

AB Lietuvos elektrinė
Non audited financial statements
for the half-year ended 30 June 2007

CONFIRMATION OF THE MANAGEMENT

Persons responsible for the information in the financial statements confirm that information contained in these financial statements is true and there are no suppressed facts which could influence investors' decisions on buying or selling the Company's securities, as well as market price of the Company's securities, and their valuation.



Pranas Noreika
Director General



Rolandas Jankauskas
Chief Financier

17 August 2007

**AKCINĖ BENDROVĖ
LIETUVOS ELEKTRINĖ**

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INTERIM FINANCIAL STATEMENTS FOR THE 2ND Q 2007

CONTENTS

BALANCE SHEET, 2 ND Q 2007	4
INCOME STATEMENT, 2 ND Q 2007	5
CASH FLOWS STATEMENT, 2 ND Q 2007	6
STATEMENT OF CHANGES IN EQUITY, 2 ND Q 2007	7
NOTES TO THE FINANCIAL STATEMENTS	8

BALANCE SHEET, 2ND Q 2007

	Notes	30-06-2007 (LTL)	31-12-2006 (LTL)
ASSETS			
Non-current assets:			
Non-current tangible assets	3.	1 298 605 919	1 183 942 084
Intangible assets	4.	7 336 259	102 819 624
Non-current accounts receivable		1 173 200	1 248 458
Deferred taxes		241 188	241 188
Total non-current assets		1 307 356 565	1 288 251 353
Current assets:			
Inventories		31 881 801	34 522 218
Accounts receivable and prepayments		21 443 061	26 749 743
Term deposits		37 098 482	-
Cash and cash equivalents		77 223 041	61 383 567
Total current assets		167 646 385	122 655 528
TOTAL ASSETS		1 475 002 950	1 410 906 882
EQUITY AND LIABILITIES			
Equity:			
Share capital		145 800 689	145 800 689
Revaluation reserve		671 873 628	678 996 602
Legal reserve		9 615 437	8 363 997
Other reserves		78 445 885	57 736 702
Retained earnings		78 788 801	55 592 163
Total equity		984 524 440	946 490 152
Grants and subsidies	6.	202 160 457	206 953 596
Non-current liabilities:			
Bank loans	7.	88 437 640	47 923 096
Financial leasing		6 696	6 696
Deferred profit tax		120 775 053	122 295 619
Total non-current liabilities		209 219 390	170 225 441
Current liabilities:			
Trade and other debts payable	8.	66 866 022	37 641 277
Labour related liabilities		3 032 633	1 937 662
Current year profit tax		8 349 778	4 191 198
Pollution quota liabilities	5.	830 398	43 428 302
Financial lease liabilities		19 831	39 283
Total current assets		79 098 663	87 237 723
TOTAL EQUITIES AND LIABILITIES		1 475 002 950	1 410 906 882

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INCOME STATEMENT, 2ND Q 2007

	Notes	Q2 2007 (LTL)	Q2 2006 (LTL)
Income from sales	9.	114 888 067	81 468 127
Costs of sales	10.	(102 529 475)	(83 712 850)
Gross profit (loss)		12 358 591	(2 244 723)
Operating costs	11.	(9 564 611)	(6 785 885)
Other operating income	12.	41 767 354	46 370 620
Other operating costs	12.	(666 234)	(1 460 240)
Interest income		530 821	195 984
Operating profit (loss)		44 425 922	36 075 756
Financing costs	13.	(7 281)	(8 900)
Effect of change in the currency exchange rate		293 217	(623)
Profit (loss) before taxes		44 711 857	36 066 233
Profit tax expenses		(6 677 569)	(5 222 236)
NET PROFIT (LOSS)		38 034 288	30 843 997
Profit (loss) per share		0.26	0.21

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CASH FLOWS STATEMENT, 2ND Q 2007

