

*PUBLIC COMPANY LIETUVOS ELEKTRINĖ*  
*Annual Prospectus – Report 2005*

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## I. GENERAL PROVISIONS

### 1. Reporting period covered by this Annual Prospectus -Report

The Annual Prospectus-Report is prepared for the year 2005.

### 2. Main data about the issuer

Name of the Company	Public Company (AB) <b>Lietuvos Elektrinė</b>
Code	1108 70933
Authorised capital	LTL 145 800 689
Address	Elektrinės St. 21, LT- 26108, Elektrėnai
Telephone	(+370~528) 39 066
Fax	(+370~528) 39 733
E-mail address	info@lelektrine.lt
Internet website	<a href="http://www.lelektrine.lt">www.lelektrine.lt</a>
Legal and organisational 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
Register, in which data about the Company are stored	Register of Legal Entities

### 3. Type of the issuer's principal activities

AB Lietuvos Elektrinė operates in the energy sector. The Company produces and sells electricity and thermal energy.

### 4. Information about where and how one can access the Report and its supporting documents and the designation of the means of mass media to announce information

The Report and the supporting documents, on the basis whereof it has been drawn up, may be accessed at the Company's registered office at Elektrinės St. 21, Elektrėnai and at the financial brokerage firm AB "Finasta", Konstitucijos Ave. 23, Vilnius.

The means of mass media: the daily "Lietuvos Rytas"; the Lithuanian News Agency ELTA.

### 5. Persons responsible for the accuracy of the information in the Report:

#### 5.1. The issuer's employees and the Head of the Administration

Pranas Noreika, Director General, tel. (8~528) 33 250, fax (8~528) 39 733

Rolandas Jankauskas, Chief Financier, tel. (8~528) 33 743, fax (8~528) 39 733

5.2. The Annual Prospectus – Report was drawn up by Asta Krušnauskaitė, corporate advisor of the financial brokerage firm AB "Finasta" (Konstitucijos Ave. 23, Vilnius, tel. (+370~5) 278 68 44, fax. (+370~5) 210 24 74), on the basis of the information provided by the issuer.

**6. 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.**

AB Lietuvos Elektrinė, represented by Pranas Noreika, Director General, and Rolandas Jankauskas, Chief Financier, hereby confirm 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

\_\_\_\_\_

The financial brokerage firm AB "Finasta", represented by Asta Krušnauskaitė, corporate advisor, confirms that the Report contains accurate information as presented to AB "Finasta" by the employees and managers of AB Lietuvos Elektrinė. AB "Finasta" is responsible for the proper disclosure of the presented facts. AB Lietuvos Elektrinė is responsible for the accuracy of the information presented.

**Asta Krušnauskaitė**, corporate consultant of AB "Finasta"

\_\_\_\_\_

Date of signing of the Report: 24 May 2006

Place of drawing up of the Report: AB "Finasta" (Konstitucijos Ave. 23, Vilnius)

## II. DATA ABOUT THE ISSUER'S AUTHORISED CAPITAL AND THE SECURITIES ISSUED

### 7. The issuer's authorized capital

7.1. The authorized capital as registered in the Register of Legal Entities

Table 7.1.1. Composition of the authorised capital.

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Portion in the authorised capital, %
Ordinary registered shares	145,800,689	1	145,800,689	100.00

All shares of AB Lietuvos Elektrinė are fully paid up.

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

The Company issued no debt securities or derivatives, convertible into shares.

### 8. Shareholders

The Annual General Meeting (AGM) of AB Lietuvos Elektrinė shareholders was held on 25 April 2006. The Registration Day: 19 April 2006.

Number of shareholders: 4 717.

Table 8.1. Shareholders who held title to more than 5 percent of the issuer's authorized capital or votes on the Registration Day.

Name of the shareholder (type, address of registered office and code of the enterprise)	Number of ordinary registered shares the shareholder holds by the right of ownership, units	Portion of the authorised capital held, %	Portion of the votes attaching to the shares held by the right of ownership, %	Portion of votes held by the shareholder together with the persons acting in concert, %
The state, represented by the Ministry of Economy of the Republic of Lithuania 38/2 Gedimino St., Vilnius 1886 21919	140,684,381	96.49	96.49	----

### 9. Main characteristics of the shares issued for public trading

On 22 December 2001, the Securities Commission registered 150,743,012 ordinary registered shares of AB Lietuvos Elektrinė of one litas nominal value (Act No. AB-5018). The Company's shares were issued for the formation of the authorised capital at the time of the Company founding after reorganisation of the special purpose public company "Lietuvos Energija" following the company division method. The Company was registered on 31 December 2001.

In 2003, the authorised capital of AB Lietuvos Elektrinė was reduced by LTL 4,942,323, i.e. by the value of the property transferred to Elektrėnai municipality when reducing the number of shares held by the state in AB Lietuvos Elektrinė. Amendments to the Articles of Association were registered on 9 May 2003.

After the reduction, the Company's authorized capital amounts to LTL 145,800,689. It is divided into 145,800,689 ordinary registered shares of LTL 1 nominal value.

**10. Data about the shares offered for private placement**

There were no private placements of shares.

**11. Information about depositary receipts representing shares**

No depositary receipts representing shares were issued.

**12. Main characteristics of the debt securities issued for public trading**

No debt securities were issued for public trading.

**13. Data about the debt securities offered for private placement**

No debt securities were offered for private placement.

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

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

### III. DATA ABOUT THE SECONDARY TRADING IN THE ISSUER'S SECURITIES

#### 15. Securities admitted to the trading lists of the stock exchanges

Shares of AB Lietuvos Elektrinė are on the Current List of the Vilnius Stock Exchange (hereinafter – VSE).

Table 15.1. Main characteristics of the shares of AB Lietuvos Elektrinė.

Type of shares	ISIN code	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000126351	145,800,689	1	145,800,689

#### 16. Trading in the issuer's securities on the VSE and other organized markets

##### 16.1. Traded on the VSE

Table 16.1.1. Trading in the Company's shares, 2004 – 2005

Reporting period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	Highest	Lowest	Last session	Highest	Lowest	Last session		units	LTL
2004, 1 <sup>st</sup> quarter	2.22	1.49	2.15	75,870.67	210.63	8,117.24	31.03.2004	530,302	1,001,155.92
2004, 2 <sup>nd</sup> quarter	3.94	2.15	2.80	195,166.45	-	1,430.80	30.06.2004	464,361	1,243,807.67
2004, 3 <sup>rd</sup> quarter	3.50	2.64	3.30	344,154.00	-	10,116.50	30.09.2004	395,184	1,163,548.06
2004, 4 <sup>th</sup> quarter	4.83	3.06	4.80	159,420.00	-	15,283.10	31.12.2004	255,039	912,403.98
2005, 1 <sup>st</sup> quarter	5.35	4.00	4.20	75,901.77	-	21,505.68	31.03.2005	183,240	846,325.59
2005, 2 <sup>nd</sup> quarter	4.25	3.56	3.90	46,434.87	-	1,170.00	30.06.2005	143,800	562,559.57
2005, 3 <sup>rd</sup> quarter	4.68	3.80	4.25	61,680.00	-	61,680.00	30.09.2005	140,580	590,543.17
2005, 4 <sup>th</sup> quarter	4.80	3.75	4.02	99,252.06	-	144.72	31.12.2005	263,696	1,089,314.68



Fig. 16.1. Trading in the Company's shares 01.01.2004 – 31.12.2005

##### 16.2. Trading on other exchanges

Shares of AB Lietuvos Elektrinė are not traded on any other exchanges.



