noreika	Director General	0.004
Rolandas Jankauskas	Chief Financier	-

*According to the data of the NSEL (www.nse.lt)

11.2. Data about participation in the activities of other companies, enterprises and organizations (name of the company, enterprise, or organization and position held), over 5 percent of the capital and votes held in other enterprises (percentage);

11.2.1. Participation of the members of the managing bodies of Lietuvos Elektrinė AB in the activities of other companies, enterprises and organizations

Name, surname	Name of the company, enterprise, organization; position held	Share of the capital and votes held in other enterprises
Artūras Dainius	Vice-minister of the Ministry of Economy of the Republic of Lithuania	-
	Chairman of the Board of Ignalinos Atominė Elektrinė	-
Laima Sidarkevičienė	Senior specialist of State Property Privatization and Management Department of the Ministry of Economy of the Republic of Lithuania	-
Saulius Spėčius	Advisor to the Prime Minister of the Republic of Lithuania	-
	Member of the Board of Naftos Terminalas AB	-
	Member of the Board of Klaipėdos Nafta AB	-
	Member of the Supervisory Board of Lietuvos Energija AB	-
Nijolė Bujauskienė	Member of the Supervisory Board of Rytų Skirstomieji Tinklai AB	-
	Specialist of State Property Privatization and Management Department of the Ministry of Economy of the Republic of Lithuania	-
Marija Siniavska	Senior specialist of Analysis and Forecast Department of the Ministry of Economy of the Republic of Lithuania	-
Vida Dzermeikienė	Deputy Head of Electricity and Heat Division of the Ministry of Economy of the Republic of Lithuania	-
	Member of the Board of Mažeikių Elektrinė AB	-
	Member of the Board of Lietuvos Energija AB	-
Arvydas Galinis	Senior research specialist of the Energy Institute	-
Domininkas Pečiulis	Head of the State Property Management Department of the Ministry of Economy	-
	Chairman of the Board of Naftos Terminalas AB	-
	Member of the Board of Lietuvos Eksporto ir Importo draudimas UAB	-
Rolandas Jankauskas	-	-
Pranas Noreika	-	-

III. FINANCIAL STATUS**12. Balance Sheet*, LTL**

No	ASSETS	30/06/2004	31/12/2003
A.	LONG TERM ASSETS	1,036,888,941	201,806,696
I.	INTANGIBLE ASSETS	2,421,265	2,447,231
I.1.	Development costs		
I.2.	Patents, licences		
I.3.	Software	170,330	
I.4.	Other intangible assets	2,250,935	2,447,231
II.	PROPERTY, PLANT AND EQUIPMENT	1,032,962,928	197,815,545
II.1.	Land		
II.2.	Buildings	170,922,018	55,392,971
II.3.	Plant and machinery	752,496,834	91,275,263
II.4.	Vehicles	880,477	640,230
II.5.	Other fixtures, fittings, tools and equipment	58,897,788	10,143,183
II.6.	Construction in progress	49,765,811	40,363,925
II.7.	Other fixed assets		
III.	FINANCIAL ASSETS	1,504,748	1,543,920
III.1.	Amounts receivable after one year	1,504,748	1,543,920
III.2.	Other financial assets		
B.	CURRENT ASSETS	71,066,853	64,107,059
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS	29,978,567	35,284,135
I.1.	Inventories	28,173,840	35,059,593
I.1.1.	Raw materials and consumables	28,102,340	34,988,093
I.1.2.	Work in progress		
I.1.3.	Finished products		
I.1.4.	Goods purchased for resale	71,500	71,500
I.2.	Prepayments	1,804,727	224,542
I.3.	Contracts in progress		
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	17,292,205	25,056,066
II.1.	Trade debtors	16,794,384	21,777,998
II.2.	Other amounts receivable	497,821	3,278,068
III.	OTHER CURRENT ASSETS	2,464,999	2,930,221
III.1.	Short-term investment		
III.2.	Term deposits		
III.3.	Other current assets		
IV.	CASH AND CASH EQUIVALENTS	21,331,082	836,637
	TOTAL ASSETS	1,107,955,794	265,913,755

*Due to the changes in the accounting policies (after Business Accounting Standards of the Republic of Lithuania came into effect on 1 January 2004), the balance sheet of 30/06/2003 cannot be shown in the same comparative table with the data of 30/06/2004 and 31/12/2003.

