LIETUVOS ENERGIJA AB

Interim Financial Statements for Q1 2007

TABLE OF CONTENTS

Interim financial statements signed on May 30, 2007

Rymantas Juozaitis General Director	Sigitas Baranauskas Chief Financier

BALANCE SHEETS
As of March 31, 2007
All amounts are in LTL thousands, unless otherwise stated

	Notes	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
ASSETS					
Non-current assets:					
Intangible assets	4	6,073	6,008	6,822	6,751
Property, plan and equipment	5	2,533,727	2,507,799	2,548,338	2,522,033
Investments in subsidiaries	6	-	31,755	-	31,755
Investments in associates	6	21,031	21,031	21,172	21,172
Other receivables	7	7,773	7,773	7,792	7,792
Other financial assets	8	344	309	344	309
Total non-current assets		**2,568,948**	**2,574,675**	**2,584,468**	**2,589,812**
Current assets:					
Inventories	9	14,070	8,121	12,702	6,393
Prepayments		1,904	1,661	2,613	2,353
Trade receivables	10	115,954	109,860	95,774	88,125
Other receivables	11	8,184	8,288	9,088	8,990
Other assets		105	89	836	678
Cash and cash equivalents	12	9,147	2,332	4,788	1,357
Total current assets		**149,364**	**130,351**	**125,801**	**107,896**
TOTAL ASSETS		**2,718,312**	**2,705,026**	**2,710,269**	**2,697,708**
EQUITY AND LIABILITIES					
Capital and reserves:					
Share capital	13	689,515	689,515	689,515	689,515
Share premium		3	3	3	3
Legal reserve	14	70,407	68,952	70,407	68,952
Other reserves	15	1,394,574	1,392,429	1,394,560	1,392,429
Retained earnings		30,268	31,154	17,651	18,385
Foreign currency translation reserve		(6)	-	(6)	-
Equity attributable to equity holders of the Parent		2,184,761	2,182,053	2,172,130	2,169,284
Minority interest		1	-	1	-
Total equity		**2,184,762**	**2,182,053**	**2,172,131**	**2,169,284**
Non-current liabilities:					
Borrowings	16	70,355	70,355	70,440	70,440
Issued bonds	18	25,896	25,896	25,896	25,896
Obligations under finance leases	17	65	-	119	-
Grants	19	30,581	30,512	24,340	24,265
Deferred income tax liabilities	21	216,774	216,376	220,034	219,622
Total non-current liabilities		**343,671**	**343,139**	**340,829**	**340,223**
Current liabilities:					
Borrowings	16	17,560	17,560	20,581	20,581
Issued bonds	18	-	-	-	-
Obligations under finance leases	17	242	-	263	-
Current income tax liabilities		7,039	6,934	1,334	1,287
Trade and other payables	20	165,038	155,340	175,131	166,333
Total current liabilities		**189,879**	**179,834**	**197,309**	**188,201**
TOTAL EQUITY AND LIABILITIES		**2,718,312**	**2,705,026**	**2,710,269**	**2,697,708**

The accompanying explanatory notes are an integral part of these financial statements.

LIETUVOS ENERGIJA AB
Company code 220551550, Žvejų str. 14, LT-09310 Vilnius

INCOME STATEMENTS
For the period ended 31 March 2007
All amounts are in LTL thousands, unless otherwise stated

	Notes	Group Q1, 2007	Company Q1, 2007	Group Q1, 2006	Company Q1, 2006
Sales	22	305,592	292,010	247,660	238,440
Operating expenses	22	(288,898)	(275,630)	(223,007)	(213,893)
Other operating income	23	5,683	5,440	4,275	4,248
Other operating expenses		(5,607)	(5,182)	(5,102)	(5,015)
Other gains (losses), net	24	(162)	(130)	545	168
OPERATING PROFIT		**16,608**	**16,508**	**24,371**	**23,948**
Finance income		141	133	134	108
Finance costs		(1,474)	(1,470)	(1,282)	(1,278)
Share of loss of associates		(141)	-	(289)	-
PROFIT BEFORE INCOME TAX		**15,134**	**15,171**	**22,934**	**22,778**
Income tax expense	21	(2,503)	(2,402)	(3,244)	(3,189)
NET PROFIT		**12,631**	**12,769**	**19,690**	**19,589**
ATTRIBUTABLE TO:					
Equity holders of the Company		12,631	12,769	19,690	19,589
Minority interest		-	-	-	-
		12,631	**12,769**	**19,690**	**19,589**
Basic and diluted earnings per share (LTL)	**26**	**0.02**	**0.02**	**0.03**	**0.03**

The accompanying explanatory notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 March 2007
All amounts are in LTL thousands, unless otherwise stated

Group	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Foreign currency translation reserve
Balance as of December 31, 2005		**689,515**	**3**	**69,355**	**102,503**	**1,300,155**	**(5)**
Net profit for the period		-	-	-	-	19,691	-
Balance as of March 31, 2006		**689,515**	**3**	**69,355**	**102,503**	**1,319,846**	**(5)**
Dividends	29	-	-	-	-	(8,100)	-
Changes in equity arising from foreign currency exchange rate change		-	-	-	-	-	(1)
Transfer to reserves	15	-	-	1,052	1,295,670	(1,296,722)	-
Reserves used	15	-	-	-	(3,613)	3,613	-
Net profit for the period		-	-	-	-	(986)	-
Balance as of December 31, 2006		**689,515**	**3**	**70,407**	**1,394,560**	**17,651**	**(6)**
Dividends	29	-	-	-	-	-	-
Changes in equity arising on foreign currency exchange rate change		-	-	-	-	-	-
Transfer to reserves	15	-	-	-	25	(25)	-
Reserves used	15	-	-	-	(11)	11	-
Net profit for the period		-	-	-	-	12,631	-
Balance as of March 31, 2007		**689,515**	**3**	**70,407**	**1,394,574**	**30,268**	**(6)**

STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 March 2007
All amounts are in LTL thousands, unless otherwise stated

Company	Notes	Share capital	Share premium	Legal reserve
Balance as of December 31, 2005		689,515	3	68,952
Net profit for the period				
Balance as of March 31, 2006		689,515	3	68,952
Dividends	29	-	-	-
Transfer to reserves	15	-	-	-
Reserves used	15	-	-	-
Net profit for the period		-	-	-
Balance as of December 31, 2006		689,515	3	68,952
Dividends	29	-	-	-
Transfer to reserves	15	-	-	-
Reserves used	15	-	-	-
Net profit for the period		-	-	-
Balance as of March 31, 2007		689,515	3	68,952

The accompanying explanatory notes are an integral part of these financial statements.

LIETUVOS ENERGIJA AB
Company code 220551550, Žvejų str. 14, LT-09310 Vilnius

STATEMENTS OF CASH FLOWS
As of March 31, 2007
All amounts are in LTL thousands, unless otherwise stated