### 16.3. Trading on other organised markets

Shares of AB Lietuvos Elektrinė are not traded on any other organised markets.

## 17. Capitalization of securities

Table 17.1. Capitalization of ordinary registered shares of AB Lietuvos Elektrinė

Date of the last session	Capitalization (LTL)
31.03.2004	313,471,481.35
30.06.2004	408,241,929.20
30.09.2004	481,142,273.70
31.12.2004	699,843,307.20
31.03.2005	612,362,893.80
30.06.2005	568,622,687.10
30.09.2005	619,652,928.25
31.12.2005	586,118,769.78

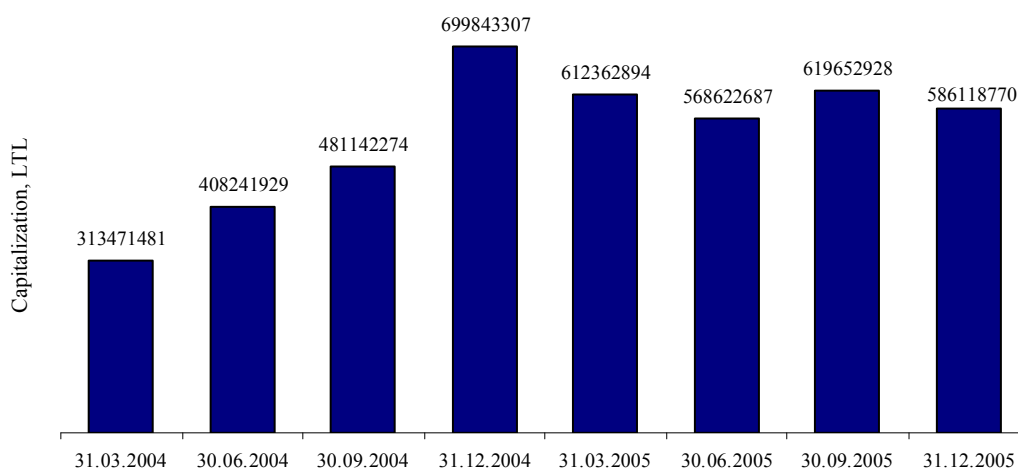


Fig. 17.1. Capitalization of the Company's shares, LTL

## 18. Trading in the issuer's securities on the OTC market

As the securities issued by AB Lietuvos Elektrinė are admitted to the Current List of the Vilnius Stock Exchange, OTC trades are allowed only if settlement is made in kind (by donation, inheritance, exchange). Settlement in cash is possible only in the case of REPO trades.

Table 18.1. OTC trades in the ordinary registered shares of AB Lietuvos Elektrinė

Reporting period	Settlement in cash					Settlement in kind	
	Price, LTL		Price, LTL	Amount, LTL	Number of trades	Number of securities	Number of trades
	Highest	Lowest					
2004, 1 <sup>st</sup> quarter	1.30	1.00	79,451	92,596	5	16,299	25
2004, 2 <sup>nd</sup> quarter	1.40	1.10	54,541	65,486	4	8,819	23
2004, 3 <sup>rd</sup> quarter	2.10	1.15	151,559	221,151	14	16,645	15
2004, 4 <sup>th</sup> quarter	3.33	1.27	115,639	206,491	11	3,355	13

Table 18.1. Continued

Reporting period	Settlement in cash					Settlement in kind	
	Price, LTL		Price, LTL	Price, LTL	Price, LTL	Price, LTL	Price, LTL
	Highest	Lowest					
2005, 1 <sup>st</sup> quarter	3.45	1.14	26,714	52,567	7	3,137	5
2005, 2 <sup>nd</sup> quarter	3.22	1.90	31,869	89,730	7	2,774	6
2005, 3 <sup>rd</sup> quarter	-	-	-	-	-	7,756	20
2005, 4 <sup>th</sup> quarter	3.18	2.89	6,503	19,594	4	5,348	15

### 19. Data about the issuer's buying up of own shares

During the reporting period no buying up of own shares was carried out by AB Lietuvos Elektrinė.

### 20. Indication of a tender offer

No tender offer to acquire shares of the Company was made during the reporting period. Neither did the issuer announce a tender offer to acquire securities issued by other entities.

### 21. The issuer's paying agents

AB Lietuvos Elektrinė signed agreements with the financial brokerage firm AB "Finasta" (Konstitucijos Ave. 23, Vilnius, tel. (+370~5) 278 68 44, fax (+370~5) 210 24 74) concerning payment of dividends to the shareholders for the financial years 2002–2005.

### 22. Agreements with intermediaries of public trading in securities

AB Lietuvos Elektrinė signed agreements with the financial brokerage firm AB "Finasta" (Konstitucijos Ave. 23, Vilnius) concerning management of securities accounting and payment of dividends to the shareholders for the financial years 2002–2005.

## IV. DATA ABOUT THE ISSUER'S ACTIVITY

### 23. Legal basis for the issuer's activity

Main legal acts regulating the issuer's activities:

- Law on Companies of the Republic of Lithuania;
- Law on Securities Market of the Republic of Lithuania;
- Law on Electricity of the Republic of Lithuania;
- Other legal acts of the Republic of Lithuania;
- The Company's Articles of Association.

### 24. Membership in associated structures

AB Lietuvos Elektrinė is a member of the **National Electric Energy Association**, which represents common interests of the European electric energy traders and producers (EUROELECTRIC). The Association is a voluntary organisation, representing and defending interests of electricity producers and suppliers, organisations and other associated energy structures as well as of individual entities acting in the sector of electricity production, transmission and energy construction. The Association organises seminars and meetings on urgent issues of the reorganisation of the energy sector. The Company participates in this organisation by right of membership; it pays a membership fee. Representatives of the Company are not members of the managing bodies of this organisation and they do not participate in its capital.

### 25. Brief description of the issuer's history

AB Lietuvos Elektrinė was founded as a result of a reorganisation of the special purpose public Company AB "Lietuvos Energija" applying the company division method. The newly founded Company AB Lietuvos Elektrinė was registered with the Ministry of Economy of the Republic of Lithuania on 31 December 2001.

Building of the Lithuanian power plant began in July of 1960. The initial projected capacity of the power plant was 1200 MW to be generated by 4 units, comprising steam boilers with a capacity of 500 t/h, turbines with a capacity of 150 MW and electric generators with a capacity of 150 MW and 2 units, comprising steam boilers with a capacity of 950 t/h, turbines with a capacity of 300 MW and electric generators with a capacity of 300MW. The first 150 MW capacity unit of the power plant was launched 28 months from the beginning of the construction, on 30 December 1962. The second unit of the power plant of the same capacity became operational on 4 November 1963; the third – on 12 September 1964, and the fourth – on 8 August 1965. The fifth and the sixth units of the power plant were of double capacity – 300 MW each. They were launched on 22 June 1967 and on 30 June 1968 respectively. The construction of the power plant did not end with the targeted initial capacity reached. It was decided to build two more units of 300 MW capacity with the same type of equipment. The seventh unit with a capacity of 300 MW was launched on 29 December 1971 and the eighth unit of the same capacity became operational on 28 September 1972.

