

**AKCINĖ BENDROVĖ
LIETUVOS ELEKTRINĖ**

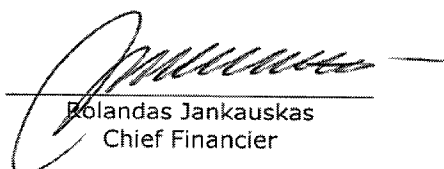
code 110870933, Elektrinės St. 21, Elektrėnai LT-26108, tel. (+370)528-39533, fax. (+370)528-39733

INTERIM FINANCIAL STATEMENTS FOR THE 1ST Q 2007

BALANCE SHEET, 1ST Q 2007

	Notes	31.03.2007 (LTL)	31.12.2006 (LTL)
ASSETS			
Non-current assets:			
Non-current tangible assets		1 199 760 279	1 183 942 084
Intangible assets		24 674 388	102 819 624
Non-current accounts receivable		1 221 276	1 248 458
Deferred taxes		241 188	241 188
Total non-current assets		1 225 897 131	1 288 251 353
Current assets:			
Inventories		33 561 446	34 522 218
Accounts receivable and prepayments		30 580 408	26 749 743
Cash and cash equivalents		90 778 152	61 383 567
Total current assets		154 920 006	122 655 528
TOTAL ASSETS		1 380 817 138	1 410 906 882
EQUITY AND LIABILITIES			
Equity:			
Share capital		145 800 689	145 800 689
Revaluation reserve		675 459 774	678 996 602
Legal reserve		8 363 997	8 363 997
Other reserves		57 736 702	57 736 702
Retained earnings		83 347 946	55 592 163
Total equity		970 709 109	946 490 152
Grants and subsidies		163 051 782	206 953 596
Non-current liabilities:			
Bank loans		66 303 925	47 923 096
Financial leasing		6 696	6 696
Deferred profit tax		121 540 204	122 295 619
Total non-current liabilities		187 850 825	170 225 441
Current liabilities:			
Trade and other debts payable		38 876 905	37 641 277
Labour related liabilities		2 825 919	1 937 662
Current year profit tax		9 424 516	4 191 198
Pollution quota liabilities		8 048 477	43 428 302
Financial lease liabilities		29 604	39 283
Total current liabilities		59 205 422	87 237 723
TOTAL EQUITIES AND LIABILITIES		1 380 817 138	1 410 906 882

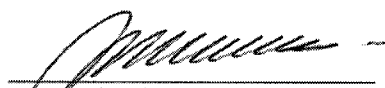

Pranas Noreika
Director General


Rolandas Jankauskas
Chief Financier

INCOME STATEMENT, 1ST Q 2007


	Notes	Q1 2007 (LTL)	Q1 2006 (LTL)
Income from sales		69 390 787	49 979 273
Costs of sales		(58 876 571)	(45 843 318)
Gross profit (loss)		10 514 217	4 135 955
Operating costs		(3 190 494)	(2 523 658)
Other operating income		21 648 582	45 867 667
Other operating costs		(322 468)	(1 033 059)
Interest income		183 316	27 506
Operating profit (loss)		28 833 152	46 474 411
Financing costs		(3 703)	(5 073)
Effect of change in the currency exchange rate		(32 447)	(1 297)
Profit (loss) before taxes		28 797 002	46 468 042
Profit tax expenses		(4 578 046)	(8 014 725)
NET PROFIT (LOSS)		24 218 957	38 453 317
Profit (loss) per share		0.17	0.26



Pranas Norejka
Director General


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Chief Financier

CASH FLOWS STATEMENT, 1ST Q 2007

	Q1 2007 (LTL)	Q1 2006 (LTL)
OPERATING ACTIVITIES		
Cash receipt from customers	99 198 876	103 043 100
Other income	12 171	4 566
Cash paid to supplier and employees	(69 908 601)	(46 842 398)
Other payments	(4 088 002)	(2 110 373)
Cash generated from operations	25 214 443	54 094 895
Income tax paid	-	(1 304 168)
Interest paid	(3 703)	(5 073)
Net cash from operating activities	25 210 741	52 785 655
INVESTING ACTIVITIES		
Acquisition of plant, property and equipment	(14 397 803)	(1 811 750)
Repayment of loans granted	27 182	20 440
Interest received	183 316	27 506
Term deposits	-	(44 886 400)
Net cash used in investing activities	(14 187 305)	(46 650 204)
FINANCING ACTIVITIES		
Proceeds from borrowings	18 380 829	-
Repayments of borrowings	(9 679)	(9 312)
Dividends paid	-	(89 878)
Grants received	-	4 817 000
Net cash from financial activities	18 371 150	4 717 810
Effect of foreign exchange rate changes	-	-
Net increase (decrease) in cash and cash equivalents	29 394 585	10 853 261
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	61 383 567	14 092 527
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	90 778 152	24 945 789


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STATEMENT OF CHANGES IN EQUITY, 1ST Q 2007