	Group March 31, 2007	Company March 31, 2007	Group March 31, 2006	Company March 31, 2006
Net profit	12,632	12,769	19,690	19,589
Adjustments for non-cash expenses (income) items and other adjustments				
Depreciation and amortization	36,610	36,130	40,173	39,692
Change in deferred income tax liabilities	(3,260)	(3,246)	(4,890)	(4,882)
Impairment of assets	127	127	199	199
Income and social tax expense	5,763	5,648	8,126	8,071
Income from grants	(269)	(263)	(209)	(209)
(Profit) loss from disposal of non-current assets (excluding financial assets)	(250)	(250)	89	89
Elimination of financial and investment activity results:				
- Dividends	-	(180)	-	-
- Foreign currency exchange loss (gain), net	96	96	61	61
- Finance costs	1,474	1,470	1,285	1,281
- Finance income	(141)	(133)	(135)	(108)
- Income from other financial activities	(1)	49	(5)	-
Changes in working capital				
(Increase) decrease in inventories	(1,643)	(1,720)	(250)	(1,337)
Increase in prepayments	709	692	(126)	(81)
Decrease in trade receivables	(19,658)	(22,017)	17,023	14,686
Decrease in other receivables	448	252	4,980	4,746
Increase in other current assets	(8)	-	(3)	-
Income tax paid	(58)	-	(5,107)	(5,028)
Decrease in provisions expense	49	-	-	-
Decrease in current trade payables and advances received	(15,759)	(14,521)	(54,957)	(51,098)
Increase in payroll related liabilities	2,548	1,890	2,197	1,904
Increase (decrease) in other accounts payable	3,354	2,850	1,059	1,648
Net cash flows from operating activities	***22,763***	***19,643***	***29,200***	***29,223***
Cash flows from / (to) investing activities				
Purchases of non-current assets (excluding financial investments)	(14,527)	(14,713)	(16,085)	(15,974)
Proceeds on disposal of non-current assets (excluding financial investments)	350	350	73	60
Loans granted	-	-	-	-
Loan repayments received	4	4	-	-
Proceeds on disposal of investments		-	-	-
Acquisition of investments	(10)	(10)	-	-
Dividends received	-	-	-	-
Interest received	57	50	135	108
Other cash flows to investing activities		-	(259)	(259)
Net cash flows to investing activities	***(14,126)***	***(14,319)***	***(16,136)***	***(16,065)***
Cash flows from / (to) financial activities				
Proceeds from borrowings	43,872	43,872	23,177	23,177
Proceeds from issuance of bonds	-	-	-	-
Bonds redeemed	-	-	-	-
Repayments of borrowings	(46.979)	(46.979)	(37,926)	(37,926)
Repayments of obligations under finance leases	(74)	-	(121)	-
Dividends paid	(5)	(5)	11	11
Interest paid	(1,223)	(1,218)	(1,125)	(1,120)
Realized derivative financial instruments	-	-	-	-
Other cash flows from financing activities	(19)	(19)	-	-
Net cash flows to financing activities	***(4,428)***	***(4,349)***	***(15,984)***	***(15,858)***
Net (decrease) increase in cash and cash equivalents	**4,209**	**975**	**(2,920)**	**(2,700)**
Cash and cash equivalents at the beginning of the period	**4,938**	**1,357**	**5,737**	**2,949**
Cash and cash equivalents at the end of the period	**9,147**	**2,332**	**2,817**	**249**

The accompanying explanatory notes are an integral part of these financial statements.

1. General information

Lietuvos Energija AB is a public limited liability company registered in the Republic of Lithuania. Its head office is located in Žvejų g. 14, LT-09310, Vilnius, Lithuania. Lietuvos Energija AB ("the Company") is a limited liability profit-seeking entity, registered at the Register of Legal Persons managed by Registrų Centras VĮ. Company registration No. BĮ 99-74, Company code 220551550, VAT payer's code LT205515515. The Company is established for an unlimited period.

On March 4, 1995 the Company took over the rights of the former Production Energy and Electrification Board established originally in 1940 and reorganized into the Lithuanian State Energy System on March 27, 1991, after the restoration of Independence of the Republic of Lithuania. The Company was re-registered on April 13, 1999 at the Ministry of Economy.

The share capital of the Company did not change in 2006 and 2007 and as of March 31, 2007 amounted to LTL 689,515,435 and was divided into 689,515,435 ordinary registered shares with the nominal value of one Litas each. All the shares are fully paid. The shares of the Company are traded on Vilnius Stock Exchange in the current trading list. In 2007 and 2006 the Company did not purchase its own shares. As of March 31, 2007 the main shareholder of Lietuvos Energija AB was the state of Lithuania holding 96.53% of the Company's shares. The key manager of the state-owned shares is the Ministry of Economy of the Republic of Lithuania. The remaining 3.47% of the Company's shares are held by other shareholders.

Main activities of the Company in 2007 were as follows: transmission system operator, market operator, production of electricity and exporter of electricity. Along with these key activities, the Company is entitled to carry out any other lawful commercial-economic activities indicated in the bylaws of the Company.

Licensed activities or activities that require permits can be carried out only after obtaining the appropriate licenses or permits. Since March 22, 2002 the Company has a license for energy transmission, which is valid for an unlimited period (unless it is suspended or cancelled). The Company has permits of unlimited validity to engage in production, import and export of electricity.

As of March 31, 2007 the Company had 2 branches: Kaunas Hydro Power Plant (HPP) and Kruonis Pumped Storage Plant (PSP). The branches are operating according to the regulations approved by the Board of the Company for every branch individually.

At the date of these interim financial statements the Company directly participated (controlled or had significant influence) in the management of these companies: Nordic Energy Link AS, Energetikos Pajėgos UAB, Geoterma UAB, Kruonio Investicijos UAB, Kauno Energetikos Remontas UAB. Indirectly, through Kauno Energetikos Remontas UAB, the Company had majority of votes in Gotlitas UAB, Rygas Energetikas Remonts SIA and Kaliningradskij Energoremont OOO.

These interim financial statements for the Q1 2007 include consolidated Lietuvos Energija AB and its subsidiaries' interim financial statements and separate interim financial statements of the patronizing company Lietuvos Energija AB. The Group consists of Lietuvos Energija AB and the following subsidiaries directly and indirectly controlled by the Company:

Company	Registered address	Shares held by the Group	Share capital of subsidiary (LTL)	Profit (loss) for reporting period (LTL)	Equity as of 31 March, 2007 (LTL)	Main activity
Energetikos Pajėgos UAB	**T.Masiulio g. 16d, Kaunas, Lithuania**	**100%**	**430,400**	74696	636160	**Design of energy projects**
Kauno Energetikos Remontas UAB	**Chemijos g. 17, Kaunas, Lithuania**	**100%**	**31,340,763**	319834	35848102	**Repair of energy equipment, manufacture of metal constructions**
Gotlitas UAB	**R.Kalantos g. 119, Kaunas, Lithuania**	**100%**	**1,450,000**	13049	1449195	**Accommodation services, trading activities**
Rygas Energetikas Remonts SIA	**Riga district. p.n. Acone Salaspils, Latvia**	**100%**	**14,546 (LVL 2,000)**	3436	12663	**Repair of energy equipment**
Kaliningradskij energoremont OOO	**Jaltinskaya str. 66, Kaliningrad, Russia**	**99%**	**1,349 (RUB 9,900)**	(3594)	30925	**Repair of energy equipment**

The Company's investments in Kruonio Investicijos UAB are accounted for in the current assets of the Balance Sheets, item *Other Assets*, because the patronizing company does not have long-term operations plans related to the mentioned subsidiary. Due to this reason, the financial statements of Kruonio Investicijos UAB were not consolidated in the consolidated financial statements of Lietuvos Energija AB and its subsidiaries.

(continued on the following page)

1. General information (continued)

As of 31 March, 2007 the number of employees of the Group was 1,787 (1,797 as of December 31, 2006). 850 employees were employed at the head office and transmission divisions (847 as of December 31, 2006), 291 – in the branches (295 as of December 31, 2006), Energetikos Pajėgos UAB - 21 (19 as of December 31, 2006), Kauno Energetikos Remontas UAB - 586 (597 as of December 31, 2006), Gotlitas UAB - 20 (20 as of December, 2006), Rigas Energetikos Remontas SIA - 1 (1 as of December 31, 2006), Kaliningradskij energoremont OOO - 18 (18 as of December 31, 2005).