Construction of the power plant was completed when a capacity of 1800 MW was attained. Alongside with the power plant, power lines of 110- 330 kV voltage and sub-stations of 330 kV voltages were built to transmit the electricity produced by the plant. In 1973 the Lithuanian power plant generated 90 percent of all electricity produced in Lithuania. Since 1992 the power plant has mainly operated as an alternate capacity reserve in the energy system of Lithuania.

After decommissioning of the Ignalina nuclear power plant in 2009, the Company will become the major supplier of electricity in Lithuania. As the energy units have to be prepared to start work in full capacity before the closure of the second power unit of the Ignalina nuclear power plant, AB "Lietuvos Elektrinė" has to undergo modernisation: combustion product purification facilities, new burners, a state-of-the-art management and control system will be installed. The modernisation projects will be financed from the

EU Ignalina NPP Decommissioning Support Fund (57 %) and from the State INPP Decommissioning Fund (10 %), the remaining part to be covered by Lietuvos Elektrinė itself. In June 2003, the Company signed the agreement with the Swedish consulting firm *SwedPower* concerning preparation of tender documents for technical and environmental renovation project of AB Lietuvos Elektrinė.

## 26. Characteristics of the production

AB Lietuvos Elektrinė produces and sells electricity and thermal energy.

Table 26.1. General sales volume in kind, 2003–2005

	2003	2004	2005
Electricity sold, thousand kWh	645,192	664,337	972,110
Thermal energy produced, Gcal	152,599	162,882	150,024
Cold capacity reserve, MWh	8,297,527	7,423,148	4,852,150
Warm capacity reserve, MWh	412,809	685,018	470,226

Table 26.2. General sales volume in terms of value, 2003–2005

Indicators	2003		2004		2005	
	LTL thousand	%	LTL thousand	%	LTL thousand	%
Electricity	88,463	51.06	90,040	51.25	118,347	58.31
Thermal energy	8,575	4.95	9,225	5.25	8,498	4.19
Cold capacity reserve	69,723	40.25	69,949	39.82	69,589	34.29
Warm capacity reserve	6,477	3.74	6,457	3.68	6,524	3.21
Total	173,238	100.00	175,671	100.00	202,958	100.00

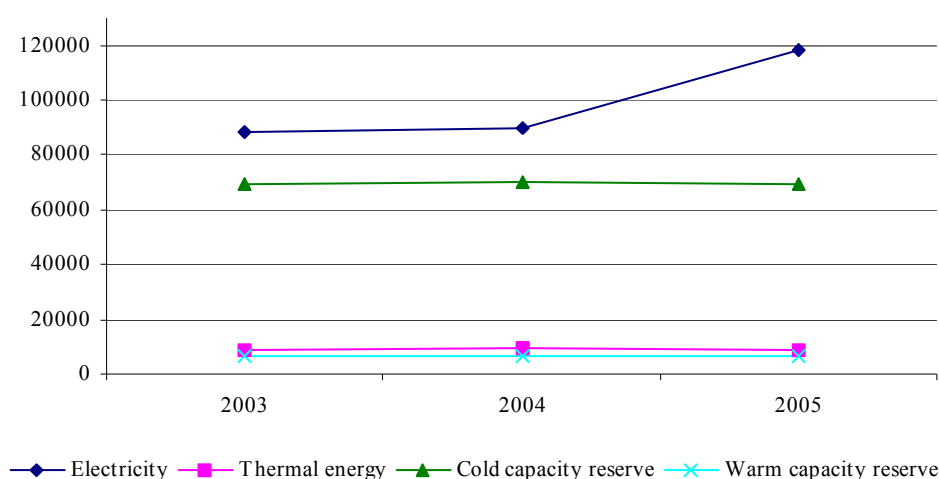


Fig. 26.1. The Company's sales volume in 2003–2005

Table 26.3. Average prices, 2003–2005

	2003	2004	2005
Quota electricity LTL/kWh	0.1352	0.1352	0.1300
Warm capacity reserve LTL/MW	8.45	8.45	8.56
Cold capacity reserve LTL/MW	7.90	7.90	8.00
Thermal energy LTL/Gcal	56.64	56.64	56.64

Table 26.4. Ratios characterizing the issuer's activity

Ratio	IFRS		BAS	
	2005	2004 (adjusted)	2004	2003
Profit margin= net profit / sales * 100	8.49%	-	6.74%	10.50%
Return on assets= net profit / (assets at the beg. of period + assets at the end of period) /2 *100	1.40%	-	1.71%	7.00%
Debt ratio= liabilities / assets	0.24	0.18	0.06	0.21
Debt-Equity ratio = liabilities / equity	0.31	0.22	0.06	0.27
Current ratio= current assets / current liabilities	0.99	3.27	4.65	2.80
Total assets turnover= sales / assets	0.15	0.16	0.16	0.65
Book value per share= equity / number of shares	LTL 7.03	LTL 6.27	LTL 7.21	LTL 1.44
Net profit per share= net profit / number of shares	LTL 0.12	-	LTL 0.08	LTL 0.12

## 27. Sales markets

Table 27.1. Sales volume in 2003–2005

Consumer of the production	Unit of measurement	2003	2004	2005
Total electricity	KWh, thousand	645,192	664,337	972,110
including:				
AB “Lietuvos Energija”	“	643,979	662,777	970,850
Other consumers	“	1,213	1,560	1,260
Total thermal energy	Ggcal	152,599	162,882	150,024
including:				
- AB “Kietaviškių gausa”	“	83,488	83,812	75,831
-Elekrėnai municipality	“	64,297	74,427	71,087
- other consumers	“	4,814	4,643	3,106

A yearlong agreement was signed with AB “Lietuvos Energija”; long-term agreements signed with other consumers.

## 28. Procurement

Fixtures, consumables, repair and construction works and other services are procured in accordance with the Law Amending the Law on Public Procurement of the Republic of Lithuania under the simplified procurement procedure, approved by the Company's Board. Short term and one off agreements have been signed.

The main supplier of fuel for production purposes is AB “Lietuvos Dujos”. The procurement is based on a one-year-long agreement; the price has been also set for one year, the same as in previous years. Therefore, the electricity and the price of thermal energy will depend on that of the main component, i.e. the fuel price. The Company buys another type of fuel, orimulsion, from the Venezuelan Company Bitor Europe under the grounds of a long term (until 2012) fuel procurement agreement.

## 29. Immovable property and other main facilities

AB Lietuvos Elektrinė is located in Elektrėnai, Vilnius County, Elektrėnai municipality (at Elektrinės St. 21), within a distance of 40–50 km from Vilnius and Kaunas. A highway Vilnius–Klaipėda is 2 km North of the power plant. A ten-kilometres' long rail spur connects the plant with Kaugonys railway station.

Lietuvos Elektrinė was built in-between 1960–1972 in the Elektrėnai industrial area. Currently no other major industrial enterprises are located in this territory.

The land plot was leased under the Lease Agreement No. 268 of 13 October 1995, taking under lease a plot of the state land to be used for the purposes other than agriculture.

Table 29.1. Main buildings and constructions as of 31 December 2005

Name	Functional purpose	Year of building	Status	Initial value, LTL thousand
Main building	The building housing all power units	1962	Very good	140,575

Table 29.2. Construction in progress as of 31 December 2005

Name of the project	Functional purpose	Beginning/end of construction	Project value (LTL, thousand)	Construction in progress (LTL, thousand)
Construction of desulphurisation filter	Purification of fume from sulphur	2003 – 2005	EUR 13.6 million	45,555

### 30. Risk factors related to the issuer's activity

**Economical risk factors.** AB Lietuvos Elektrinė is an enterprise producing electricity. Its potential competitors are other enterprises producing electricity.