	Paid up authorised capital (LTL)	Revaluation reserve of non-current tangible assets (LTL)	Legal reserve (LTL)	Other reserves (LTL)	Revaluation reserve of CO ₂ emission rights (LTL)	Retained earnings (LTL)	TOTAL (LTL)
Balance 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 period (31 March 2006)	-	-	-	-	-	38 453 317	38 453 317
Decrease in the revaluation reserve due to depreciation or writing off of the revaluated assets	-	(3 290 045)	-	-	-	3 290 045	-
Decrease in revaluation reserve of unused CO ₂ emission rights	-	-	-	-	(22 028 864)	-	(22 028 864)
Balance of 31 March 2005	145 800 689	689 333 570	7 502 505	54 091 852	76 793 554	68 191 140	1 041 713 310
Net profit (loss) of the reporting period (31 December 2006)	-	-	-	-	-	(13 446 096)	(13 446 096)
Dividend	-	-	-	-	-	(4 983 508)	(4 983 508)
Formed reserve	-	-	861 492	6 613 770	-	(7 475 262)	-
Used reserve	-	-	-	(2 968 920)	-	2 968 920	-
Decrease in revaluation of unused CO ₂ emission rights	-	-	-	-	(76 793 554)	-	(76 793 554)
Decrease in the revaluation reserve due to depreciation and writing off of the revaluated assets	-	(10 336 968)	-	-	-	10 336 968	-
Balance as of 31 December 2006	145 800 689	678 996 602	8 363 997	57 736 702	-	55 592 163	946 490 152
Net profit (loss) of the reporting period (31 March 2007)	-	-	-	-	-	24 218 957	24 218 957
Decrease in the revaluation reserve due to depreciation or writing off of the revaluated assets	-	(3 536 827)	-	-	-	3 536 827	-
Balance as of 31 March 2007	145 800 689	675 459 774	8 363 997	57 736 702	-	83 347 946	970 709 109


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NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

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".

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 – 110870933;
- VAT payer's code – LT108709314;
- Policyholder registration in the Social Insurance Fund-No. 853488;
- Registered office: Elektrinės St. 21, Elektrėnai, Republic of Lithuania;
- The authorized capital of the Company is 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 financial year of the Company is the calendar year. The anticipated duration of the commercial -economic activity is unlimited.

The Company is a member of the Lithuanian Electricity Association and an active participant in the activities of the Association representing the common interest of the European electricity sector (EUROELECTRIC).

As of 31 March 2007 the Company had 680 employees (on 31 December 2006 – 688 employees).

The financial statements presented have been drawn up in the national Lithuanian currency – litas (LTL).

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), approved by the International Accounting Standards Board (IASB) and the and the International Reporting interpretations Committee of the International Accounting Standards Board (IFRIC) that are related to the operations of the Company and are effective starting from the accounting period that commenced on 1 January 2005.

The non-current intangible assets are accounted at acquisition costs less accumulated depreciation and the impairment losses evaluated. Amortization is computed using the straight-line method over the estimated useful lives of the related assets.

Depreciation is provided in equal monthly installments. Assets are recognized as non-current assets if their useful life is longer than one year and the acquisition value not less than LTL 2,000.

Inventories in the financial statements are stated at the lower of acquisition (production) cost or net realizable value. The costs of purchase of inventories comprises the purchase price, all purchase-related taxes (except those to be recovered later), transportation, preparation for use and other costs directly attributable to the acquisition of inventories. The cost of inventories is computed using the FIFO cost method (which assumes that the items of inventory that were sold or used first are purchased first) and the weighted average method (in respect of boiler oil). Appropriate consideration is given to deterioration, obsolescence and other factors when evaluating net realizable value.

Trade receivables are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated recoverable amounts are recognized in the income statement when there is objective evidence that the asset is impaired. The impairment amount is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

Grants are accounted on the accrual basis, i.e., grants received are recognized as used in the periods in which the costs related to the grants are incurred. Grants received in the form of non-current assets or intended for the acquisition of non-current assets. The grants are measured at fair value of the assets received and recognized to the extent of the share used by reducing the assets depreciation costs over the useful life of the corresponding non-current assets.

Transactions denominated in foreign currency are translated into litas at the official exchange rate as fixed by the Bank of Lithuania on the date of the transaction which approximates the prevailing market rates. Monetary assets and liabilities are translated at the rate of exchange of the balance sheet date.

Exchange rate differences resulting from the settlement of transactions in foreign currencies are recorded in the income statement in the period in which they arise. Gain or loss on changes in the foreign currency exchange rates when translating the monetary assets or liabilities into litas are recorded in the annual income statement.

Revenue is recognized on accrual basis of accounting. Revenue is registered when it is earned, irrespective of when the money is received.

Expense in the accounting is recognized on the basis of the accrual principle. Recognised as costs is only that part of expenses, which is related with income earned during the reporting period.

In 1st Q 2007 the quality assurance and eco projects were continued. During the first quarter of this year the Company has invested over LTL 23.3 million (during the first quarter of 2006 – LTL 77.9 million). The price decrease of the CO₂ emission rights caused the decrease in the intangible assets till LTL 20.6 million. For the same reason decreased the grants' and subsidies' item as well. An approval of the amounts of emmissions by a competent public authority decreased both the intangible assets and the current liabilities.

The amount of inventories and accounts receivable and prepayments remained practically unaltered compared to the end of 2006. The positive change of cash and cash equivalents (1st Q 2007 – LTL 29.4 million, 1st Q 2006 – LTL 10.9 million) was due a rise in inflows from the sold emmission rights. In Q1 2007 cash and cash equivalents amounted to LTL 90.8 million.


Per Q1 2007 there were no significant changes in the right-hand side of balance, except in the liabilities to banks – it was used a part of a syndicated loan. At the end of 1Q 2007 the bank loans amounted to LTL 66.3 million.

The first quarter of 2007, the year-on-year income from sales rose by 38 per cent and made up LTL 69.4 million. Whereas, year-on-year other operating income (sales of CO₂ emission allowances) went down to reach LTL 21.6 million.

The net profit for the 1Q 2007 amounted to LTL 28.8 million (LTL 46.5 million for the first quarter of 2006).



Pranas Noreika
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