	Q2 2007 (LTL)	Q2 2006 (LTL)
OPERATING ACTIVITIES		
Cash receipt from customers	163 161 522	151 112 002
Other income	19 321 973	9 478
Cash paid to supplier and employees	(123 612 245)	(49 634 751)
Other payments	(5 622 396)	(4 185 186)
Cash generated from operations	53 248 853	97 301 543
Income tax paid	(1 969 706)	(1 304 168)
Interest paid	(2 122)	(8 900)
Net cash from operating activities	51 277 026	95 988 476
INVESTING ACTIVITIES		
Acquisition of plant, property and equipment	(39 440 242)	(68 382 811)
Repayment of loans granted	75 258	49 870
Interest received	530 821	195 984
Term deposits	(37 098 482)	(22 443 200)
Net cash used in investing activities	(75 932 644)	(90 580 157)
FINANCING ACTIVITIES		
Proceeds from borrowings	40 514 544	-
Repayments of borrowings	(19 452)	(18 715)
Dividends paid	-	(3 370 112)
Grants received	-	14 446 387
Net cash from financial activities	40 495 092	11 057 560
Effect of foreign exchange rate changes	-	-
Net increase (decrease) in cash and cash equivalents	15 839 474	16 465 879
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	77 223 041	30 558 407

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STATEMENT OF CHANGES IN EQUITY, 2ND 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 (30 June 2006)	-	-	-	-	-	30 843 997	30 843 997
Dividend	-	-	-	-	-	(4 983 508)	(4 983 508)
Formed reserve	-	-	861 492	6 613 770	-	(7 475 262)	-
Used reserve	-	-	-	(1 988 891)	-	1 988 891	-
Decrease in the revaluation reserve due to depreciation or writing off of the revaluated assets	-	(6 573 955)	-	-	-	6 573 955	-
Decrease in revaluation reserve of unused CO ₂ emission rights	-	-	-	-	(22 028 864)	-	(22 028 864)
Balance 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
Net profit (loss) of the reporting period (31 December 2006)	-	-	-	-	-	(5 836 777)	(5 836 777)
Used reserve	-	-	-	(980 029)	-	980 029	-
Decrease in the revaluation reserve due to depreciation and writing off of the revaluated assets	-	(7 053 059)	-	-	-	7 053 059	-
Decrease in revaluation of unused CO ₂ emission rights	-	-	-	-	(76 793 554)	-	(76 793 554)
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 (30 June 2007)	-	-	-	-	-	38 034 288	38 034 288
Formed reserve	-	-	1 251 440	23 755 781	-	(25 007 221)	-
Used reserve	-	-	-	(3 046 598)	-	3 046 598	-
Decrease in the revaluation reserve due to depreciation or writing off of the revaluated assets	-	(7 122 973)	-	-	-	7 122 973	-
Balance as of 30 June 2007	145 800 689	671 573 628	9 615 437	78 445 885	-	78 788 801	984 524 440

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NOTES TO THE FINANCIAL STATEMENTS

30 June 2007

1. General information

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 prices of the power energy supplied by the Company are regulated by the State Price and Energy Control Commission. For 2007 the Commission established the purchase price for the electric energy generated by the Company in which the production of electric energy is required to ensure the reserves of the energy system at 19.00 ct/kWh (excl. VAT).

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 30 June 2007 the Company had 672 employees (on 31 December 2006 – 688 employees).

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

2. Accounting policy

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.

These financial statements have been prepared on the basis of the modified principle of the acquisition value (due to revaluation of non-current assets, greenhouse gas emissions permits, and the related State grants, and the measurement of certain financial instruments at fair value). Starting from 1 January 2004 (transition to IFRS) the fair value of non-current assets is considered to represent deemed cost.

Accounting policy was not changed during the interim accounting period. Interim financial accountability is prepared in accordance the same accounting policy as annual financial accountability. Accounting policy is more described in the notes to the financial statements for the year ended 31 December 2006.