On 8 March 2006 the heads of three Baltic energy companies – Lietuvos Energija, Eesti Energia and Latvenergo signed a memorandum of understanding regarding the preparation for construction of a new nuclear reactor in Lithuania. The basis for signing this Memorandum was laid on February 27, 2006, when Lithuanian, Latvian and Estonian Prime Ministers signed a Declaration on security of electricity supply in the Baltic States and the common European energy policy along with the Communiqué regarding common Baltic energy strategy and initiative to construct a new nuclear power plant in Lithuania. By signing this Memorandum the first preparation phase – a Feasibility Study was launched. On October 25, 2005 the project's Steering Committee approved the results of the Feasibility Study on the construction of a new nuclear reactor in Lithuania. During the Study there was a feasibility to construct a new nuclear facility in Lithuania assessed with regard to economic, technical, financial and legal aspects in the Baltic States and the European Union and it was established that the project of construction of a new nuclear power plant is feasible. Further implementation of the project will be regulated by the laws of the Republic of Lithuania and other legal acts which were under preparation during compilation of these interim financial statements. For more detailed information on preparation for the construction of the new nuclear power plant see the Note *Subsequent Events.*

The Company actively searches for opportunities in various electricity markets to compensate the decreased export income and join the alternative electricity grids of West Europe. Starting from April 2005 the Company is participating in an international investment project ESTLINK (laying of underwater 350 MW power cable, connecting the Baltic and Scandinavian countries) by acquiring 25% of the shares of the newly established company Nordic Energy Link AS and investing MEUR 5.5. On January 4, 2007 a trade of electricity by a new undersea cable was started.

The Company is a member of Lithuanian Electricity Association, Lithuanian Confederation of Industrialists, Vilnius Chamber of Trade, Industry and Crafts. Since 1998 the Company has been participating in the activities of BALTREL (Baltic Ring Electricity Co-operation Committee). From February 2004 the Company is a member of CIGRE (International Council on Large Electric systems). In February 2005 the Company became a full member of ETSO (European Transmission System Operators). In March 2006 the Company together with the transmission system operators of Estonia and Latvia established the cooperation organization BALTSO, aimed to solve basic issues related to parallel operation of the power systems of the Baltic States. The specialists of the Company take active participation in the activities of the association representing common interests of the European electricity sector - EURELECTRIC and in the national committee of the World Energy Council. The Company is also a member of a joint committee of the Baltic States, Russia and Belarus (BRELL), established for coordination of parallel operation of the power systems of these countries.

On August 13, 2006 an international rating agency Moody's confirmed a corporate long-term credit rating A2 for borrowings in foreign currency and established a stable rating outlook.

On November 8, 2006 an international rating agency Standard & Poor's confirmed a corporate long-term credit rating A- for borrowings in foreign currency and established a stable rating outlook.

2. *Significant accounting policies*

The main accounting policies adopted in preparing the Company's interim financial statements and Group's consolidated interim financial statements for the Q1 2007 are as follows:

2.1 Basis of preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union (the "EU"). IFRSs as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB) and currently effective for the purpose of these financial statements, except for certain hedge accounting requirements under IAS 39, which have not been adopted by the EU. The Company and the Group has determined that the unendorsed hedge accounting requirements under IAS 39 would not impact the Company's and the Group's financial statements had they been endorsed by the EU at the balance sheet date. Therefore, as a matter of reference, the term "IFRS" is hereafter used and referring to both IFRS and IFRS as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for Property, plant and equipment, acquired before 1 January 2004, which are stated at deemed cost less any subsequent accumulated depreciation and accumulated impairment loss (see item 2.6 below) and revaluation of derivative financial instruments to fair value.

In the reported period the Company and the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007. The financial year of the Company and other companies of the Group coincides with the calendar year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Lietuvos Energija AB and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

2.3 Business Combinations

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportional part of the net fair value of the assets, liabilities and contingent liabilities recognized.

2.4 Investments in subsidiaries

A subsidiary is a company over which the parent has control. Investments in subsidiaries are stated at cost less impairment losses recognized, where the investment's carrying amount in the parent only financial statements exceeds its estimated recoverable amount.

2.5 Investments in associates

An associate is an entity over which the Company and the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates in the parent only financial statements are stated at cost less impairment losses recognized, where the investment's carrying amount exceeds its estimated recoverable amount.

The results and assets and liabilities of associates are incorporated in the Company's and the Group's consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where the Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

2.6 Property, plant and equipment (except investments)

Property, plant and equipment, acquired before January 1, 2004, are carried at a deemed cost less any subsequent accumulated depreciation and accumulated impairment losses. The Property, plant and equipment at the date of transition to IFRS were stated at their fair value and the fair value was considered to be their deemed cost at the date of transition.

Property, plant and equipment acquired or constructed by the Company and the Group subsequent to the date of transition to IFRS (January 1, 2004) are stated at acquisition cost less any subsequent accumulated depreciation and accumulated impairment losses.

Construction-in-progress represents Property, plant and equipment under construction. Such assets are carried at acquisition cost, less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs.

Intangible assets are stated at historical cost, less any subsequent accumulated amortization and accumulated impairment losses.

All assets, except for real estate, in excess of LTL 2,000 are capitalized. Real estate is capitalized, with no regards to its acquisition cost.

Depreciation (amortization) of Property, plant and equipment and intangible assets, other than construction-in-progress, is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of Property, plant and equipment and intangible assets are as follows:

Groups	**Useful lives (years)**
Buildings and structures	7 - 75
Machinery and equipment	4 - 40
Vehicles	4 - 10
Other equipment, tools and devices	3 - 15
Other PPE	4 - 80
Intangible assets	3 - 4

Average useful lives of the core business Property, plant and equipment asset items are as follows:

	Average useful lives (years)
Constructions of transformer substations	30
330, 110, 35 kV electricity transmission lines	40 - 55
330, 110, 35, 6-10 kV electricity distribution equipment	30 - 35

330, 110, 35, 6-10 kV power transformers	35
Relay security and automation equipment	15 - 35
Technological and dispatcher control equipment	8

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of Property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company and Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss in the period in which they are incurred.

2.7 Impairment of PPE and intangible assets

At each balance sheet date, the Company and the Group reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Financial assets

Investments are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction cost.
Financial assets are classified into the following specified categories: "held to maturity investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.
<u>Effective interest method</u>
The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income on debt instruments is recognized in profit or loss on an effective interest rate basis.
<u>Held-to-maturity financial assets</u>
Financial assets with fixed or determinable payments and fixed maturity dates that the Company and the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Held-to-maturity financial assets are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method less impairment loss recognized to reflect irrecoverable amounts.

(continued on the following page)

2.8 Financial assets (continued on the following page)

Income on held-to-maturity financial assets is recognized in profit or loss on an effective interest rate basis.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method less impairment loss recognized to reflect irrecoverable amounts.

Interest income is recognized in profit or loss by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been effected. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is transferred to the account of doubtful receivables. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2.9 Inventories

Inventories are initially measured at cost and are subsequently measured at the acquisition cost and net realizable value, depending which of them is lower. Costs comprise direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks, demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11 Financial liabilities and equity instruments issued by the Company and the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest rate basis (see item 2.8 in above).

2.12 Foreign currency translation

Transactions denominated in foreign currency other than Litas (LTL) are translated into LTL at the official Bank of Lithuania exchange rate on the date of the transaction, which approximates the prevailing market rates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in net profit or loss for the period.

The applicable rates used for principal currencies were as follows:

March 31, 2007			December 31, 2006		
1 EUR	=	3.4528 Lt	1 EUR	=	3.4528 Lt
1 LVL	=	4.8666 Lt	1 LVL	=	4.9537 Lt
100 RUB	=	9.9623 Lt	100 RUR	=	9.9708 Lt
10 SEK	=	3.6965 Lt	10 SEK	=	3.8251 Lt
1 USD	=	2.5922 Lt	1 USD	=	2.6304 Lt
10 EEK	=	2.2067 Lt	10 EEK	=	2.2067 Lt

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Litas (LTL), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Litas using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in the income statement in the period in which the foreign operation is disposed of.