No.	ASSETS	30/06/2003
A.	LONG TERM ASSETS	179,337,839
I.	FORMATION COSTS	
II.	INTANGIBLE ASSETS	178,727
II.1.	Research and development costs	
II.2.	Obtained rights	178,727
II.3.	Goodwill	
II.4.	Prepaid charges	
III.	PROPERTY, PLANT AND EQUIPMENT	177,544,578
III.1.	Land	
III.2.	Buildings	59,860,469
III.3.	Plant and machinery	83,248,797
III.4.	Vehicles	561,305
III.5.	Other fixtures, fittings, tools and equipment	3,319,870
III.6.	Leasing and similar rights	
III.7.	Other fixed assets	3,574,512
III.8.	Construction in progress and prepayments	26,979,625
IV.	LONG TERM FINANCIAL ASSETS	
V.	AMOUNTS RECEIVABLE AFTER ONE YEAR	1,614,534
B.	CURRENT ASSETS	61,426,070
I.	INVENTORIES AND CONTRACTS IN PROGRESS	27,288,060
I.1.	Inventories	27,288,060
I.1.1.	Raw materials and consumables	27,091,202
I.1.2.	Work in progress	22,598
I.1.3.	Finished products	
I.1.4.	Goods purchased for resale	71,500
I.1.5.	Immovable property intended for resale	
I.1.6.	Prepayments	102,760
I.2.	Contracts in progress	
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	17,192,273
II.1.	Trade debtors	16,240,945
II.2.	Other debtors	951,328
III.	INVESTMENTS AND TERM DEPOSITS	16,636,947
IV.	CASH AT BANK AND IN HAND	308,790
C.	ACCRUED INCOME AND DEFERRED CHARGES	462,889
	TOTAL ASSETS	241,226,798

No	OWN CAPITAL AND LIABILITIES	30/06/2004	31/12/2003
C.	OWN CAPITAL	1,052,630,788	210,029,766
I.	OWNER'S EQUITY	145,800,689	145,800,689
II.	REVALUATION RESERVE (RESULTS)	838,799,467	289,962
III.1.	RESERVES	56,360,042	45,788,620
III.2.	Legal reserve	6,910,546	6,001,094
III.3.	Other reserves	49,449,496	39,787,526
IV.	PROFIT (LOSS) BROUGHT FORWARD	11,670,590	18,150,495
IV.1.	Profit (loss) of the current year	11,670,590	18,150,495
IV.2.	Profit (loss) of the previous year		
D.	GRANTS AND SUBSIDIES	11,409,133	3,611,638
E.	AMOUNTS PAYABLE AND LIABILITIES	43,915,873	52,272,351
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND LONG TERM LIABILITIES	29,382,985	29,382,985
I.1.	Financial debts	29,382,985	29,382,985
I.1.1.	Leasing (financial leasing) and other similar liabilities		
I.1.2.	Trade creditors	29,382,985	29,382,985
I.1.3.	Other financial debts		
I.2.	Debts to suppliers		
I.3.	Prepayments received		
I.4.	Provisions		
I.5.	Deferred charges		
I.6.	Other amounts payable and long term liabilities		
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND SHORT TERM LIABILITIES	14,532,888	22,889,366
II.1.	Short term portion of long term debts	978,780	1,922,568
II.2.	Financial debts	88,300	
II.2.1.	Trade creditors	88,300	
II.2.2.	Other creditors		
II.3.	Debts to suppliers	5,745,574	15,559,112
II.4.	Prepayments received	2,780	13,795
II.5.	Profit tax liabilities	2,649,738	
II.6.	Remuneration, social security	1,111,353	579,504
II.7.	Provisions		
II.8.	Other amounts payable and short term liabilities	3,956,363	4,814,387
	TOTAL OWN CAPITAL AND LIABILITIES	1,107,955,794	265,913,755