3. Tangible assets

	Buildings and constructions (LTL)	Machinery and equipment (LTL)	Vehicles (LTL)	Other property, plant and equipment (LTL)	Construction in progress (LTL)	Total (LTL)
Deemed cost						
31 December 2006	217 407 887	1 132 675 525	2 669 394	191 052 938	3 159 458	1 549 965 203
Change of the financial year:						
- acquisitions	-	127 405 045	-	248 107	-	127 653 151
- disposals and write-offs (-)	-	(169 966)	-	(44 927)	-	(214 893)
30 June 2007	217 407 887	1 259 910 604	2 669 394	191 256 118	3 159 458	1 674 403 462
Depreciation						
31 December 2006	50 440 219	263 043 147	1 636 221	47 903 532	-	363 023 119
Change of the financial year:						
- depreciation in the financial year	1 517 308	9 264 971	78 643	2 125 377	-	12 986 299
- depreciation of transferred and written—off assets (-)	-	(169 876)	-	(41 999)	-	(211 876)
30 June 2007	51 957 527	272 138 242	1 714 865	49 986 909	-	375 797 543
Residual value						
31 December 2006	166 967 668	869 632 378	1 033 172	143 149 406	3 159 458	1 183 942 084
Residual value						
30 June 2007	165 450 360	987 772 362	954 529	141 269 209	3 159 458	1 298 605 919

All non-current assets of the Company are held for own use. The depreciation costs adjusted for the used part of the grant are accounted as cost and other operating costs (Notes 6, 10, 12).

4. Intangible assets

	Software (LTL)	Greenhouse gas emissions permits (Note 5) (LTL)	Other intangible assets (LTL)	Total (LTL)
Acquisition cost				
31 December 2006	365 619	99 813 766	2 968 844	103 148 229
Change in the financial year:				
- acquisition of assets	3 498	49 634 105	2 207 277	51 844 800
- transferred and written-off (-)	-	(43 372 793)	-	(43 372 793)
- impairment of the unused greenhouse gas emissions permits	-	(103 947 029)	-	(103 947 029)
30 June 2007	369 117	2 128 049	5 176 122	7 673 288
Amortization				
31 December 2006	328 605	-	-	328 605
Change in the financial year:				
- amortization in the financial year	8 424	-	-	8 424
- amortization of transferred and written-off assets (-)	-	-	-	-
30 June 2007	337 029	-	-	337 029
Residual value				
31 December 2006	37 014	99 813 766	2 968 844	102 819 624
Residual value				
30 June 2007	32 088	2 128 049	5 176 122	7 336 259

Amortization costs are accounted as cost.

5. Greenhouse gas emission permits

On 30 June 2007 the greenhouse gas emission allowances were accounted as follows:

	Greenhouse gas emission allowances (Note 4) (LTL)	State grants (Note 6) (LTL)	Provisions for unused gas emission allowances (LTL)
31 December 2006	99 813 766	56 385 464	43 428 302
State grant received at fair value	49 634 105	49 634 105	-
Approved emissions	(43 372 793)	55 509	(43 428 302)
Impairment of greenhouse gas emission permits	(103 947 029)	(103 947 029)	-
Provisions for used gas emission allowances	-	(830 398)	830 398
30 June 2007	2 128 049	1 297 651	830 398

6. Grants and subsidies

Balance of grants as of 30 June 2007 and the use during the year:

	Assets-related grants (fuel incineration plant and other property) (LTL)	Assets-related grants (Renovation, environmental and safety standards enhancement project) (Lt)	Grants for greenhouse gas emission allowances (LTL)	Total (LTL)
Balance of grants as of 31 December 2005	2 864 402	39 866 000	64 978 063	107 708 465
Depreciation of non-current assets (Note 3)	(373 698)	-	-	(373 698)
Grants received	14 477	108 196 951	162 000 205	270 211 633
Impairment of greenhouse gas emission allowances	-	-	(127 156 709)	(127 156 709)
Greenhouse gas emission allowances used	-	-	(43 436 095)	(43 436 095)
Balance of grants as of 31 December 2006	2 505 181	148 062 951	56 385 464	206 953 596
Depreciation of non-current assets (Note 3)	(187 050)	-	-	(187 050)
Grants received	-	50 481 724	49 634 105	100 115 829
Impairment of greenhouse gas emission allowances	-	-	(103 947 029)	(103 947 029)
Greenhouse gas emission allowances used	-	-	(774 889)	(774 889)
Balance of grants as of 30 June 2007	2 318 131	198 544 675	1 297 651	202 160 457

During first half-year 2007, the assets-related grants (fuel incineration plant and other assets) decreased by LTL 187 050, for the amount of the depreciation of non-current assets (2006 – LTL 373 698). This amount decreased the cost of depreciation of non-current assets in the income statement.

During first half-year 2007 the Company from the State enterprise Ignalina Nuclear Power Plant decommissioning fund had no receipts (2006 - LTL 19 259 386). The funds are intended for co-financing of the renovation, environmental and safety standards enhancement project. As of 30 June 2007, all funds were used.

Per first half-year 2007 from the International Ignalina Decommissioning Support Fund received LTL 80 481 724 (2006 – LTL 88 937 565). The funds will be used for co-financing of the project of the removal of sulphuric oxides from smoke and the solid particles collection plant. As of 30 June 2007, all funds were used.

7. Bank loans

As of 30 June 2007 the loans from banks were as follows:

	30-06-2007 (LTL)	31-12-2006 (LTL)
AB bankas "DnB Nord", EUR, repayable by 01-05-2013	12 999 792	12 999 792
Syndicated loan (AB bankas "Hansabankas", AB "SEB Vilniaus bankas", Nordea Bank Finland Plc Lithuanian branch, AB bankas "DnB Nord"), Lt, repayable by 09-11-2020	75 437 848	34 923 304
Total:	88 437 640	47 923 096

8. Trade and other payables

As of 30 June 2007, trade and other amounts payable were as follows:

	30-06-2007 (LTL)	31-12-2006 (LTL)
Debts to suppliers for construction works and investment	60 134 682	20 192 722
Debts to suppliers for fuel	3 720 229	8 820 749
Debts to suppliers for repair works	188 562	2 609 076
Debts to suppliers for inventories	56 954	1 314 254
Other debts for services	438 229	1 473 461
Tax payable (except corporate income tax)	1 271 119	1 166 321
Advance payments received	10 487	1 107 281
Outstanding dividends	990 554	886 655
Other	55 205	70 758
Total:	66 866 022	37 641 277

9. Sales

Sales for the half-year that ended on 30 June were:

	30-06-2007 (LTL)	30-06-2006 (LTL)
Production of electricity	72 234 354	42 317 112
Cold capacity reserve	30 969 390	28 969 390
Heat energy	8 198 523	6 195 825
Warm reserve	3 458 800	3 985 800
Total:	114 888 067	81 468 127

10. Costs

Costs for the half-year that ended on 30 June were:

	30-06-2007	30-06-2006
	(LTL)	(LTL)
Gas	66 399 514	43 680 595
Depreciation and amortization costs	12 800 173	12 795 311
Wages and social insurance	11 949 703	10 641 051
Materials	2 233 577	4 352 908
Repair	3 363 640	6 672 924
Orimulsion	2 961 988	3 645 547
Balancing electric energy	1 472 124	255 509
Boiler fuel	621 126	1 243 389
Other	727 630	422 615
Total:	102 529 475	83 712 850

11. Operating costs

Operating costs for the half-year that ended on 30 June were:

	30-06-2007	30-06-2006
	(LTL)	(LTL)
Salaries and social insurance	2 115 342	1 888 802
Pollution tax	572 128	459 891
Land lease charge	378 000	380 500
Value-added tax	318 841	4 286
Property security costs	302 049	282 443
Business trips	290 152	228 009
Immovable property tax	250 632	339 960
Insurance costs	221 078	94 011
Communications and postal services	129 557	141 940
Check-ups and servicing	102 469	29 195
Provisions for amounts receivable	(122 580)	(122 360)
Other	5 006 944	3 059 210
Total:	9 564 611	6 785 885

12. Other operating income and costs

Other operating income and costs for the half-year that ended on 30 June were:

	30-06-2007	30-06-2006
	(LTL)	(LTL)
Other operating income		
Profit from transfer of gas emissions permits	21 191 560	45 337 854
Income from custody of material resources	678 891	679 756
Dispenser servicing income	78 941	173 804
Lease income	65 813	58 411
Other income	430 176	111 318
Fines and late interest	19 321 973	9 478
	41 767 354	46 370 620
Other operating costs		
Costs of sale of greenhouse gas emissions allowances	18 765	653 130
Costs of custody of material resources	592 564	702 167
Dispenser servicing costs	39 669	93 977
Other costs	15 236	10 967
	666 234	1 460 240

13. Financing costs

Financing costs for the half-year that ended on 30 June were:

	30-06-2007	30-06-2006
	(LTL)	(LTL)
Interest costs	1 323 910	195 385
Other financing costs	5 160	5 020
	<u>1 329 070</u>	<u>200 406</u>
Less: capitalized interest costs	<u>(1 321 788)</u>	<u>(191 505)</u>
Total:	<u>7 281</u>	<u>8 900</u>

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Chief Financier

PUBLIC COMPANY LIETUVOS ELEKTRINĖ

Interim Report for the first half-year of 2007

CONTENTS

1. Reporting period covered by this Interim Report	3
2. Main data about the issuer	3
3. Type of the issuer's principal activities	3
4. Agreements with intermediaries of public trading in securities	3
5. Composition of the authorised capital	3
5.1. <i>Composition of the authorised capital of AB Lietuvos elektrinė</i>	3
5.2. <i>Rights and Duties of Shareholders</i>	3
6. Shareholders	4
7. Trading in the issuer's securities on the VSE and other organized markets	4
8. Staff	5
9. The procedure for the amending the Statutes of the issuer	6
10. Members of the managing bodies	6
11. Issuer's activity review	7
12. Material events in the issuer's activities	8
13. Transactions with relates parties	9

1. Reporting period covered by this Interim Report

Report has been drawn up for the first half-year 2007.

2. Main data about the issuer

Name of the Company	Public Company (AB) Lietuvos Elektrinė
Code	110870933
Office address	Elektrinės St. 21, LT- 26108, Elektrėnai, Lithuania
Telephone	(+370~528) 39 066
Fax	(+370~528) 39 733
E-mail address	info@lelektrine.lt
Internet website	www.lelektrine.lt
Authorized capital	LTL 145,800,689, divided into 145,800,689 ordinary registered shares of LTL 1 nominal value
Legal form	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. Agreements with intermediaries of public trading in securities

AB Lietuvos elektrinė has signed an agreement with the financial brokerage firm AB "Finasta" (Konstitucijos St. 23, Vilnius; tel. (+370~5) 278 68 33) concerning management of securities accounting and payment of dividends to the shareholders for the financial years 2002-2006.

5. Composition of the authorised capital.

5.1. Composition of the authorised capital of AB Lietuvos elektrinė.

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. There have been any restrictions of the disposing of shares.

5.2. Rights and Duties of Shareholders

The Shareholders of the Company shall have the following property rights:

- 1) to receive a part of the Company's profit (dividends);
- 2) to receive a part of assets of the Company in liquidation;
- 3) to receive the company funds if the statutory capital is reduced to pay the company funds to the shareholders;
- 4) to receive shares without payment if the statutory capital is increased out of the company funds;

- 5) to have the pre-emption right in acquiring shares or convertible debentures issued by the company, except in cases when the General Meeting decides to withdraw the pre-emption right in acquiring the company's newly issued shares or convertible debentures for all the shareholders;
- 6) to sell or transfer all or a portion of shares into the ownership of other persons according to the procedure laid down in the legal acts of the Republic of Lithuania;
- 7) to lend to the company in the manner prescribed by law; however, when borrowing of its shareholders, the company may not pledge its assets to the shareholders;
- 8) other property rights established by the laws and the Statutes of the company.