**Political risk factors.** AB Lietuvos Elektrinė is functioning in the energy sector. Production and sales of electricity in Lithuania are subject to more stringent regulations of the state than any other branch of economy. The order of production and sales of electricity in Lithuania is regulated by the Law on Electricity of the Republic of Lithuania as of 20 July 2000 (No. VIII-1881). Frequent amendments to laws and other legal acts regulating enterprise activities produce a negative impact on the operation of AB Lietuvos Elektrinė, the same as on that of other companies.

The state regulates electricity prices. The Government's practice to solve social problems by fixing too low energy prices for consumers also has a negative effect. The state, represented by the Ministry of Economy, holds 96.51 percent of the Company's capital by the right of ownership, therefore the state representatives are in a position to easily control management of the Company.

**Social risk factors.** Trade unions and professional organisations operate within the power plant; the Collective Agreement ensures the employees a variety of social guarantees.

**Technical and technological risk factors.** Main buildings and energy units are technically in order. One of the power units contains a modern computerised management system. Starting from 1992, it was mostly one power unit that was operated at a minimum capacity. The power plant had to maintain equipment in good order in order to be able to launch the power plant to its full capacity at any moment. After decommissioning of the first power unit of the Ignalina nuclear power plant, the targeted increase in the production of electricity in AB "Lietuvos Elektrinė" is up to 4 billion kWh per year, starting with the year 2005. Such a volume of electricity can be produced by the three units with a capacity of 300 MW each, as their efficiency is higher. Later the production will grow to embrace all units of the plant, generating an aggregate amount of up to 10 billion kWh per year. The main parameters of the Lithuanian power plant correspond to the parameters of modern power plants. The efficiency of the power plant may be further increased by 2–3 percent with a help of cheap measures by way of modernization of certain parts of the basic or supporting equipment. This type of work is performed every year. During the last 10 years LTL 500 million were spent on modernisation.

### Ecological risk factors.

Table 30.1. Pollutants emitted into the atmosphere

Pollutants		Current Emissions		
Type of pollutant	Code	From 1 January 2005 to 31 December 2005		
		One-off amount		Annual, t/m
		Unit	DLT	
Sulphur dioxide (A)	1753	mg/Nm <sup>3</sup>	1,700	3,612.98
Nitrogen oxides (A)	250	mg/Nm <sup>3</sup>	450,	957.246
Carbon monoxide (A)	177	mg/Nm <sup>3</sup>	300	142.929
Solid particles (A)	6493	mg/Nm <sup>3</sup>	100	2.659
Including V <sub>2</sub> O <sub>5</sub> (A)	2023	mg/Nm <sup>3</sup>	-	2.211
Total according to the type of activity:				4,719.66

During 2005 AB Lietuvos Elektrinė combusted 280 969 thousand m<sup>3</sup> gas, 1,914 tonnes of fuel oil and 86,160 tonnes of orimulsion. In 2005, compared with the emissions in 2004, an increase in emissions of all pollutants was observed, except V<sub>2</sub>O<sub>5</sub>, which went up only slightly – from 2.21 tonnes in 2004 to 2.659 tonnes in 2005. It was caused by heavier fuel consumption during the repair works at the Ignalina nuclear power plant. In 2004, the plant burnt 55,501 tonnes of orimulsion, while in 2005 this amount reached 86,160 tonnes.

### Payment of bank loans

Table 30.2. Payment of bank loans

	2005	2004
Loan from the bank “Nord/LB”, denominated in EUR, payable until 1 May 2013; annual interest rate equals 12 months LIBOR plus 0.84 % margin	12,999,792	12,999,792
Overdraft from the bank “Hansabankas”, denominated in LTL, payable until 1 July 2009 4.35 %; annual interest rate equals 12 months LIBOR plus margin.		14,657,198
	12,999,792	27,656,990
Bank loans will be paid according to the following schedule:		
First year		3,000,000
Second year		3,000,000
Third year		3,000,000
Fourth year		3,000,000
Fifth year	3,714,225	2,657,198
After five years	9,285,567	12,999,792
	12,999,792	27,656,990
Current portion		3,000,000
Long term portion	12,999,792	24,656,990
	12,999,792	27,656,990

### 31. Halts or reductions of production that have exercised or are exercising material impact on the results of the issuer during the last two financial years

During the last two financial years no instances of complete halt of production took place.

### 32. Patents, licenses, contracts

The activity of AB Lietuvos Elektrinė is licensed (production of electricity and thermal energy).

### 33. 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 AB Lietuvos Elektrinė took place

### 34. Staff

Table 34.1. Enrolment of employees, 2003–2005 (as of 31 December)

	2003	2004	2005
Number of employees	818	791	744
Managers	4	4	3
Specialists	216	216	203
Workers	598	571	538

Table 34.2. Average monthly salary by employee groups, 2003– 2005

Employee groups	Average remuneration 2003 (LTL)	Average remuneration 2004 (LTL)	Average remuneration 2005 (LTL)
Managers	9 380	10 841	11 907
Specialists	1 946	2 079	2 487
Workers	1 561	1 669	1 939
<b>Total:</b>	1 705	1 830	2 137

Table 34.3. Breakdown of the staff by education, 2003– 2005

Number of employees with:	2003	2004	2005
higher education	203	183	174
vocational education	188	167	163
secondary education	363	344	346
incomplete secondary	64	55	38

### 35. Investment policy

AB Lietuvos Elektrinė has not invested more than 30 percent of its authorised capital into any enterprise, nor are there any enterprises in the authorised capital of which the issuer's part comprises more than 30 percent.

In 2005, all investments were financed from the accrued depreciation funds and loans.

Table 35.1. Investment absorption in 2005, LTL thousand

No	Project description	PLANNED FOR 2005	ABSORBED IN 2005
	<b>I. IMPLEMENTED PROJECTS</b>		
1.1.	Replacement of 0.4 kV dispenser equipment in units 1-4		988
1.2.	Units 5-8. Replacement of 6 kV oil switches by vacuum switches; replacement of protectors by digital protectors		846
1.3.	A new fuel oil tank of 5000 m <sup>3</sup> capacity was built	260	278



Table 35.1. Continued

No	Project description	PLANNED FOR 2005	ABSORBED IN 2005
1.4.	Electrolyser		38
1.5.	Replacement of the inner body of TMS-5		1,004
1.6.	Unit 8. Fume purification (desulphurisation equipment and solid particle filter)	2,742	1,001
	<b>II. ON-GOING PROJECTS</b>		
2.1.	Fume purification (desulphurisation equipment and solid particle filter)	8,297	8,297
2.2.	Installation of burners of low nitrogen oxide output is projected for boilers 1, 2, 5A, 5B, 7A, 7B, 8A, and 8B and modernization of regenerative air heaters for boilers 5A, 5B, 6A, 6B, 7A, 7B, 8A, and 8B	20,504	20,504
2.3.	Modernization of regenerative air heaters for boilers 5A, 5B, 6A, 6B, 7A, 7B, 8A and 8B	4,259	4,259
2.4.	Modernization of control system in units 5, 7 and 8.	5,467	5,467
2.5.	Replacement of one turbo pump (TMS-6) by a new one	612	934
2.6.	Refurbishment of the main building	200	0
2.7.	Upgrading of computer and local network equipment	100	0
2.8.	Equipment not requiring installation	1,000	2,218
2.9.	New water tank of 2000 m3 capacity	1,147	749
2.10.	Renovation of 1.2 km railway track and of roads 101 and 108	3,200	2,479
	<b>TOTAL: I AND II:</b>	49,382	50,667

The objective of the investment measures to be implemented in 2006 aim at launching environmental protection and related technical projects, for the plant to be properly prepared to substitute the capacities of the Ignalina nuclear power plant after its decommissioning.