EIL. NO	OWNER'S EQUITY AND LIABILITIES	30/06/2003
A.	CAPITAL AND RESERVES	208,330,112
I.	CAPITAL	145,800,689
II.	SHARE PREMIUM ACCOUNT	
III.1.	REVALUATION RESERVE	289,962
IV.	RESERVES	46,259,006
IV.1.	Legal reserve	6,001,094
IV.2.	Reserves not available for distribution	38,734,378
IV.3.	Reserves available for distribution	1,523,534
V.	PROFIT (LOSS) BROUGHT FORWARD	15,980,455
V.1.	Profit (loss) of the current year	15,980,455
V.2.	Profit (loss) of the previous year	
B.	FINANCING (GRANTS AND SUBSIDIES)	3,736,177
C.	PROVISIONS FOR LIABILITIES AND CHARGES	
D.	AMOUNTS PAYABLE AND LIABILITIES	28,994,688
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND LONG TERM LIABILITIES	17,928,972
I.1.	Financial debts	17,928,972
I.2.	Trade creditors	
I.3.	Prepayments received on contracts in progress	
I.4.	Other amounts payable and long term liabilities	
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND SHORT TERM LIABILITIES	11,065,716
II.1.	Short term portion of long term debts	886,543
II.2.	Financial debts	
II.3.	Trade creditors	3,804,418
II.4.	Prepayments received on contracts in progress	
II.5.	Taxes, remuneration, and social security payable	4,753,733
II.5.1.	Taxes	3,908,134
II.5.2.	Remuneration	376,685
II.5.3.	Social insurance	468,914
II.6.	Other amounts payable and long term liabilities	1,621,022
E.	ACCRUED CHARGES AND DEFERRED INCOME	165,821
	TOTAL OWNER'S EQUITY AND LIABILITIES	241,226,798

13. Income Statement, LTL

EIL. NO	ITEMS	2004, 1 ST HALF	2003, 1 ST HALF
I.	INCOME FROM SALES	83,720,422	85,643,105
II.	COSTS OF GOODS SOLD	66,947,631	64,253,331
III.1.	GROSS PROFIT (LOSS)	16,772,791	21,389,774
IV.	OPERATING EXPENDITURE	5,126,643	4,973,010
IV.1.	Sales	3,268,668	1,479,206
IV.2.	General and administrative	1,857,975	3,493,801
V.	OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	11,646,148	16,416,764
VI.	OTHER ACTIVITIES	306,073	108,777
VI.1.	Income	1,358,425	1,449,959
VI.2.	Expenditure	1,052,352	1,341,182
VII.	FINANCIAL AND INVESTMENT ACTIVITIES	(281,631)	2,239,973
VII.1.	Income	377,683	2,335,076
VII.2.	Expenditure	659,314	95,103
VIII.	OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES	11,670,590	18,765,514
IX.	EXTRAORDINARY GAIN		65,089
X.	EXTRAORDINARY LOSS		30,068
XI.	PROFIT (LOSS) BEFORE TAXES	11,670,590	18,800,535
XII.	INCOME TAX		2,820,080
XIII.	NET PROFIT (LOSS)	11,670,590	15,980,455

14. Explanatory Notes

The public company Lietuvos Elektrinė AB was registered with the Ministry of Economy on 31 December 2001 in accordance with the Law on the Register of Enterprises of the Republic of Lithuania.

- Company registration No: BĮ 01-249;
- Company code: 1087093;
- VAT payer's code: 108709314;
- The code of the insured: 3853488;
- Registered office: 21 Elektrinės St. 21, Elektrėnai, Republic of Lithuania;
- The company's authorized capital: LTL 145,800,689;
- The company aims to ensure reliable and efficient supply, transmission and distribution of electricity and thermal energy of high quality;

The company's financial year is the calendar year. The projected period of economic and business activities is unlimited.

The analysis of the balance sheet data as of 30 June 2004 revealed that the company's long term assets, compared to those of 31 December 2003, augmented from LTL 201,807 thousand to LTL 1,036,889 thousand, i.e. by LTL 835,082 thousand. The value of the fixed assets increased due to their revaluation at the market price. Amounts receivable after one year underwent hardly any changes. These amounts reflect the indebtedness of the plant's employees for the flats acquired in 2001 under the collective agreement by the decision of the Board of the special purpose public company Lietuvos Energija. The debt must be covered in 25 years.