Shareholders shall have the following non-property rights:

- 1) to attend the General Meetings and to vote according to voting rights carried by their shares;
- 2) to receive the information on the company specified in the Law of the Republic of Lithuania on Companies;
- 3) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed the laws and the Statutes of the company as well as in other cases laid down by laws;
- 4) other non-property rights established by the laws and the Statutes of the company.

The shareholders shall have no property obligations to the company save for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Meeting takes the decision to cover the losses of the company from additional contributions made by the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

6. Shareholders

Total number of shareholders: 4,577.

Shareholders who held title to more than 5 percent of the issuer's authorized capital or votes on 30 June 2007.

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, %	Portion of the votes, %
The state, represented by the Ministry of Economy of the Republic of Lithuania 38/2 Gedimino St., Vilnius 188621919	140,684,381	96.49	96.49

There have been any shareholders with the special rights of control.

There have been any restrictions of shareholder's right to vote.

The agreements between the shareholders that may restrict the disposal of securities and (or) the right to vote is not yet known.

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

All ordinary registered shares of AB Lietuvos Elektrinė are on the Current List of the Vilnius Stock Exchange (hereinafter – VSE) (admitted to the List on 1 February 2002).

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

Trading in the Company's shares

Reporting period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	Highest	Lowest	Last session	Highest	Lowest	Last session		Units	LTL
2007, 1 st quarter	5.18	4.00	5.18	61,800.00	0	30,825.20	30.03.2007	170,787	793,906.58
2007, 2 nd quarter	5.77	4.55	5.69	75,661.02	0	16,539.07	29.06.2007	101,546	534,384.30



Fig. 7.1. Trading in the Company's shares

Capitalization of ordinary registered shares of AB Lietuvos Elektrinė

Date of the last session	Capitalization (LTL)
30.03.2007	755,247,569.02
29.06.2007	829,605,920.41

8. Staff

Table 8.1. Number of employees

	2004	2005	2006	2007, 2 nd Q
Number of employees	791	744	706	673
Managers	4	3	3	3
Specialists	216	203	194	221
Workers	571	538	509	449

Table 8.2. Average monthly wages by employee groups

	Average wages 2004, LTL	Average wages 2005, LTL	Average wages 2006, LTL	Average wages 2 nd Q 2007, LTL
Managers	10,841	11,907	14,342	15,827
Specialists	2,079	2,487	2,941	3,537
Workers	1,669	1,939	2,382	2,716
Total	1,830	2,137	2,592	3,032

Table 8.3. Breakdown of the staff by education

Number of employees with:	2004	2005	2006	2007, 2nd Q
Higher education	183	174	171	170
Vocational education	167	163	151	146
Secondary school education	344	346	316	312
Unfinished secondary school education	55	38	45	45

9. Procedure for amendment of the Issuer's Statutes

To amend the Statutes of the Company may only the General Meeting by a qualified majority vote that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting. The General Meeting decision to amend the Statutes of the company shall be adopted according to the procedure laid down in Article 27 or 30 of the Law of Republic of Lithuania on Companies.

10. 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 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.

More detailed information about the order of composing the Supervisory Board and the Board, the obligations, responsibility and work regulations is provided in the Activity Report of AB "Lietuvos Elektrinė" in the notice about compliance with the Corporate Governance Code of the companies listed on the Vilnius Stock Exchange (Annex 1. Auditor's report on the financial statements for 2006).