It is projected to complete installation of the desulphurisation equipment in boiler 8B and carry out the following environmental and modernisation projects:

1. Modernize regenerative air heaters for boilers 5A, 5B, 6A, 6B, 7A, 7B, 8A and 8B of 300 MW capacity. To complete the work, a contract was signed with RAFAKO (Poland) on 20 April 2005;
2. Upgrade burners of low nitrogen oxide output for boilers 1, 2, 5A, 5B, 7A, 7B, 8A, and 8B. A contract was signed with EMERSON Process Management (Switzerland) on 20 April 2005.
3. Mount burners of low nitrogen oxide output for boilers 1, 2, 5, 7, 8. A contract was signed with ALSTOM Power Ltd, Derby (England) on 30 June 2005.
4. Construct fume desulphurisation equipment and solid particle filters in boilers 7 and 8A. (1st stage in the financial years 2004-2006). A contract was signed with ALSTOM Power Sweden AB on 15 November 2005.
5. Project management. Final evaluation report of the tender documents was sent to the EBRD. Signing of the contract is planned in March 2006.

The first three projects will be financed from the National Ignalina NPP Decommissioning Support Fund and from own and borrowed funds of AB Lietuvos Elektrinė, while the other two projects will be financed from the International Ignalina NPP Decommissioning Fund which is administered by the European Bank of Reconstruction and Development (EBRD).

Other major projects to be financed from the funds of own investment include:

- Preparation of the ash pit for the desulphurised waste for K-8B;
- Personnel trainer (to train operators how to operate the modernized unit management systems);
- Assembly of new cooling equipment in units 7-8;
- Replacement of HRS and CRS control valves.

On-going projects to be continued:

- Renovation of 1.2 railway track and of roads 101 and 108;
- Mounting of a new water tank of 2000 m<sup>3</sup> capacity;
- Refurbishment of the main building.

### **36. Competitors**

Currently the main and only competitor on electricity sales market is the Ignalina nuclear power plant.

### **37. Dividends paid**

On 25 April 2003, the AGM of shareholders of AB Lietuvos Elektrinė was held, which motioned to allocate LTL 8.026 million for payment of dividends (5.3 cents per share).

The AGM held on 28 April 2004 decided to allocate LTL 7.276 million for payment of dividends (4.99 cents per share).

The AGM of AB Lietuvos Elektrinė shareholders of 26 April 2005 passed a resolution to pay LTL 4 735 674 as dividends (3.25 cents per share).

The AGM of AB Lietuvos Elektrinė shareholders of 25 April 2006 passed a resolution to use for the amount of LTL 4 983 508 for payment of dividends (3.42 cents per share).

## V. FINANCIAL STATUS

### 38. Financial statements

Balance Sheet, LTL

According to the International Financial Reporting Standards

ASSETS	31.12.2005	31.12.2004
LONG TERM ASSETS		
Tangible assets	1,054,419,403	1,030,592,189
Intangible assets	216,091,452	701,118
Long Term Receivables	1,344,295	1,413,821
Deferred taxes	206,820	140,250
TOTAL LONG TERM ASSETS	1,272,061,970	1,032,847,378
CURRENT ASSETS:		
Inventories	33,353,748	34,177,494
Amounts receivable and prepayments	20,945,566	24,651,292
Term deposits		21,000,000
Cash and Cash equivalents	14,092,527	2,282,933
TOTAL CURRENT ASSETS	68,391,841	82,111,719
<b>TOTAL ASSETS</b>	<b>1,340,453,811</b>	<b>1,114,959,097</b>

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
EQUITY:		
Share capital	145,800,689	145,800,689
Revaluation reserve	692,623,615	707,383,281
Legal reserve	7,502,505	6,910,546
Other reserves	54,091,852	49,135,664
Provisions for environmental pollution quota revaluation reserve	98,822,418	
Accrued profit	26,447,778	5,651,728
<b>TOTAL EQUITY</b>	<b>1,025,288,857</b>	<b>914,881,908</b>
SUBSIDIES	107,708,465	23,133,021
LONG TERM LIABILITIES:		
Bank loans	12,999,792	24,656,990
Financial leases	45,979	
Deferred tax liabilities	125,499,659	127,161,297
<b>TOTAL LONG TERM LIABILITIES</b>	<b>138,545,430</b>	<b>151,818,287</b>
CURRENT LIABILITIES:		
Debts	13,427,079	13,585,264
Remuneration, taxes, and social security	1,712,780	1,560,617
Current portion of profit tax liabilities	1,533,614	
Provisions for environmental pollution licence	52,199,792	
Bank loans		3,000,000
Financial leasing liabilities	37,794	
Financial derivatives		6,980,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>68,911,059</b>	<b>25,125,881</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,340,453,811</b>	<b>1,114,959,097</b>

## According to the Lithuanian Business Accounting Standards

	ASSETS	31.12.2004	31.12.2003
<b>A.</b>	<b>LONG TERM ASSETS</b>		
I.	INTANGIBLE ASSETS		
I.1.	Software	138,385	196,296
I.2.	Other intangible assets	562,733	2,250,935
		701,118	2,447,231
II.	TANGIBLE ASSETS		
II.1.	Buildings and constructions	175,032,646	55,392,971
II.2.	Property, plant and equipment	736,339,415	91,275,236
II.3.	Vehicles	842,297	640,230
II.4.	Other property, plant and equipment	72,451,225	7,850,928
II.5.	Construction in progress	48,303,598	40,363,925
II.6.	Other tangible assets		2,292,255
		1,032,969,181	197,815,545
III.	FINANCIAL ASSETS		
III.1.	Amounts receivable after one year	1,413,821	1,543,920
		1,413,821	1,543,920
	<b>TOTAL LONG TERM ASSETS</b>	<b>1,035,084,120</b>	<b>201,806,696</b>
<b>B.</b>	<b>CURRENT ASSETS</b>		
I.	INVENTORIES, PREPAYMENTS AND CONTRACT IN PROGRESS		
I.1.	Inventories	34,177,494	35,059,593
I.1.1.	Raw materials and completing products	34,177,494	34,988,093
I.1.2.	Goods for resale		71,500
I.2.	Prepayments	823,924	224,542
		35,001,418	35,284,135
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		
II.1.	Trade amounts receivable	21,567,047	21,777,998
II.2.	Other amounts receivable	2,260,321	3,278,068
		23,827,368	25,056,066
III.	OTHER CURRENT ASSETS		
III.1.	Term deposits	21,000,000	2,895,840
III.2.	Other current assets		34,381
		21,000,000	2,930,221
IV.	CASH AND CASH EQUIVALENTS	2,282,933	836,637
	<b>TOTAL CURRENT ASSETS</b>	<b>82,111,719</b>	<b>64,107,059</b>
	<b>TOTAL ASSETS</b>	<b>1,117,195,839</b>	<b>265,913,755</b>