Starting from the end of 2003 to 30 June 2004, the inventories decreased from LTL 35,284 thousand to LTL 29,979 thousand, i.e. by LTL 5,305 thousand. This decrease was caused by the decreased amounts of raw materials and consumables, i.e. stocks of fuel (orimulsion), but prepayments increased by LTL 1,580 thousand.

As of 30 June 2004, the amounts receivable within one year went down from LTL 25,056 at the end of 2003 to LTL 17,292 thousand, i.e. by LTL 7,764 thousand. The major debt is with Lietuvos Energija AB for the sold capacity reserve and electricity.

Compared to the end of 2003, the amounts of cash in hand and at bank increased considerably, from LTL 837 thousand to LTL 21,331 thousand.

The share capital of Lietuvos Elektrinė AB comprises LTL 145,800,689. After long term assets had been appraised at the market value, the revaluation reserve of LTL 839 thousand was formed.

Grants and subsidies reflect the assets of LTL 3.6 m obtained free of charge according to the Swiss aid programme and LTL 7.8 m in cash obtained from the National Fund for Decommissioning of Ignalina nuclear power plant.

On 30 June 2004, amounts payable and liabilities of Lietuvos Elektrinė AB reduced by LTL 8,356 thousand. Financial liabilities payable after one year, compared to those at the end of 2003, remained unchanged. These include the loan obtain with the state guarantee from the World Bank and the credit of EUR 3,765,000 extended in 2003 by the bank NORD/LB Lietuva AB for the construction of desulphurisation equipment. The maturity of the loan is on 1 May 2013.

Amounts payable within one year and short-term liabilities decreased by LTL 8,356 thousand. Liabilities to suppliers also decreased. The major debt in the amount of LTL 3,056 is to Lietuvos Dujos AB for gas. It is to be covered by 14 July 2004.

During the first half of 2004, Lietuvos Elektrinė AB generated income of LTL 83,720 thousand for the goods sold and services rendered. It is mainly the income for the sold capacity reserve, electricity and thermal energy. Besides its main operations, the Lithuanian power plant generated income from ancillary activities, such as dispenser services for Lietuvos Energija AB and storage of fuel oil reserve.

In the first half of 2004, due to the fluctuations in the US dollar rate, Lietuvos Elektrinė AB suffered a loss of LTL 282 thousand, because settlement of the amounts payable for the gas consumed is carried out in the US dollars.

The operating result of the first half of 2004 was a profit of LTL 11,670 thousand before taxes.

15. Information about the audit

The Semi-Annual Report and the financial statements of Lietuvos Elektrinė AB for the first half of the financial (business) year 2004 has not been performed.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES

16. Material events in the issuer's activities

On 28 April 2004, the Annual General Meeting of Lietuvos Elektrinė AB shareholders was held. The meeting resolved to:

1. take into consideration the Auditor's Conclusion and the Auditor's Report when approving the Annual Report and the annual financial statements for the year 2003;
2. approve the company's Annual Report 2003;
3. approve the company's annual financial statements for the year 2003;
4. approve the draft profit appropriation. It was resolved to pay dividends to the shareholders in the amount of LTL 7 275 613;
5. approve the new wording of the company's Articles of Association;
6. remove Faustas Juška and Rimantas Cicėnas from the Supervisory Board;
7. elect Nijolė Bujauskienė and Marija Siniavska to the company's Supervisory Board;
8. elect the audit firm Deloitte & Touche UAB to conduct the audit of the company's financial statements for the years 2004 and 2005 and approved the conditions of payment for audit services.

During the first quarter of 2004, Lietuvos Elektrinė AB earned an unaudited profit of LTL 6.112 m before taxes.

During the first half of 2004, Lietuvos Elektrinė AB earned an unaudited profit of LTL 11.67 m before taxes.

17. Court (arbitration) proceedings

During the reporting period, no court (arbitration) proceedings likely to have had or to have a material effect on the financial position of Lietuvos Elektrinė AB took place.