Table 10.1. Members of the Company's Supervisory Board, the Board and the Administration

Name, surname	Share of the capital/ votes held, %
THE SUPERVISORY BOARD	
Artūras Dainius, Chairman	-
Marija Siniavska	-
Nijolė Bujauskienė	-
Saulius Spėčius	-
Janina Butkevičienė (from 26.04.2007)	
Audrius Bilys (before 26.04.2007)	
THE BOARD	
Pranas Noreika, Chairman	0.004
Arvydas Galinis	-
Domininkas Pečiulis	-
Rolandas Jankauskas	-
Vida Dzermeikienė	-
ADMINISTRATION	
Pranas Noreika, Director General	0.004
Rolandas Jankauskas, Chief Financier	-

Table 10.2. Data about the beginning and end of the term of office of the Company's Supervisory Board and the Board

Name, surname	Beginning of the term of office	End of the term of office
Artūras Dainius	06.11.2006	2010
Marija Siniavska	06.11.2006	2010
Nijolė Bujauskienė	06.11.2006	2010
Saulius Spėčius	06.11.2006	2010
Janina Butkevičienė	26.04.2007	2010
Pranas Noreika	06.11.2006	2010
Arvydas Galinis	06.11.2006	2010
Domininkas Pečiulis	06.11.2006	2010
Rolandas Jankauskas	06.11.2006	2010
Vida Dzermeikienė	06.11.2006	2010
Audrius Bilyš	06.11.2006	26.04.007

Table 10.3. Information about payments and loans extended to members of the managing bodies

	Salaries, LTL	Tantiemes (for the year 2006), LTL	Other payments from profit, LTL
Members of the Supervisory Board	-	-	-
Members of the Board	-	30,000	-
Administration (3 persons)	517,678	-	-
Each member of the Administration (average)	172,559	-	-

No loans were granted, guarantees and warranties given to members of the Supervisory Board, the Board and the Administration of AB Lietuvos Elektrinė during 1st H 2007.

11. Issuer's activity review

AB Lietuvos Elektrinė produces and sells electricity and thermal energy.

Table 11.1. General sales volume in kind

	2004	2005	2006	2007, 2 nd Q
Electricity sold, thousand kWh	664,337	972,110	885,062	372,950
Thermal energy produced, Gcal	162,882	150,024	148,904	80,818
Cold capacity reserve, MWh	7,423,148	4,852,150	7,167,158	4,397,895
Warm capacity reserve, MWh	685,018	470,226	472,148	323,529

Table 11.2. General sales volume in terms of value

	2004		2005		2006		2007, 2 nd Q	
	LTL thousand	%	LTL thousand	%	LTL thousand	%	LTL thousand	%
Electricity	90,040	51.25	118,347	58.31	119,796	62.80	72,234	62.87
Thermal energy	9,225	5.25	8,498	4.19	9,056	4.75	8,199	7.14
Cold capacity reserve	69,949	39.82	69,589	34.29	53,939	28.28	30,969	26.96
Warm capacity reserve	6,457	3.68	6,524	3.21	7,972	4.18	3,486	3.03
Total	175,671	100.00	202,958	100.00	190,762	100.00	114,888	100.00

Table 11.3. Average prices

	2004	2005	2006	2007, 2 nd Q
Quota electricity LTL/kWh	0.1352	0.1300	0.1377	0.1900
Warm capacity reserve LTL/MW	8.45	8.56	9.10	9.10
Cold capacity reserve LTL/MW	7.90	8.00	8.50	8.50
Thermal energy LTL/Gcal	56.64	56.64	56.64	79.90