	<b>EQUITY AND LIABILITIES</b>	<b>31.12.2004</b>	<b>31.12.2003</b>
<b>C.</b>	<b>EQUITY</b>		
I.	CAPITAL		
I.1.	Authorised (subscribed)	145,800,689	145,800,689
II.	REVALUATION RESERVE (RESULTS)	839,075,748	289,962
III.	RESERVES		
III.1.	Legal reserve	6,910,546	6,001,094
III.2.	Other reserves	48,126,760	39,787,526
		55,037,306	45,788,620
IV.	RETAINED EARNINGS (LOSSES)		
IV.1.	Profit (loss) of the reporting year	11,839,185	18,150,495
IV.2.	Profit (loss) of the previous year		
		11,839,185	18,150,495
	<b>TOTAL EQUITY</b>	<b>1,051,752,928</b>	<b>210,029,766</b>
<b>D.</b>	<b>GRANTS AND SUBSIDIES</b>	<b>23,133,021</b>	<b>3,611,638</b>
<b>E.</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>		
I.	AMOUNTS PAYABLE WITHIN ONE YEAR AND LONG TERM LIABILITIES		
I.1.	Financial debts	24,656,990	29,382,985
I.1.1.	Financial debts to credit institutions	24,656,990	29,382,985
		24,656,990	29,382,985
II.	AMOUNTS PAYABLE WITHIN ONE YEAR AND SHORT TERM LIABILITIES		
II.1.	Current portion of long term debts	3,000,000	1,922,568
II.2.	Debts to suppliers	11,334,268	15,559,112
II.3.	Prepayments received	56,715	13,795
II.4.	Taxes, remuneration, and social security payable	1,296,436	3,423,591
II.5.	Other amounts payable and short term liabilities	1,965,481	1,970,300
		17,652,900	22,889,366
	<b>TOTAL AMOUNTS PAYABLE AND LIABILITIES</b>	<b>42,309,890</b>	<b>52,272,351</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,117,195,839</b>	<b>265,913,755</b>

**Income Statement, LTL**

According to the International Financial Reporting Standards

	<b>2005</b>	<b>2004</b>
Sales income	202,958,526	175,670,559
Costs of sales	(175,070,921)	(148,819,910)
<b>GROSS PROFIT</b>	<b>27,887,605</b>	<b>26,850,649</b>
Operating profit (loss)	(13,117,755)	(22,596,667)
Other operating revenues	2,309,867	3,012,773
Other operating expenditure	(2,061,449)	(2,192,279)
Interest income	499,803	273,342
<b>OPERATING PROFIT</b>	<b>15,518,071</b>	<b>5,347,818</b>
Financing costs	(921,192)	(1,505,904)
Negative (positive) influence of changes in exchange rate of foreign currency	5,950,087	(8,741,648)
<b>PROFIT BEFORE TAXES</b>	<b>20,546,966</b>	<b>(4,899,734)</b>
Profit tax	(3,317,123)	128,661
<b>NET PROFIT (LOSS)</b>	<b>17,229,843</b>	<b>(4,771,073)</b>
<b>PROFIT (LOSS) PER SHARE</b>	<b>0.12</b>	<b>(0.03)</b>

According to the Lithuanian Business Accounting Standards

		<b>2004</b>	<b>2003</b>
I.	Income from Sales	175,670,559	173,237,601
II.	Costs of Sales	(148,848,327)	(143,963,502)
III.	<b>GROSS PROFIT</b>	<b>26,822,232</b>	<b>29,274,099</b>
IV.	Operating Costs	(10,417,924)	(9,151,025)
V.	<b>OPERATING PROFIT</b>	<b>16,404,308</b>	<b>20,123,074</b>
VI.	OTHER ACTIVITIES	856,514	580,411
VI.1.	Income	3,178,145	3,253,025
VI.2.	Expenditure	(2,321,631)	(2,672,614)
VII.	FINANCIAL AND INVESTMENT ACTIVITIES	(2,927,864)	922,601
VII.1.	Income	345,379	2,839,251
VII.2.	Expenditure	(3,273,243)	(1,916,650)
VIII.	<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>14,332,958</b>	<b>21,626,086</b>
IX.	EXTRAORDINARY GAIN		87,756
X.	EXTRAORDINARY LOSS		(266,501)
XI.	<b>PROFIT BEFORE TAXES</b>	<b>14,332,958</b>	<b>21,447,341</b>
XII.	PROFIT TAX	(2,493,773)	(3,258,308)
XIII.	<b>NET PROFIT</b>	<b>11,839,185</b>	<b>18,189,033</b>

## Statement of Changes in Equity, LTL

## According to the International Financial Reporting Standards

	PAID UP AUTHORISED CAPITAL	REVALUATION RESERVE OF LONG TERM TANGIBLE ASSETS	LEGAL RESERVE	OTHER RESERVES	ENVIRONMEN TAL POLLUTION QUOTA REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
BALANCE AS OF 31 DECEMBER 2003	145,800,689	289,962	6,001,094	39,787,526		18,150,497	210,029,768
Result of changing to IFRS		(289,962)		251,422		(4,169,518)	(4,208,058)
1 JANUARY 2004	145,800,689		6,001,094	40,038,948		13,980,979	205,821,710
Increase/ decrease in long term tangible assets		721,106,885					721,106,885
Net loss of the year						(4,771,073)	(4,771,073)
Dividend						(7,275,614)	(7,275,614)
Used reserves				(907,253)		907,253	
Legal reserve made			909,452			(909,452)	
Other reserves made				10,003,969		(10,003,969)	
Increase/ decrease in revaluation reserve due to depreciation and writing off or sale of revaluated assets		(13,723,604)				13,723,604	
BALANCE AS OF 31 DECEMBER 2004	145,800,689	707,383,281	6,910,546	49,135,664		5,651,728	914,881,908
Net profit of the reporting period						17,229,843	17,229,843
Dividend						(4,735,674)	(4,735,674)
Reserves made				6,511,552		(6,511,552)	
Reserves used				(1,555,364)		1,555,364	
Legal reserve made			591,959			(591,959)	
Increase/ decrease in revaluation reserve due to depreciation and writing off or sale of revaluated assets		(13,850,028)				13,850,028	
Increase in deferred profit tax liability, related to revaluated long term assets, due to change in profit tax tariff		(909,638)					(909,638)
Revaluation of unused environmental pollution quotas					98,822,418		98,822,418
BALANCE AS OF 31 DECEMBER 2005	145,800,689	692,623,615	7,502,505	54,091,852	98,822,418	26,447,778	1,025,288,857



## According to the Lithuanian Business Accounting Standards

	PAID UP AUTHORISED CAPITAL	REVALUATION RESERVE OF LONG TERM TANGIBLE ASSETS	LEGAL RESERVE	OTHER RESERVES	PROFIT BEFORE APPROPRIATION	TOTAL
BALANCE AS OF 31 DECEMBER 2002 (UNAUDITED)	150,743,012	289,962	4,997,832	29,481,596	20,065,236	205,577,638
Net profit of the reporting period					18,189,033	18,189,033
Dividend					(8,026,094)	(8,026,094)
Other payments					(661,000)	(661,000)
Other payments					(107,488)	(107,488)
Reserves used				(68,950)	68,950	
Legal reserve made			1,003,262		(1,003,262)	
Other reserves made				10,374,880	(10,374,880)	
Increase/decrease of the authorised capital	(4,942,323)					(4,942,323)
BALANCE AS OF 31 DECEMBER 2003 (UNAUDITED)	145,800,689	289,962	6,001,094	39,787,526	18,150,495	210,029,766
Increase of the value of long term tangible assets		838,785,786				838,785,786
Net profit of the reporting period					11,839,185	11,839,185
Dividend					(7,275,614)	(7,275,614)
Reserves made				9,342,969	(9,342,969)	
Legal reserve made			909,452		(909,452)	
Reserves used				(1,003,735)	(622,460)	(1,626,195)
BALANCE AS OF 31 DECEMBER 2004	145,800,689	839,075,748	6,910,546	48,126,760	11,839,185	1,051,752,928