2.13 Grants

Grants are accounted for on an accrual basis of accounting, i.e. grants are credited to income statement in the periods when related expenses, which they are intended to compensate, incur.

Grants related to assets
Grants related to assets include asset acquisition financing and non-monetary grants. Initially such grants are recorded at the fair value of the corresponding assets and subsequently credited to income statement over the useful lives of related non-current assets offset with depreciation expenses of the corresponding assets.

Grants related to income
Grants related to income are received as a reimbursement for the expenses already incurred and as a compensation for unearned revenue, and also all other grants than those related to assets. Grants are recognized when they are received or there is a reasonable assurance that they will be received. Grants received as a compensation for unearned revenue are recognized as income over the periods necessary to match them with the related unearned revenue to compensate.

2.14 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company and the Group as lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Company and the Group as lessee
Assets held under finance leases are recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant lease.

2.15 Provisions

Provisions are recognized when the Group companies has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 Business and geographical segments

A business segment means a constituent part of the business participating in production of an individual product or provision of a service or a group of related products or services, the risk and returns whereof are different from other business segments.

Expenses of the Company's and the Group's structural units, which may be directly allocated to a specific segment, are allocated to this segment. Expenses of the structural units of the Company and the Group, which take part in more than one segment, are allocated pro rata to the established distribution of expenses.

A geographical segment means a constituent part of the business participating in production of individual products or provision of services within certain economic environment the risk and returns whereof are different from other constituent parts operating in other economic environments.

2.17 Revenues and expenses recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown net of value-added tax, estimated rebates, discounts and other similar allowances.

The Company and the Group recognizes revenue on an accrual basis. Revenues are recognized in the financial statements irrespective of cash inflows, i.e. when they are earned.

Revenue from the electricity-related services and sales is recognized when substantially all risks and rewards related to the object of sale have been passed to the buyer.

Interest income is recognized on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Received interest is recorded in the cash flow statement as cash flows from investing activities.

Dividend income is recognized when the right to receive payment is established. Received dividends are recorded in the cash flow statement as cash flows from investing activities.

Expenses are recognized in profit or loss when incurred.

Income and expenses related to the IT services provided by the Company and the Group, rent of summer houses owned by the Company and the Group and sale and lease of the non-current assets are accounted under other activities.

2.18 Finance costs

All finance costs are recognized in profit or loss when incurred.

2.19 Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax.

Current income tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's and the Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. In 2006 the income tax rate in Lithuania was 15%. From 1 January 2006 the Provisional Social Tax Law has come into effect in the Republic of Lithuania. A 4% social tax rate was effective for 2006 and a 3% rate is effective for 2007. The basis for social tax calculation is the same as for income tax.

Deferred income tax
Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or asset realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income tax for the period
Current and deferred income tax is charged or credited to profit or loss, except when they relate to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity.

2.20 Earnings per share

The weighted average number of shares, based on which earnings per share are calculated, for the Q1 2007 and 2006 was 689,515,435. As of March 31, 2007 and December 31, 2006 and in the Q1 2007 and in 2006 the Company had no dilutive options outstanding.

2.21 Contingencies

Contingent liabilities are not recognized in the financial statements, except for contingent liabilities in business combinations. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits is probable.

2.22 Subsequent events

Post balance sheet events that provide additional information about the Company's and the Group's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post balance sheet events that are not adjusting events are disclosed in the notes when material.

2.23 Related parties

Related parties are defined as shareholders, employees, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group and the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3. *Critical judgments and uncertainty*

3.1 Critical judgments in applying the entity's accounting policies

Depreciation rates of Property, plant and equipment
In making its judgment for the remaining useful life of Property, plant and equipment, management considers the conclusions from the employees responsible for technical maintenance of assets.

In the year 2004 the Company and the Group has changed the estimated useful lives of Property, plant and equipment. The effect of a change in an accounting estimate was recognized prospectively in the period of change, as it is required by *IAS 8 Accounting policies, Change in Accounting Estimates and Errors.*

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Property, plant and equipment
The Company and the Group makes an assessment, at least annually, whether there are any indications that Property, plant and equipment have suffered any impairment. If that is the case, the Company and the Group makes an impairment test in accordance with the accounting policy set out in Note 2. The recoverable amount of cash-generating units is determined based on value-in-use calculations. As of March 31, 2007 and in 2006 there were no indications that property, plant and equipment might be impaired.

4. *Intangible assets*

As of March 31, 2007 and December 31, 2006 the Group's non-current intangible assets consisted of the following:

Group	Patents and licenses	Software	Other intangible assets	Total
Acquisition cost				
As of December 31, 2005	**1,405**	**14,304**	**46**	**15,755**
- additions	2	1	11	14
- disposals (-)			(3)	(3)
As of March 31, 2006	**1,407**	**14,305**	**54**	**15,766**
As of December 31, 2006	**2,329**	**16,698**	**43**	**19,070**
- additions			5	5
- disposals (-)				
As of March 31, 2007	**2,329**	**16,698**	**48**	**19,075**
Amortization				
As of December 31, 2005	**518**	**9,172**	**7**	**9,697**
- amortization	92	523	5	620
As of March 31, 2006	**610**	**9695**	**12**	**10317**
As of December 31, 2006	**1,051**	**11,183**	**14**	**12,248**
- amortization	169	583	2	754
- amortization of disposals (-)				
As of March 31, 2007	**1,220**	**11,766**	**16**	**13,002**
Carrying amount				
As of December 31	**1,278**	**5,515**	**29**	**6,822**
As of March 31, 2007	**1,109**	**4,932**	**32**	**6,073**

As of March 31, 2007 and December 31, 2006 the company's non-current intangible assets consisted of the following:

Company	Patents and licenses	Software	Other intangible assets	Total
Acquisition cost				
As of December 31, 2005	**1,348**	**14,250**	**7**	**15,605**
- additions				
- reclassifications and transfers from property, plant and equipment +/(-)				
As of March 31, 2006	**1,348**	**14,250**	**7**	**15,605**
As of December 31, 2006	**2,277**	**16,625**	**7**	**18,909**
- additions				
- disposals (-)				
As of March 31, 2007	**2,277**	**16,625**	**7**	**18,909**
Amortization				
As of December 31, 2005	**490**	**9,140**	**7**	**9,637**
- amortization	87	517	-	604
As of March 31, 2006	**577**	**9657**	**7**	**10241**
As of December 31, 2006	**1,019**	**11,132**	**7**	**12,158**
- amortization	165	578		743
- amortization of disposals (-)				
As of March 31, 2007	**1,184**	**11,710**	**7**	**12,901**
Carrying amount				
As of December 31, 2006	**1,258**	**5,493**	**-**	**6,751**
As of March 31, 2007	**1,093**	**4,915**	**-**	**6,008**

As of March 31, 2007 and as of December 31, 2006, acquisition cost of fully amortized non-current intangible assets of the group and company that are still in use consisted of the following:

Group of non-current intangible assets	Group as of March 31, 2007	Company as of March 31, 2007	Group as of December 31, 2006	Company as of December 31, 2006
Patents and licenses	301	301	296	296
Software	7,775	7,733	7,294	7,294
Other intangible assets	7	7	7	7
Total	**8,083**	**8,041**	**7,597**	**7,597**

5. *Property, plant and equipment*

As of March 31, 2007 and as of December 31, 2006 the group's property, plant and equipment consisted of the following:

Group	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, tools and devices	Construction in progress	Other PPE	Total
Acquisition (deemed) cost							
As of December 31, 2005	**2,362,156**	**280,363**	**20,238**	**111,865**	**76,064**	**18,350**	**2,869,036**
- additions	**32**	**500**	**522**	**296**	**9,249**	**5,452**	**16.051**
- disposals (-)	**(427)**	**(35)**	**(131)**	**(261)**	**-**	**-**	**(854)**
- reclassifications and transfers to non-current intangible assets +/(-)	**15,431**	**911**	**-**	**139**	**(13,518)**	**(2,963)**	**-**
As of March 31, 2006	**2,377,192**	**281,739**	**20,629**	**112,039**	**71,795**	**20,839**	**2,884,233**
As of December 31, 2006	2,432,760	297,432	22,749	123,615	95,598	37,101	3,009,255
- additions	28	239	227	180	15,714	4,926	21,314
- disposals (-)	(92)	(1,434)	(64)	(235)	-	-	(1,825)
- reclassifications +/(-)	15,567	3,770	-	3,309	(16,948)	(5,698)	-
As of March 31, 2007	**2,448,263**	**300,007**	**22,912**	**126,869**	**94,364**	**36,329**	**3,028,744**
Depreciation							
As of December 31, 2005	**221,641**	**38,944**	**8,578**	**36,850**	**-**	**181**	**306,194**
- depreciation	**28,264**	**5,551**	**1,036**	**4,662**	**-**	**21**	**39,534**
- disposals (-)	**(320)**	**(32)**	**(108)**	**(234)**	**-**	**-**	**(694)**
- reclassifications +/(-)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As of March 31, 2006	**249,585**	**44,463**	**9,506**	**41,278**	**-**	**202**	**345,034**
As of December 31, 2006	332,444	59,456	12,161	55,384	-	254	459,699
- depreciation	25,041	4,952	803	5,038	-	21	35,855
- disposals (-)	(8)	(1,423)	(64)	(230)	-	-	(1,725)
- reclassification +/(-)	-	-	-	-	-	-	-
As of March 31, 2007	**357,477**	**62,985**	**12,900**	**60,192**	**-**	**275**	**493,829**
Impairment							
As of December 31, 2005	**11**	**-**	**58**	**-**	**-**	**34**	**103**
- impairment	**(11)**	**11**	**(9)**	**-**	**-**	**-**	**(9)**
As of March 31, 2006	**-**	**11**	**49**	**-**	**-**	**34**	**94**
As of December 31, 2006	1,218	-	-	-	-	-	1,218
- impairment	-	-	-	-	-	-	-
- reversals (-)	(30)	-	-	-	-	-	(30)
As of March 31, 2007	**1,188**	**-**	**-**	**-**	**-**	**-**	**1,188**
Carrying amount							
As of December 31, 2006	**2,099,098**	**237,976**	**10,588**	**68,231**	**95,598**	**36,847**	**2,548,338**
As of March 31, 2007	**2,089,598**	**237,022**	**10,012**	**66,677**	**94,364**	**36,054**	**2,533,727**

(continued on the following page)

5. Property, plant and equipment (continued)

As of March 31, 2007 and as of December 31, 2006 company's property, plant and equipment consisted of the following:

Company	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, tools and devices	Construction in progress	Other PPE	Total
Acquisition (deemed) cost							
As of December 31, 2005	**2,343,845**	**271,740**	**18,272**	**111,597**	**76,718**	**17,590**	**2,839,762**
- additions		254	369	289	9,617	5,453	15,982
- disposals (-)	(444)	(35)	(82)	(261)			(822)
- reclassifications and transfers to non-current intangible assets +/(-)	15,431	911		139	(13,518)	(2,963)	-
As of March 31, 2006	**2,358,832**	**272,870**	**18,559**	**111,764**	**72,817**	**20,080**	**2,854,922**
As of December 31, 2006	**2,414,303**	**287,709**	**20,482**	**123,316**	**96,148**	**36,234**	**2,978,192**
- additions		191	138	180	15,805	4,909	21,223
- disposals (-)	(91)	(1,378)	(50)	(235)			(1,754)
- reclassifications +/(-)	15,615	3,770		3,309	(16,996)	(5,698)	
As of March 31, 2007	**2,429,827**	**290,292**	**20,570**	**126,570**	**94,957**	**35,445**	**2,997,661**
Depreciation							
As of December 31, 2005	**220,816**	**37,242**	**8,139**	**36,751**	**-**	**76**	**303,024**
- depreciation	28,167	5,318	941	4,644		10	39,080
- disposals (-)	(320)	(33)	(69)	(234)			(656)
- reclassifications +/(-)							
As of March 31, 2006	**248,663**	**42,527**	**9,011**	**41,161**		**86**	**341,448**
As of December 31, 2006	**331,229**	**56,930**	**11,479**	**55,208**	**-**	**106**	**454,952**
- depreciation	24,942	4,687	729	5,020		9	35,387
- disposals (-)	(8)	(1,366)	(50)	(230)			(1,654)
- reclassification +/(-)							
As of March 31, 2007	**356,163**	**60,251**	**12,158**	**59,998**		**115**	**488,685**
Impairment							
As of December 31, 2005	-	-	**58**	-	-	**34**	**92**
- impairment	-	-		-	-		
As of March 31, 2006	-	-	**58**	-	-	**34**	**92**
As of December 31, 2006	**1,207**	-	-	-	-	-	**1,207**
- impairment		-	-	-	-	-	
- reversals (-)	(30)	-		-	-		(30)
As of March 31, 2007	**1,177**	-	-	-	-	-	**1,177**
Carrying amount							
As of December 31, 2006	**2,081,867**	**230,779**	**9,003**	**68,108**	**96,148**	**36,128**	**2,522,033**
As of March 31, 2007	**2,072,487**	**230,041**	**8,412**	**66,572**	**94,957**	**35,330**	**2,507,799**

In Q1 2007 the Company completed the following major investment projects:

Project	Value
Rehabilitation of the 110/10 kV Šilutė SS	5,642
Rehabilitation of the 110/35/10 kV Molėtai SS	5,060
Construction of the 110/20kV Benaičiai VE SS	4,373
Connection of the 110/10 kV Smeltė SS to the 110 kV network (installation of the cable line)	3,077

As of March 31, 2007 and 2006 the carrying amount of the Group's property, plant and equipment, acquired under finance leases, consisted of the following:

Group of Property, plant and equipment	March 31, 2007	December 31, 2006
Machinery and equipment	1,299	1,334
Vehicles	124	130
Total	**1,423**	**1,464**

(continued on the following page)

5. Property, plant and equipment (continued)

As of March 31, 2007 and December 31, 2006 the acquisition cost of fully depreciated property, plant and equipment that are still in use consisted of the following:

Group of property, plant and equipment	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Buildings and structures	42,626	42,625	1,530	1,530
Machinery and equipment	8,626	8,514	2,159	2,042
Vehicles	6,960	6,960	6,562	6,560
Other equipment, tools and devices	13,252	13,189	12,412	12,412
Total	**71,464**	**71,288**	**22,663**	**22,544**

The Group has significant contractual capital commitments to acquire property, plant and equipment, which will have to be met in subsequent years. The Company has started the implementation of Kaunas HPP rehabilitation investment project, amounting to LTL'000 45,263 and EUR'000 23,109 (total amount LTL'000 125,054) of which MLTL 30 will be financed from European Union structural funds, national budget and other state monetary funds. The contractor of the project – Alstom Power Sweden AS. The project is scheduled to be finished in 2008.

6. Investments

As of March 31, 2007 the Company had direct control over two subsidiaries: Energetikos Pajėgos UAB (acquisition cost of LTL'000 414) and Kauno Energetikos Remontas UAB (acquisition cost of LTL'000 31,341) and Kruonio Investicijos UAB (acquisition cost LTL'00010). The Company owns 100% of shares in these companies. The remaining three subsidiaries (Note 1) the Company controls indirectly, i.e. through Kauno Energetikos Remontas UAB.