Table 11.4. Financial indicators characterizing the issuer's activity

Indicator	2007, 2nd Q	2006	2005
Turnover, LTL	114,888,067	190,762,359	202,958,526
Gross profit, LTL	12,358,591	(26,182,376)	27,887,604
Operating profit, LTL	44,425,922	32,085,749	15,518,070
Profit before taxes, LTL	44,711,857	31,173,600	20,546,965
Net annual profit, LTL	38,034,288	25,007,221	17,229,842
EBITDA, LTL	57,420,645	58,093,421	40,397,794
Assets, LTL	1,475,002,950	1,410,906,882	1,340,453,811
Equity, LTL	984,524,440	946,490,152	1,025,288,857
Grants and subsidies, LTL	202,160,457	206,953,596	107,708,465
Liabilities, LTL	288,318,052	257,463,134	207,456,490
Number of shares, LTL	145,800,689	145,800,689	145,800,689
Dividend (for the previous reporting period)	0	4,983,508	4,735,674
Gross profit margin, %	10.8	-13.7	13.7
Operating profit margin, %	38.7	16.8	7.6
Net profit margin, %	33.1	13.1	8.5
EBITDA margin, %	50.0	30.5	19.9
ROA, %	2.6	1.8	1.3
ROE, %	3.9	2.6	1.7
Debt ratio	0.2	0.2	0.2
Debt/Equity ratio	0.3	0.3	0.2
Book value per share, LTL	6.7	6.5	7.0
Net profit per share, LTL	0.3	0.2	0.1
Dividend per share (for the previous period), LTL	0.0	0.0	0.0
Dividend / net profit (for the previous period), LTL	0.0	0.2	0.3

12. Important event during the reporting period

The following material events that occur during the first six month of 2007:

- The meeting of the Board held on 30 January 2007 approved the new management structure and the list of posts.
- The meeting of the Board held on 15 March 2007 approved the Corporate Action Plan for 2007.
- The Broad meeting held on 19 March 2007 resolved to undo the agreement between Lietuvos Elektrinė AB and Bitumenes Orinoco S.A.
- The General Meeting of Shareholders of Lietuvos elektrinė AB held on 26 April 2007. The projects of General Meeting decisions:
 1. Annual Report of the Company of the year 2006.
 2. Auditor's report on the Company's financial statements.
 3. Approval of the Company's annual financial statements.
 4. Approval of profit (loss) distribution of the year 2006.
 5. Recalling of a member of the Company's Supervisory Board.
 6. Election of a member of the Company's Supervisory Board.

The General Meeting approved the Company's financial statement of the year 2006. Audited net profit of Lietuvos elektrinė AB - 25,007,221 LTL (7,242,592 EUR).

Janina Butkevičienė – chief specialist of the Electricity and Heat Division of the Energy Department of the Ministry of Economics – elected to the position of a member of the Company's Supervisory Board.

- The result of operation of Lietuvos elektrinė for the first quarter of 2007 is a pre-audited profit before taxes LTL 28.8 million (EUR 8.3 million) (LTL 46.5 million (EUR 26.4 million) for the first quarter of 2006). The income for the first quarter of 2007 amounted to LTL 91.0 million (EUR 26.4 million) (LTL 95,8 million (EUR 27.8 million) for the first quarter of 2006).
- The meeting of the Board held on 2 July 2007 resolved to the technical and economic substantiation of the Combined Cycle Gas Turbin Unit.

13. Transactions with relates parties

Transaction with state-controlled enterprises were concluded in first half-year 2007 under the same terms as with other unrelates parties.

Table 13.1. Transactions concluded with the state-owned enterprises and balances as of 30 June 2007, LTL

State-controlled enterprises	Accounts payable	Accounts receivable	Revenue	Costs
AB "Lietuvos Energija"	1,085,228	5,632,661	106,573,505	1,502,048
UAB "Elektrėnų komunalinis ūkis"	36,206	544,004	2,687,779	321,487
VŠĮ "Abromiškių reabilitacinė ligoninė"	243	8,755	144,064	89,993
AB "Rytų skirstomieji tinklai" Vilnius branch	9,491	-	-	52,674
Total	1,131,168	6,185,420	109,405,348	1,966,202

Pranas Noreika, General Director

Rolandas Jankauskas, Chief Financier
