

***PUBLIC COMPANY LIETUVOS ELEKTRINĖ***

*Semi-Annual Report, 1 January 2006 – 30 June 2006*

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## I. GENERAL PROVISIONS

### 1. Reporting period covered by this Report

The Report has been drawn up for the first half of the year 2006.

### 2. Main data about the issuer

Name of the issuer	Public company (AB) <b>Lietuvos elektrinė</b> , hereinafter AB Lietuvos elektrinė
Enterprise code	1108 70933
Office address	Elektrinės St. 21, LT-26108 Elektrėnai
Telephone	(8~528) 39 066
Fax	(8~528) 39 733
E-mail	<a href="mailto:info@lelektrine.lt">info@lelektrine.lt</a>
Website	<a href="http://www.lelektrine.lt">www.lelektrine.lt</a>
Authorized capital	LTL 145,800,689
Legal and organizational form	Legal person of 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 accumulated and stored	Register of legal entities

### 3. Information about where and how to access the Report and the documents, on the basis of which it has been drawn up, and the designation of the means of mass media.

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

The means of mass media: the daily "Lietuvos Rytas" and the Lithuanian news agency ELTA.

### 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. (8~528) 33 250, fax. (8~528) 39 733

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

4.2. The Semi-Annual Report was drawn up by the financial brokerage firm AB "Finasta" (Konstitucijos St. 23, Vilnius, tel. (8~5) 278 68 44, fax. (8~5) 210 24 74), represented by the project manager Algimantas Variakojis, on the basis of the information submitted by the Company.

**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.**

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 of AB Lietuvos elektrinė

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**Rolandas Jankauskas**, Chief Financier of AB Lietuvos elektrinė

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The financial brokerage firm AB "Finasta", represented by project manager Algimantas Variakojis, hereby confirm that the information contained in the Report is in accordance with the facts 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.

**Algimantas Variakojis**, project manager of AB "Finasta"

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Date of signing the Report: 30 August 2006.

Place of drawing up of the Report: AB "Finasta" (Konstitucijos St. 23, 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 Legal Entities

Table 6.1.1. Composition of the authorized capital

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

All shares of AB Lietuvos elektrinė 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, convertible into shares

### 7. Shareholders

As of 30 June 2006, the total number of AB Lietuvos elektrinė shareholders was 4,712.

Table 7.1. Shareholders who held title to more than 5 percent of the issuer's authorized capital on 30 June 2006.

Name of the shareholder (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 authorized 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, Gedimino St. 38/2, Vilnius 1886 21919	140,662,637	96.48	96.48	----

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

AB Lietuvos elektrinė has not issued securities not representing capital, the trading of which is regulated by the Law on Securities Market.

### 9. Secondary trading in the issuer's securities

All shares of AB Lietuvos elektrinė are listed on the Current List of the Vilnius Stock Exchange (hereinafter – VSE) as from 1 February 2002.

Table 9.1. 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

Table 9.1. Trading in the Company's shares on the VSE

Reporting period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	Highest	Lowest	Last session	Highest	Lowest	Last session		Units	LTL
2005, 1 <sup>st</sup> quarter	5.35	4.00	4.20	75,901.77	0	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	0	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	0	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	0	144.72	31.12.2005	263,696	1,089,314.68
2006, 1 <sup>st</sup> quarter	4.25	3.21	3.55	800,595.25	0	3,550.00	31.03.2006	360,150	1,456,530.93
2006, 2 <sup>nd</sup> quarter	3.70	2.80	3.04	82,744.10	0	1,881.76	30.06.2006	164,110	518,646.53



Fig. 9.1. Trading in the Company's shares from the beginning of listing

Table 9.2. Capitalization of the ordinary registered shares of AB Lietuvos elektrinė

Date of the last session	Capitalization (LTL)
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
31.03.2006	517,592,445.95
30.06.2006	443,234,094.56

## 10. 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, drawing up of the reports and payment of dividends to the shareholders (for the financial years 2002–2005).

## 11. 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 elects the Supervisory Board for a term of four years. The Supervisory Board comprises 5 members.

The Supervisory Board elects the Board for a term of four years. The Company's Board consists of 5 members. The Board elects and removes from office the Company's Director General, sets his/her salary, approves work regulations, offers incentives and imposes penalties.