Kruonio Investicijos UAB was established on January 18 2007. The Company owns 100 percent of shares in the subsidiary. The share capital of the newly established subsidiary equals LTL'00010 and is divided into 100 registered shares with the par value of LTL100. The objective of Kruonio Investicijos UAB operations- the development of social and recreation facilities. Whereas the patronizing company has no long-term plans related to this subsidiary, the investment in Kruonio Investicijos UAB is accounted for in the current assets of the Balance Sheets, Item *Other assets*

In addition to the aforesaid subsidiaries, the Company had the following associates: Nordic Energy Link AS (acquisition cost of LTL'000 18,978); Geoterma UAB (acquisition cost of LTL'000 4,373).

On 20 March the liquidation procedure of Baltijas Energosistemu Dispečeru Centrs BO SIA was completed.

As of March 31, 2007 and December 31, 2006 investments in associates consisted of the following:

Company March 31, 2007	Acquisition cost	Ownership of shares (per cent)	Impairment	Carrying amount
Geoterma UAB	4,373	23.44	(2,046)	2,327
Nordic Energy Link AS	18,978	25	(274)	18,704
Total	**23,351**		**(2,320)**	**21,031**

Company December 31, 2006	Acquisition cost	Ownership of shares (per cent)	Impairment	Carrying amount
Baltijas Energosistemu Dispečeru Centrs BO SIA (DC Baltija)*	2,740	33.33	(2,171)	569
Geoterma UAB	4,373	23.44	(1,905)	2,468
Nordic Energy Link AS	18,978	25	(274)	18,704
Total	**26,091**		**(4,350)**	**21,741**

* In the financial statements for the year 2006 it was accounted in the balance sheet under other current assets

Financial position as of March 31, 2007 and operating results for the Q1 2007 of the associates consisted of the following:

Company March 31, 2007	Assets	Liabilities	Revenue	Carrying amount
Geoterma UAB	56,259	46,332	1,446	(603)
Nordic Energy Link AS *				
*- on the date of signing the reports financial statements of this company were not provided				

Financial position as of December 31, 2006 and operating results for the year ended December 31, 2006 of the associates consisted of the following:

Company December 31, 2006	Assets	Liabilities	Revenue	Net loss
Baltijas Energosistemu Dispečeru Centrs BO SIA (DC Baltija)	2,977	26	4,459	(2,011)
Geoterma UAB	56,184	45,655	5,858	(4,789)
Nordic Energy Link AS	319,442	244,625	2,713	(661)

For the periods ended March 31, 2006 and December 31, 2006, the movement of investments in associates consisted of the following:

	Group Q1 2007	Company Q1 2007	Group 2006	Company 2006
Carrying amount at the beginning of the period	**21,741**	**21,741**	**24,117**	**24,117**
Acquisition of associates	-	-	-	-
Impairment of investment in associates	-	(141)	(416)	(2,376)
Share of loss of associates	(141)	-	(1,960)	-
Baltijas Energosistemu Dispečeru Centrs BO SIA (DC Baltija) liquidation	(569)	(569)	-	-
Carrying amount at the end of the period	**21,031**	**21,031**	**21,741**	**21,741**

7. Other non-current receivables

The Group and Company's other non-current receivables consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Receivables from VST AB*	7,810	7,810	7,810	7,810
Other receivables	936	936	955	955
Total	**8,746**	**8,746**	**8,765**	**8,765**
Less: current receivables (note 11)	(973)	(973)	(973)	(973)
Carrying amount	**7,773**	**7,773**	**7,792**	**7,792**

* In 2005 Lietuvos Energija AB decided to dispose 10 kV transmission equipment to VST AB, i.e. kV switchgears of 330 kV transformer substations in various transmission divisions. As of March 31, 2007 receivable under such transaction, amounting to LTL'000 7,810 (as of December 31, 2006 – LTL'000 7,810), is accounted under other non-current receivables. The amount will be repaid in equal installments up to the year 2015. Its current portion, amounting to LTL'000 864, and accrued interest of LTL'000 32 are accounted under other current receivables (see Note 11). The interest rate of this transaction approximates the market interest rate.

The fair value of the Group and Company's other non-current receivables approximates their carrying amount.

8. Other financial assets

As of March 31, 2007 and December 31, 2006 other financial assets of the Company and Group include contribution in kind to Respublikinis Energetikų Mokymo Centras VŠĮ made by the Company with the carrying amount of LTL'000 295. Lietuvos Energija AB is the only founder of Energetikų Mokymo Centras VŠĮ. As the Company cannot control the economic benefits of this institution (Respublikinis Energetikų Mokymo Centras VŠĮ is a non-profit seeking organization), the financial statements of this institution are not consolidated in the Group's financial statements.

On October 27, 2006 bank Hansabankas AB issued a performance guarantee to the beneficiary - the administration of Vilnius Municipality, in the amount of LTL'000 16, and committed to pay to the municipality the amount up to LTL'000 16, if the Company fails to perform or performs unduly its obligations under the Agreement for provision of the services to remote back-up data copies. This performance guarantee is valid till 2 December 2009. The Company has discounted the amount of the guarantee by applying the average market interest rate (3.25%).

9. Inventories

The Company and Group's inventories consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Materials and spare parts, production in progress and finished goods at acquisition (production) cost	13,606	7,715	12,298	6,011
Goods for resale at acquisition cost	806	748	782	733
Less: write-down to net realizable value	(342)	(342)	(378)	(351)
Carrying amount	**14,070**	**8,121**	**12,702**	**6,393**

While preparing the financial statements, the Company and the Group estimated net realizable value allowance for inventories.

10. Trade receivables

The Company's and the Group's trade receivables consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Receivables from electricity market players	79,788	79,788	78,163	78,163
Receivables from other Lithuanian companies	22,618	16,183	25,418	17,427
Receivables for exported electricity	23,400	23,400	2,098	2,098
Receivables for electricity transit	101	101	49	49
Total	**125,907**	**119,472**	**105,728**	**97,737**
Less: allowance for doubtful receivables	(9,953)	(9,612)	(9,954)	(9,612)
Carrying amount	**115,954**	**109,860**	**95.774**	**88.125**

11. Other current receivables

The Group and Company's other current receivables consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
VAT receivable	-	-	2,983	2,970
Receivables for IT and telecommunication services	2,734	2,734	2,551	2,551
Receivables for connection of wind power stations	-	-	958	958
Current portion of non-current receivables (note 7)	973	973	973	973
Deferred VAT receivable	3,621	3,621	836	836
Other receivables	856	960	787	702
Carrying amount	**8,184**	**8,288**	**9,088**	**8,990**

12. Cash and cash equivalents

The Group and Company's cash and cash equivalents consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Cash at banks and on hand	7,497	2,332	3,839	908
Term deposit at bank Snoras AB (LTL), annual interest rate - 3.425%, maturity – 4 March 2007	-	-	500	-
Term deposit at bank Snoras AB (LTL), annual interest rate - 3.8%, maturity – 4 June 5 2007	500	-	-	-
Term deposit at bank Nordea Bank Finland Plc Lithuania's branch (LTL),annual interest rate 3.1 %, maturity 4 April 2007	500	-	-	-
Term deposit at bank Nordea Bank Finland Plc Lithuania's branch (LTL),annual interest rate 3.1 %, maturity 4 July 2007	500			
Overnight deposit at bank Hansabankas AB (LTL), annual interest rate - 0.45%.	-	-	449	449
Term deposit at bank Snoras AB (LTL), annual interest rate – 4.1%, maturity – 12 July 2007.	150	-	-	-
Net book value	**9,147**	**2,332**	**4,788**	**1,357**

13. Share capital

As of March 31, 2007 and December 31, 2006 the share capital of the Company amounted to LTL 689,515,435 and it was divided into ordinary 689,515,435 registered shares with the par value of one Litas each. All shares were fully paid. During the Q1 2007 the highest share price at the Stock Exchange session was LTL 4.29 per share, lowest – LTL 3.20 per share. The number of shareholders as of March 31, 2007 was 5,116.