## Cash Flow Statement, LTL

According to the International Financial Reporting Standards

	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from customers	245,725,507	211,263,079
Other proceeds	90,986	72,037
Money paid to suppliers and employees	(188,527,676)	(161,212,193)
Other payments made	(14,332,482)	(11,876,098)
CASH FLOWS FROM OPERATING ACTIVITIES	42,956,335	38,246,825
Profit tax paid	(3,989,080)	(4,471,413)
Interest paid	(580,854)	(1,165,135)
NET CASH FLOWS FROM OPERATING ACTIVITIES	38,386,401	32,610,277
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Sales (purchase) of long term assets	(48,831,710)	(22,519,792)
Sales of long term assets		161,700
Loans received	69,525	130,099
Interest received	499,803	171,907
Term deposits	21,000,000	(21,000,000)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(27,262,382)	(43,056,086)
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Bank loans obtained		14,657,198
Bank loans paid	(14,707,745)	(18,305,761)
Dividend paid	(4,703,787)	(7,250,173)
Other financial activities (subsidiaries)	19,971,000	19,895,000
NET CASH FLOWS FROM FINANCIAL ACTIVITIES	559,468	8,996,264
NEGATIVE (POSITIVE) INFLUENCE OF CHANGES IN EXCHANGE RATE OF FOREIGN CURRENCY	126,107	
NET INCREASE (DECREASE) IN CASH FLOWS	11,809,594	(1,449,545)
CASH FLOWS AT THE BEGINNING OF PERIOD	2,282,933	3,732,478
CASH FLOWS AT THE END OF PERIOD	14,092,527	2,282,933

## According to the Lithuanian Business Accounting Standards

		<b>2004</b>	<b>2003</b>
I.	CASH FLOW FROM OPERATING ACTIVITIES		
I.1.	Net profit	11,839,185	18,189,033
I.2.	Depreciation and amortisation costs	27,214,622	16,645,682
I.3.	Provisions for inventories with a long life cycle	22,258	
I.4.	Decrease (increase) in amounts receivable after one year		(1,502,302)
I.5.	Decrease (increase) in inventories	859,841	2,195,573
I.6.	Decrease (increase) in prepayments	2,205,861	(730,895)
I.7.	Decrease (increase) in trade receivables	210,951	3,645,133
I.8.	Decrease (increase) in other amounts receivable	1,017,747	2,183,097
I.9.	Decrease (increase) in other current assets	34,381	
I.10.	Subsidies	19,895,000	
I.11.	Increase (decrease) in current payables to suppliers and prepayments	(6,690,806)	(3,618,024)
I.12.	Increase (decrease) in profit tax liability	(2,805,243)	1,192,481
I.13.	Increase (decrease) in liabilities connected with labour relations	(3,753,350)	(118,121)
I.14.	Increase (decrease) in other amounts payable and liabilities	(38,502)	(344,795)
I.15.	Elimination of financial and investment activity results	2,927,864	(922,601)
I.16.	Losses of writing off or transfer of long term tangible assets	1,849,469	
	NET CASH FLOWS FROM OPERATING ACTIVITIES	54,789,278	36,814,261
II.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
II.1.	Acquisition of long term assets (excluding investments)	(23,766,260)	(38,215,731)
II.2.	Transfer of long term assets (excluding investments)	454,049	
II.3.	Net acquisition of long term investments	(18,104,160)	(2,895,840)
II.4.	Loans recovered	130,099	
II.5.	Interest received	134,274	
	NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(41,151,998)	(41,111,571)
III.	CASH FLOWS FROM FINANCIAL ACTIVITIES		
III.1.	Loans received	14,657,198	
III.2.	Loans repaid	(18,305,761)	(2,839,274)
III.3.	Interest paid	(1,165,135)	
III.4.	Dividends paid	(7,241,931)	(7,115,516)
III.5.	Other increase in cash flows from financial activities	211,105	432,900
III.6.	Other decrease in cash flows from financial activities	(346,460)	
	NET CASH FLOWS FROM FINANCIAL ACTIVITIES	(12,190,984)	(9,521,890)
IV.	CASH FLOWS FROM EXTRAORDINARY ITEMS		(875,910)
V.	NET INCREASE (DECREASE) IN CASH FLOWS	1,446,296	(14,695,110)
VI.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	836,637	836,637
VII.	CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	2,282,933	15,531,747

### **39. Comments on the financial statements**

Explanatory Notes to the financial statements of AB Lietuvos Elektrinė are attached to the Annual Prospectus – Report (Annex 1 – Independent auditor’s report, Annual Report and Financial Statements for the ended 31 December 2005, p. 20 – 48).

### **40. Activity Report prepared by the issuer’s Board or any other managing body performing its functions**

The Activity Report of AB Lietuvos Elektrinė is attached to the Annual Prospectus – Report (Annex 1 – Independent auditor’s report, Annual Report and Financial Statements for the ended 31 December 2005, p. 4 – 15).

### **41. Information about the audit**

The audit of the Company’s Balance Sheet as of 31 December 2005 and the Income Statement of the year then ended, the Statement of Changes in Equity, the Cash Flow Statement and the Explanatory Notes was performed by Lina Drakšienė, auditor of the audit firm UAB “Deloitte Lietuva” (auditor’s certificate No. 000062)

Information about the audit firm, performing the audit

Address	Jogailos St. 4, LT-01116 Vilnius
Code	1115 25235
Telephone	(8~5) 255 30 00
Fax	(8~5) 212 68 44
Internet website	<a href="http://www.deloitte.lt">www.deloitte.lt</a>

The Auditor’s Opinion is attached to the Annual Prospectus – Report (Annex 1 – Independent auditor’s report, Annual Report and Financial Statements for the ended 31 December 2005, p. 3).

## VI. INFORMATION ABOUT THE ISSUER'S MANAGING BODIES

### 42. Members of the managing bodies

The Company is managed through the general shareholders' meeting; it has a single person managing body, Director General, a collegial supervisory body, the Supervisory Board, and a collegial managing body, the Board.

The Company's General Meeting elected the Supervisory Board of 5 members for a term of four years. The Supervisory Board elects and removes from office members of the Board. The Company's Board consists of 5 members. The Board elects and removes from office the Company's Director General, sets its salary and other terms of the Employment Contract, approves job descriptions, gives incentives and imposes penalties.

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

Table 42.1.1. Members of the Company's Supervisory Board, the Board, and the Administration

Name, surname	Position held	Share of the capital/ votes held, %
<b>THE SUPERVISORY BOARD</b>		
Artūras Dainius	Chairman	-
Laima Sidarkevičienė	Member	-
Marija Siniavska	Member	-
Nijolė Bujauskienė	Member	-
Saulius Spėčius	Member	-
<b>THE BOARD</b>		
Pranas Noreika	Chairman, Director General	0,004
Arvydas Galinis	Member	-
Domininkas Pečiulis	Member	-
Rolandas Jankauskas	Member, Chief Financier	-
Vida Dzermeikienė	Member	-
<b>ADMINISTRATION</b>		
Pranas Noreika	Director General	0.004
Rolandas Jankauskas	Chief Financier	-

#### 42.2. Data about the Chairman of the Board, the Head of the Administration and the Chief Financier

**Pranas Noreika** – the Company's Director General, Chairman of the Board.

Educational background: higher education; profession: engineer; over the past 10 years worked as Director General of AB Lietuvos Elektrinė.