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

Table 11.1.1. Members of the Company's Supervisory Board, the Board, and the Administration

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

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 capital and votes held in other enterprises (percentage)

Table 11.2.1. Participation of the Company's members of the Supervisory Board, the Board and the Administration 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 by the right of ownership
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	-

Table 11.2.1 continued

Name, surname	Name of the Company, enterprise, organization; position held	Share of the capital and of votes over 5 %, held in other enterprises by the right of ownership
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	-	-



**III. FINANCIAL STATUS****12. Balance sheet**

LTL

ITEMS	30 JUNE 2006	31 DECEMBER 2005	30 JUNE 2005
<b>ASSETS</b>			
NON-CURRENT ASSETS:			
Non-current tangible assets	1,133,802,470	1,054,419,403	1,029,654,371
Intangible assets	216,061,795	216,091,452	293,215
Non-current accounts receivable	1,294,426	1,344,296	1,396,317
Deferred taxes	206,820	206,820	140,250
TOTAL NON-CURRENT ASSETS	1,351,365,511	1,272,061,970	1,031,484,153
CURRENT ASSETS:			
Inventories	31,190,430	33,353,748	26,716,800
Accounts receivable and prepayments	21,115,791	20,945,566	17,375,318
Term deposits	22,443,200	-	15,748,747
Cash and Cash Equivalents	30,558,407	14,092,527	24,727,081
TOTAL CURRENT ASSETS	105,307,828	68,391,841	84,567,946
<b>TOTAL ASSETS</b>	<b>1,456,673,339</b>	<b>1,340,453,811</b>	<b>1,116,052,099</b>
<b>EQUITY AND LIABILITIES</b>			
EQUITY:			
Share capital	145,800,689	145,800,689	145,800,689
Revaluation reserve	686,049,660	692,623,615	700,458,378
Legal reserve	8,363,997	7,502,505	7,502,505
Other reserves	58,716,731	54,091,852	55,022,725
Revaluation reserve of unused CO2 emission rights	76,793,554	98,822,418	-
Retained earnings	53,395,852	26,447,779	16,533,933
TOTAL EQUITY	1,029,120,482	1,025,288,857	925,318,230
GRANTS AND SUBSIDIES	131,444,722	107,708,465	30,861,104
NON-CURRENT LIABILITIES:			
Bank loans	12,999,792	12,999,792	12,999,792
Financial leasing	45,979	45,979	104,819
Deferred profit tax	123,869,310	125,499,659	125,875,659
TOTAL NON-CURRENT LIABILITIES	136,915,081	138,545,430	138,980,270
CURRENT LIABILITIES:			
Trade and other debts payable	63,385,170	13,427,080	8,524,235
Labour related liabilities	2,831,402	1,712,780	2,827,522
Current year profit tax	4,244,249	1,533,614	2,560,738
Pollution quota liabilities	88,713,152	52,199,792	-
Financial lease liabilities	19,080	37,794	-
Financial derivatives	-	-	6,980,000
TOTAL CURRENT LIABILITIES	159,193,053	68,911,060	20,892,495
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>1,456,673,339</b>	<b>1,340,453,811</b>	<b>1,116,052,099</b>

**13.1. Income statement**

LTL

ITEMS	1 <sup>ST</sup> HALF 2006	1 <sup>ST</sup> HALF 2005
INCOME FROM SALES	81,468,127	91,825,067
COSTS OF SALES	(83,712,850)	(68,993,154)
GROSS PROFIT (LOSS)	(2,244,723)	22,831,914
Operating costs	(6,785,885)	(5,307,941)
Other operating income	46,370,620	1,263,805
Other operating costs	(1,460,240)	(1,109,133)
Interest income	195,984	324,097
Operating profit (loss)	36,075,756	18,002,741
Financing costs	(8,900)	(247,311)
Influence of change in the currency exchange rate	(623)	(1,320,216)
PROFIT (LOSS) BEFORE TAXES	36,066,233	16,435,214
Profit tax expenses (gain)	(5,222,236)	(1,275,099)
NET PROFIT (LOSS)	30,843,997	15,160,115
Profit (loss) per share	0.21	0.10