As of March 31, 2007 the Company's shareholders consisted of the following:

	March 31, 2007		December 31, 2006	
Shareholders	**Shares (LTL)**	**%**	**Shares (LTL)**	**%**
Lithuanian state represented by the Ministry of Economy of the Republic of Lithuania	665,609,228	96.53	665,891,508	96.57
Other	23,906,207	3.47	23,623,927	3.43
Total	**689,515,435**	**100.00**	**689,515,435**	**100.00**

14. Legal reserve

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of minimum 5% of the net distributable profit are required until the legal reserve reaches 10% of the registered share capital. The appropriation is restricted to reduction of the accumulated deficit.

As of March 31, 2007, two companies of the Group, Lietuvos Energija AB and Energetikos Pajėgos UAB had fully formed a legal reserve, which accounted for 10% of the share capital and amounted to LTL'000 68,952 and LTL'000 43 respectively.

15. Other reserves

The Group and Company's other reserves consisted of the following:

Group	Capital reduction reserve (related to transfer of heavy fuel storage reservoirs)	Reserve for property, plant and equipment acquisitions	Revaluation reserve	Reserve for management and employee bonuses and sponsorship	Other reserve related with fixed assets	Total
Balance As of December 31, 2005	**(63,777)**	**162,744**	**24**	**3,512**	**-**	**102,503**
Transfers to reserve	-	-	-	2,100	1,293,569	1,295,669
Reserves used	-	-	(24)	(3,588)	-	(3,612)
Balance As of December 31, 2006	**(63,777)**	**162,744**	**-**	**2,024**	**1,293,569**	**1,394,560**
Transfers to reserve	-	-	-	25	-	25
Reserves used	-	-	-	(11)	-	(11)
Balance As of March 31 2007	**(63,777)**	**162,744**	**-**	**2,038**	**1,293,569**	**1,394,574**

Company	Capital reduction reserve (related to transfer of heavy fuel storage reservoirs)	Reserve for property, plant and equipment acquisitions	Revaluation reserve	Reserve for management and employee bonuses and sponsorship	Other reserve related with fixed assets	Total
Balance As of December 31, 2005	**(63,777)**	**160,637**	**24**	**3,500**	**-**	**100,384**
Transfers to reserve	-	-	-	2,000	1,293,569	1,295,569
Reserves used	-	-	(24)	(3,500)	-	(3,524)
Balance As of December 31, 2006	**(63,777)**	**160,637**	**-**	**2,000**	**1,293,569**	**1,392,429**
Transfers to reserve	-	-	-	-	-	-
Reserves used	-	-	-	-	-	-
Balance As of March 31, 2007	**(63,777)**	**160,637**	**-**	**2,000**	**1,293,569**	**1,392,429**

The reserve for reducing the share capital due to the transfer of heavy fuel storage reservoirs is the negative reserve of reducing the share capital that resulted from the transfer of fuel oil storage reservoirs to Vilniaus Mazuto Saugykla VĮ (although expected, the share capital has not been reduced by this amount until now).

After the first time adoption of IFRS at 1 January 2004 the retained earnings of the Company increased by LTL'000 1,369,457. On purpose to restrict the distribution of such profit, during the shareholders' meeting held at 20 April 2006 it was agreed to form a reserve related to fixed assets.

16. Borrowings

The Group and Company's borrowings are repayable as follows:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Within one year	17,560	17,560	20,581	20,581
In the second year	5,363	5,363	5,085	5,085
In the third year	23,387	23,387	12,381	12,381
In the fourth year	19,286	19,286	15,833	15,833
In the fifth year	19,286	19,286	15,833	15,833
After five years	3,033	3,033	21,308	21,308
Total	**87,915**	**87,915**	**91,021**	**91,021**

(continued on the following page)

16. Borrowings (continued)

The Group and Company's long-term borrowings consisted of the following:

Credit institution	Contractual amount (EUR'000)	Carrying amount March 31, 2007 (EUR'000)	Maturity	Current portion (as of March 31 2007)	Carrying amount March 31, 2007	Carrying amount December 31, 2006
Zurcher Kantonalbank	8,013	3,807	2013	2,022	13,144	14,155
SEB Vilniaus Bankas AB	15,000	3,967	2009	-	13,699	13,421
Bayerishe Hypo- und Wereinsbank AG Vilniaus Branch	15,000	13,000	2012	-	44,886	44,886
Nordea Bank Finland Plc Lithuanian Branch	15,000	4,500	2007	15,538	15,538	18,559
Bank Hansabankas AB	11,585	188	2009	-	648	-
Total long-term borrowings:	**64,598**	**25,462**		**17,560**	**87,915**	**91,021**

The Group and Company's short-term borrowings consisted of the following:

Credit institution	Contractual amount	Currency	Carrying amount March 31, 2007	Carrying amount December 31, 2006
Bank Hansabankas AB (overdraft)	3,185	EUR thousand	-	-
Bank Hansabankas AB (overdraft)	9,000	LTL thousand	-	-
Total short-term borrowings:			-	-

The fair value of the Company's borrowings approximates their carrying amount.

As of March 31, 2007 the Group and the Company had borrowings, amounting to LTL'000 60,293 with a floating interest rate (weighted average – 4.2%) and borrowings, amounting to LTL'000 27,622, with a fixed interest rate (weighted average - 4.3%).

As of December 31, 2006 the Group and the Company had borrowings, amounting to LTL'000 63,399, with a floating interest rate (weighted average – 3.4%) and borrowings, amounting to LTL'000 27,622, with a fixed interest rate (weighted average - 4.3%).

The Group and the Company does not have any borrowings secured by the State guarantee or their own assets.

The Group and the Company is subject to meeting certain covenants under credit agreements:

- Under 24 January 2003 agreement with Zurcher Kantonal bank (contractual amount – EUR'000 8,013) the Company is prohibited to pledge any assets or revenues to any third parties;

- Under 17 May 2002 agreement with bank Hansabankas AB (contractual amounts – LTL'000 9,000, EUR'000 3,185 and EUR'000 11,585) the Company obligated to carry monthly turnover of over MLTL 15 through the Company's accounts at this bank, not to close accounts without prior notice, shall not establish joint ventures, shall not assume liabilities under credit, loan or guarantee agreements, lease, financial lease or factoring agreements concluded with credit institutions or other entities, shall not assume liabilities with regard to third parties under guarantee, surety, pledge agreements if the liabilities under any of such agreements would exceed MLTL 10. Without written approval shall not: dispose non-current assets (exceeding MLTL 10), rent part of business, pledge current and future funds in bank, and take decisions related to reorganization.

(continued on the following page)

16. Borrowings (continued)

- Under August 28, 2002 agreement with SEB Vilniaus Bankas AB (contractual amounts – EUR'000 15,000 and LTL'000 10,358) the Company obligated to carry monthly turnover of over MLTL 15 through the Company's accounts at this bank, to comply with credit coverage ratio of above 1.1 and liabilities to assets ratio of less than 40%. Without prior bank approval the Company shall not: take decisions on reorganization and closing the accounts at this bank, transfer rights and obligations under this agreement to third parties, allow subsidiaries to borrow from other credit institutions (over MLTL 1), secure present and future liabilities under credit agreements by pledging assets or guarantees of third parties.

- Under March 3, 2002 agreement with Nordea Bank Finland Plc Lithuania branch (contractual amount – EUR'000 15,000) the Company obligated to carry monthly turnover of over MLTL 10 through the Company's accounts at this bank, to comply with debt service ratio of above 1.05; financial liabilities and EBITDA ratio of less than 5. Without prior written bank approval the Company shall not: pledge assets for liabilities under other loan agreements, rent and dispose assets (exceeding MLTL 60), grant loans and guarantees (over MLTL 20), reorganize the Company.