**Rolandas Jankauskas** – Chief Financier of AB Lietuvos Elektrinė.

Educational background: higher education; profession: engineer; over the past 10 years worked as an expert for Vilniaus Bankas AB; as an engineer; Deputy Chief Financier; Chief Financier with AB Lietuvos Elektrinė.

42.3. 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 capital and votes held in other enterprises (percentage);

Table 42.3.1. Participation in the activities of other companies, enterprises and organizations

Name, surname	Name of the Company, enterprise, organization; position held	Share of the capital and of votes over 5 %, held in other enterprises
Artūras Dainius	Secretary of the Ministry of Economy of the Republic of Lithuania	-
	Chairman of the Board of Ignalina nuclear power plant	-
Laima Sidarkevičienė	Chief specialist of State Property Privatisation and Management Department of the Ministry of Economy of the Republic of Lithuania	-
Marija Siniavska	Senior specialist of Analysis and Forecast Department, Ministry of Economy of the Republic of Lithuania	-
Nijolė Bujauskienė	Specialist of State Property Privatisation and Management Department, Ministry of Economy of the Republic of Lithuania	-
	Member of the Supervisory Board of AB “Lietuvos Energija”	-
	Member of the Supervisory Board of AB Rytų Skirstomieji tinklai	-
Saulius Spėčius	Advisor to the Prime Minister of the Republic of Lithuania	-
	Member of the Board of AB “Klaipėdos Nafta”	-
	Member of the Supervisory Board of AB “Lietuvos Energija”	-
	Member of the Supervisory Board of AB Rytų Skirstomieji tinklai	-
Arvydas Galinis	Senior research specialist of the Energy Institute	-
Domininkas Pečiulis	Head of the State Property Privatisation and Management Division of the Enterprise Economics and Management Department, Ministry of Economy of the Republic of Lithuania	-
	Chairman of the Board of AB “Naftos Terminalas”	-
Vida Dzermeikienė	Head of Electricity and Heat Division, Ministry of Economy of the Republic of Lithuania	-
	Member of the Board of AB “Lietuvos Energija”	-
Rolandas Jankauskas	-	-
Pranas Noreika	-	-

42.4. Data about the effective conviction of members of managing bodies for the economic crimes and crimes against property, business procedures and finances

Members of managing bodies are not convicted and have never been convicted for economic crimes and crimes against property, business procedures and finances.

42.5. Data about the beginning and the end of the term of office of each managing body member

The Supervisory Board and the Board of AB Lietuvos Elektrinė were elected in December 2001 for the term of four years.

### 43. Information about payments and loans extended to the members of managing bodies

#### 43.1. Information about average amounts of tantiemes, salaries and other payments made

	Remuneration, LTL	Tantiemes (for the year 2004), LTL	Other payments, LTL
Members of the Supervisory Board	-	-	-
Members of the Board	-	30,000	-
Administration (3 persons)	502,777	-	-
Each member of the Administration (average)	167,592	-	-

\*Members of the Board, who have received payment in relation to their employment, are Director General and Chief Financier.

43.2. Total amounts of tantiemes, salaries and other payments made during the accountable period from profit to members of the Supervisory Board, the Board and the administration, received from enterprises wherein the issuer's part in the authorized capital makes up more than 20 percent

In 2005, members of the managing bodies of AB Lietuvos Elektrinė did not participate in the activities of other companies.

43.3. Loans granted to members of managing bodies over the accountable period, guarantees and warranties given with respect to fulfilment of their obligations

No loans were granted, guarantees and warranties given to members of the Supervisory Board, the Board and the Administration of AB Lietuvos Elektrinė during 2004.

### 44. Transactions with persons concerned

There were no transactions unusual to the principal activities of AB “Lietuvos Elektrinė” with enterprises, organisations and institutions, in the activities or capital of which the issuer or members of its managing bodies participate.

## VII. UPDATED AND MATERIAL EVENTS IN THE ISSUER'S ACTIVITY AND ITS PROSPECTS

### 45. Most recent developments in the issuer's activities

During the first quarter of 2006, AB Lietuvos Elektrinė earned a net profit of LTL 38.453 million. Revenues from the principal activities constituted LTL 49.98 million, and from ancillary activities they were 45.87 million (sale of CO<sub>2</sub> pollution quotas).

On 25 April 2006, the AGM of AB Lietuvos Elektrinė resolved to approve the Company's Annual Report for the year 2005, financial statements for 2005, and profit appropriation for the year 2005 (in the amount of LTL 12,458,770) to be done as follows:

- Legal reserve – LTL 861,492;
- Other reserves – LTL 3,883,770;
- Dividend – LTL 4,983,508 (LTL 0.0342 per share);
- Charity, sponsorship – LTL 1,200,000;
- Bonuses to employees for the year 2005 – LTL 1,500,000;
- Tandems to the Board members – LTL 30,000.

### 46. Material events in the issuer's activities

In April 2005, contracts concerning modernization of regenerative air heaters were approved to be signed between AB Lietuvos Elektrinė and RAFAKO and between AB Lietuvos Elektrinė and EMERSON concerning modernization of control system in energy units.

On 26 April 2005, the AGM of shareholders approved the Company's Annual Report for 2004 and financial statements for 2004. Furthermore, the Company's shareholders' meeting approved the profit appropriation. It was resolved to pay the shareholders dividend in the amount of LTL 4.736 million (LTL 0.0325 per share). In 2004, the Company gained a net profit of LTL 11.839 million. LTL 0.592 million was allocated to the legal reserve, LTL 5.532 million – to other reserves, and, acting under the Collective Agreement, LTL 0.950 million was allocated for social needs of the Company's employees.

During the first quarter of 2005 AB Lietuvos Elektrinė earned a profit of LTL 12.56 million before taxes (unaudited).

In June 2005, the Company was allowed to take a loan of EUR 49 million for a period of fifteen years.

In June an approval was given to signing of the Contract between AB Lietuvos Elektrinė and ALSTOM Power Ltd, Derby concerning installation of burners of low nitrogen oxide output in units No. 1, 2, 5, 7, and 8 for the amount of EUR 31.929 million.

During the first half of the year 2005, the Company's profit amounted to LTL 17.07 million before taxes (unaudited).

In October 2005, the National Control Commission for Prices and Energy fixed the purchase price of electricity produced by AB Lietuvos Elektrinė, where electricity production is necessary in order to ensure the reserves of the system, for 2006 at 13.77 ct/kWh, excluding VAT.

During the nine months of 2005, AB Lietuvos Elektrinė earned a profit of LTL 18.7 million before taxes (unaudited).

On 15 November 2005, the Company signed a contract with Alstom Power concerning construction of the desulphurisation equipment for the amount of EUR 208 million.



**47. Strategy of activity and its prospective changes during current and coming financial (business) years**

The Company's plans for the year 2006 are included into the Company's Activity Report (Annex 1 – Independent auditor's report, the Activity Report, and the financial statements for the year ended as of 31 December 2005, p. 4 – 15).