**13.2. Statement of changes in equity**

LTL

	PAID-UP AUTHORISED CAPITAL	REVALUATION RESERVE OF NON-CURRENT TANGIBLE ASSETS	LEGAL RESERVE	OTHER RESERVES	REVALUATION RESERVE OF UNUSED CO2 EMISSION RIGHTS	ACCRUED EARNINGS	TOTAL
BALANCE AS OF 31 DECEMBER 2004	145,800,689	707,383,281	6,910,546	49,135,664		5,651,728	914,881,909
Net profit (loss) of the reporting period (30 June 2005)						15,171,995	15,171,995
Dividend Formed reserve			591,959	6,511,552		(4,735,674) (7,103,511)	(4,735,674)
Used reserves Decrease in the revaluation reserve due to depreciation and writing off of the revalued assets		(6,924,904)		(624,492)		624,492 6,924,904	
BALANCE AS OF 30 JUNE 2005	145,800,689	700,458,378	7,502,505	55,022,725		16,533,933	925,318,230
Net profit (loss) of the reporting period (31 December 2005)						2,057,848	2,057,848
Used reserves Decrease in the revaluation reserve due to depreciation and writing off of the revalued assets		(6,925,124)		(930,873)		930,873 6,925,124	
Increase in deferred corporate tax liability related to change in corporate tax rate Revaluation reserve of unused CO2 emission rights		(909,639)			98,822,418		(909,639) 98,822,418
BALANCE AS OF 31 DECEMBER 2005	145,800,689	692,623,615	7,502,505	54,091,852	98,822,418	26,447,779	1,025,288,857
Net profit (loss) of the reporting period (30 June 2006)						30,843,997	30,843,997
Formed reserve Used reserves Decrease in the revaluation reserve due to depreciation and writing off of the revalued assets			861,492	6,613,770 (1,988,891)		(4,983,508) (7,475,262) 1,988,891	(4,983,508)
Formed reserve Revaluation reserve of unused CO2 emission rights		(6,573,955)			(22,028,864)	6,573,955	(22,028,864)
BALANCE AS OF 30 JUNE 2006	145,800,689	686,049,660	8,363,997	58,716,731	76,793,554	53,395,852	1,029,120,482

**13.3. Cash flow statement**

LTL

ITEMS	1 <sup>ST</sup> HALF OF 2006	1 <sup>ST</sup> HALF OF 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash income from clients	151,112,002	116,441,829
Other income	9,478	38,420
Cash payment to suppliers and employees	(49,634,751)	(66,519,614)
Other cash payments	(4,185,186)	(7,773,015)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>97,301,543</b>	<b>42,187,621</b>
Corporate tax paid	(1,304,168)	(814,577)
Interest paid	(8,900)	(247,311)
<b>NET CASH FLOWS RECEIVED FROM OPERATING ACTIVITIES</b>	<b>95,988,476</b>	<b>41,125,732</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Acquisitions of non-current assets	(68,382,811)	(12,439,556)
Repaid loans	49,870	17,504
Interest income	195,984	324,097
Term deposit	(22,443,200)	17,000,000
<b>NET CASH FLOWS USED IN INVESTMENT ACTIVITIES</b>	<b>(90,580,157)</b>	<b>4,902,045</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Loans repaid	(18,715)	(14,686,699)
Dividends paid	(3,370,112)	(4,768,998)
Other financial activities (subsidies obtained)	14,446,387	7,509,000
<b>NET CASH FLOWS FROM FINANCIAL ACTIVITIES</b>	<b>11,057,560</b>	<b>(11,946,697)</b>
<b>EFFECT OF THE CHANGE IN CURRENCY RATES ON THE BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>111,908</b>
<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	<b>16,465,879</b>	<b>34,192,989</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<b>14,092,527</b>	<b>2,282,933</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>30,558,407</b>	<b>36,475,922</b>

**14. Explanatory Notes**

Acting in accordance with the Law on Reorganization of the Public Special-Purpose Company “Lietuvos Energija” No VIII – 1693 of 18 May 2000, “Lietuvos Energija” underwent reorganization by way of company splitting, i.e. a portion of assets, rights and obligations was separated from “Lietuvos Energija” and new companies were established on that basis, including public company Lietuvos elektrinė, public company Mažeikių Elektrinė, public company Rytų Skirstomieji Tinklai and public company “Vakarų Skirstomieji Tinklai”. “Lietuvos Energija” continues operation after the reorganization but without the status of a special-purpose entity.

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

- Company registration No: BĮ 01-249;
- Company code: 1108 70933;
- VAT payer’s code: LT108709314;
- Registered office: 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 company's accounting is conducted in accordance with the International Financial Reporting Standards, the Law on the Principles of Accounting, the Law on Companies, the Law on Financial Statements, Government resolutions, orders of the Ministry of Finance and the State Tax Inspectorate and other rules and regulations regulating accounting in the Republic of Lithuania.

The company is a member of the National Electric Energy Association; it also takes an active participation in the activities of the Association of Electricity Producers (EUROELECTRIC) representing common interests of European electricity producers.

Independent audit of the financial statements of the public company Lietuvos elektrinė for the year 2005 was performed by the audit firm UAB "Deloitte & Touche".

Accounting of AB Lietuvos elektrinė is conducted with the help of business and accounting software "Scala".

The Company draws up full annual financial statements comprising the Balance Sheet, the Income Statement, the Profit Appropriation Statement, the Cash Flow Statement, the Statement of the Changes in Equity and the Explanatory Notes.

All amounts in the financial statements are provided in the national currency of Lithuania, the litas (LTL).

AB Lietuvos elektrinė calculates depreciation (amortization) of the non-current tangible assets on a straight – line basis over the estimated useful life of the assets, when calculation of depreciation (amortization) begins from the first day of the next month when the method was introduced in the Company's accounting.

The minimum acquisition cost of LTL 2000 was approved to be applied for attributing an asset to the non-current assets (for all types of assets) for both accounting and tax purposes.

In the accounting books the inventories are recorded at the actual acquisition or production cost. In the financial statements they are appraised at the acquisition cost or at net realizable value, whichever is lower. The amount of the inventories depreciation at net realizable value is disclosed as costs in the Income Statement of the reporting period. When calculating the costs of the inventories consumed and/or sold, the FIFO method (assuming that the inventories purchased or produced first are consumed first) is applied. The Company conducts accounting of the inventories on a going-concern basis, recording every operation relating to the consumption or sales of the inventories in financial accounts.

In the financial statements the accounts receivable are shown at the nominal value after the deduction of the written-off part of problematic debts and bad debts. This difference is shown in the Income Statement as costs of problematic and/or bad debts.

Accounts payable are disclosed at the value of the liabilities as recorded in the accounts, contracts or other accounting documents, intended for paying up when due under regular business conditions.

Grants and subsidies comprise the property, plant and equipment obtained free of charge and foreign aid received for specific purposes. The grants obtained in connection with acquisition of assets are recognized as used in parts throughout the asset depreciation period, i.e. by reducing the asset depreciation costs. The grants for compensation of the costs are recognized as used to the extent of the costs, to compensate which the grants were allocated.

Transactions in foreign currencies are recorded at the converted value at the official exchange rate with the litas as fixed by the Bank of Lithuania on the day of the transaction.

Assets and liabilities expressed in a foreign currency were revalued at the end of each calendar month at the official rate of the litas as fixed by the Bank of Lithuania on the last day of the month concerned.

Positive and negative influence of changes in the exchange rate of a foreign currency, resulting from concluding or accounting transactions in foreign currencies at different exchange rates than first recorded, are shown in the Company's Income Statement as income and expenditure in financial activities during the period when these differences occurred.

The Company records its income on the basis of the accrual principle. The income is recorded in the accounting and disclosed in the financial statements at the time it is earned.

In the Company's books costs are recorded on the basis of the accrual principle irrespective of the expenditure. Only the part of the costs that was used to earn the Company's income during the reporting period is disclosed as the costs of that period.

In its accounting the Company does not record operating costs as comprising general and administrative costs.

From the beginning of the year, the value of the Company's non-current tangible assets increased by LTL 79 million (compared with that on 31 December 2005) and reached LTL 1,133.8 million. This figure resulted from a positive change in construction in progress due to investment into the construction of fume desulphurisation equipment and a solid particle filter. During the first half of the year there were no major changes in items on inventories and accounts receivable, contrary to the item on cash and cash equivalents. From the beginning of the year the amount of the latter augmented by LTL 16.5 million. Net cash flows were effected most positively by proceeds from ancillary activities (sale of pollution quotas) and subsidies.

The effect of the obtained grants and subsidies is seen under equity and liabilities – they comprise the funds obtained from the State Ignalina Nuclear Power Plant Decommissioning Fund.

Non-current liabilities remained unchanged, while current liabilities went up to LTL 159.2 million due to two factors: first, due to the increase in the debt to suppliers (mainly to the Swedish enterprise ALSTOM Power Sweden for the construction of desulphurisation equipment and the solid particle filter) and, second, due to liabilities of pollution quotas used.

On 30 June 2006, the Company's non-current financial liabilities to banks amounted to LTL 12,999,792. AB Lietuvos elektrinė was extended a loan of EUR 3,765 thousand under the crediting contract signed with the bank AB DnB Nord. The loan matures on 1 May 2013. The annual interest rate is 12 months' LIBOR plus a margin of 0.84 percent. Under the terms of the contract, the Company has pledged its current and future funds in the accounts with this bank and part of the fuel in stock worth LTL 16,242,618.

Profit before taxes, compared with that of the corresponding period in the previous year, increased by LTL 19.6 million. The increase is a result of earnings from ancillary activities, namely, sale of environment pollution quotas.

## **15. Information about the audit**

The audit of the financial statements of AB Lietuvos elektrinė for the first half of the year 2006 was not performed, neither were they reviewed by the auditors.

#### IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

##### 16. Material events in the issuer's activity

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, the financial statements for 2005, and the profit appropriation for the year 2005 (in the amount of LTL 12,458,770) to be conducted 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;
- Tantiemes to the Board members – LTL 30,000.

The net profit earned by AB Lietuvos elektrinė during the first six months of the year 2006 amounted to LTL 30.844 million. The six months' revenue totalled LTL 81.468 million.

##### 17. Court (arbitration) proceedings

During the reporting period, there were no court (arbitration) proceedings likely to have had or to have a material effect on the financial status of AB Lietuvos elektrinė.