- Under May 22, 2002 agreement with Bayerishe Hypo-und Wereinsbank AG Vilnius branch (contractual amount – EUR'000 15,000) the Company obligated to carry monthly turnover of over MLTL 10 through the Company's accounts at this bank. Without prior written bank approval the Company shall not: guarantee the obligations to its future creditors or expand guarantee implements to present creditors. In case of substantial breach of the agreement, the Company is obliged without written agreement shall not declare and pay dividends, perform the distribution of share capital, and purchase shares.

In Q1 2007 and 2006 the Group and the Company complied with all covenants under the credit agreements.

17. Obligations under finance leases

As of December 31 the Group's minimum lease payments consisted of the following:

Group	**March 31, 2007**		**December 31, 2006**	
	Minimum lease payments	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Amounts payable under finance leases:				
Within one year	251	242	275	263
In the second to fifth years inclusive	67	65	120	119
Minimum lease payments	**318**	**307**	**395**	**382**
Less: future finance charges	(11)	-	(13)	-
Present value of minimum lease payments	**307**	**307**	**382**	**382**

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (note 5).

The fair value of the Group's obligations under finance leases approximates their carrying amount.

18. Issued bonds

In September 2006 the company issued bonds with a three-year maturity. The nominal value of the emission is EUR'000 7,500 (LTL'000 25,896). Annual interest rate – 4.06%. The maturity – 29 September 2009.

The fair value of the issued bonds as of March 31 2007 was EUR'000 7,602 (LTL'000 26,248).

19. Grants

As of March 31, 2007 and 2006 the movement of grants consisted of the following:

	Grants related to assets		**Grants related to income**	
Group	Grants related to connection fee	Grants related to financing of assets acquisition	Grants related to compensation of expenses	**Total**
Carrying amount As of December 31, 2005	**1,383**	**15,259**	**-**	**16,642**
- grants received				
- grants used	(18)	(196)		(214)
Carrying amount As of March31, 2006	**1,365**	**15,063**	**-**	**16,428**
Carrying amount As of December 31, 2006	**3,925**	**20,415**	**-**	**24,340**
- grants received	4,373	2,136	-	6,509
- grants used	(53)	(215)	-	(268)
Carrying amount As of March 31, 2007	**8,245**	**22,336**	**-**	**30,581**

	Grants related to assets		**Grants related to income**	
Company	Grants related to connection fee	Grants related to financing of assets acquisition	Grants related to compensation of expenses	**Total**
Carrying amount As of December 31, 2005	**1,383**	**15,161**	**-**	**16,544**
- grants received	-	-	-	-
- grants used	(18)	(191)	-	(209)
Carrying amount As of March31, 2006	**1,365**	**14,970**	**-**	**16,335**
Carrying amount As of December 31, 2006	**3,925**	**20,340**	**-**	**24,265**
- grants received	4,373	2,136	-	6,510
- grants used	(53)	(209)	-	(263)
Carrying amount As of March 31, 2007	**8,245**	**22,267**	**-**	**30,512**

The Group has received advance payments, which, upon meeting the contractual obligations by the Group, will be recognized as grants. These advance payments are accounted under trade and other payables (note 20). As of March 31, 2007 these advances received amounted to LTL'000 10,001 (as of December 31, 2006 – LTL'000 14,366).

20. Trade and other payables

The Group and Company's trade and other payables consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Trade payables	126,661	126,200	140,551	135,258
Advances received	13,458	10,595	18,279	16,057
Deferred VAT payable	7,840	7,840	7,763	7,763
Payroll related liabilities	5,152	3,312	2,595	1,422
Vacation reserve	3,195	3,180	2,537	2,512
Property tax payable	2,045	2,045	2,087	2,087
Dividends payable	547	547	553	553
Other payables and current liabilities	6,140	1,621	766	681
Carrying amount	**165,038**	**155,340**	**175,131**	**166,333**

21. Income tax expense

As of March 31, 2007 and 2006 the income tax expense consisted of the following:

	Group 2007	Company 2007	Group 2006	Company 2006
Components of the income tax expense				
Current income tax (including social tax), calculated under provisions of the income tax law	5,763	5,648	8,134	8,071
Deferred income tax	(3,260)	(3,246)	(4,890)	(4,882)
Income tax expense	**2,503**	**2,402**	**3,244**	**3,189**

(continued on the following page)

21. Income tax expense (continued on the following page)

The Group and Company's deferred income tax consisted of the following:

	Group March 31, 2007	Company March 31, 2007	Group December 31, 2006	Company December 31, 2006
Deferred income tax assets:				
Impairment of Property, plant and equipment (deemed cost)	(195,908)	(195,908)	(198,167)	(198,167)
Allowances for doubtful receivables (Baltic Shem and Liberty)	(7,397)	(7,397)	(8,565)	(8,565)
Allowances for doubtful receivables (Ekranas AB)	(1,442)	(1,442)	(1,442)	(1,442)
Vacation reserve	(537)	(537)	(389)	(389)
Impairment of financial assets (will be recognized for tax purposes at the moment of disposal)	(348)	(348)	(326)	(326)
Recognition for tax purposes of capitalized finance costs previously written-off	(195)	(195)	(237)	(237)
Allowances for inventories to net realizable value	(51)	(51)	(53)	(53)
Total deferred income tax assets	**(205,878)**	**(205,878)**	**(209,179)**	**(209,179)**
Deferred income tax liabilities				
Increase in value of Property, plant and equipment (deemed cost)	393,554	393,419	399,582	399,440
Carrying amount of assets acquired under investment exemption for tax purpose (excluding construction in progress)	27,451	27,188	28,003	27,733
Effect of application of different depreciation rates for property, plant and equipment in financial and tax accounting	1,289	1,289	1,286	1,286
Carrying amount of construction in progress acquired under investment exemption for tax purpose in 1998 - 2001 and not commissioned into operation until March 31, 2007	4	4	5	5
Other (derivative financial instruments)	6	6	11	11
Total deferred income tax liabilities	**422,304**	**421,906**	**428,887**	**428,475**
Less: valuation allowance	348	348	326	326
Deferred income tax liabilities, net	**216,774**	**216,376**	**220,034**	**219,622**

Deferred income tax assets and liabilities were accounted by using 15% tax rate, excluding deferred income tax assets and liabilities which will be recovered or settled in 2007. According to the Law on Provisional Social Tax of the Republic of Lithuania, the Group's companies paid an additional social tax of 4% in 2006, and of 3% in 2007, calculated on taxable profit, therefore while assessing the deferred income tax assets and liabilities, the increase of deferred income tax assets and liabilities was evaluated for 2006 and 2007.

(continued on the following page)

21. Income tax expense (continued on the following page)

The Group and Company's periods of deferred income tax assets recovery and deferred tax liabilities settlement consisted of the following:

	Group March 31, 2007	Company March 31 2007	Group December 31, 2006	Company December 31, 2006
Deferred income tax assets:				
Deferred income tax assets to be recovered after more than 12 months	193,279	193,279	194,762	194,762
Deferred income tax assets to be recovered within 12 months	12,251	12,251	14,091	14,091
Total deferred income tax assets	**205,530**	**205,530**	**208,853**	**208,853**
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled after more than 12 months	403,992	403,594	401,677	401,265
Deferred income tax liabilities to be settled within 12 months	18,312	18,312	27,210	27,210
Total deferred income tax liabilities	**422,304**	**421,906**	**428,887**	**428,475**
Deferred income tax liabilities, net	**216,774**	**216,376**	**220,034**	**219,622**

Group's changes of temporary differences consisted of the following:

	As of December 31, 2006	Charged (credited) to the income statement	As of March 31, 2007
Impairment of Property, plant and equipment (deemed cost)	(1,310,920)	12,160	(1,298,760)
Allowances for doubtful receivables (Baltic Shem and Liberty)	(51,909)	6,489	(45,420)
Allowances for doubtful receivables (Ekranas AB)	(9,612)	-	(9,612)
Vacation reserve	(2,512)	(668)	(3,180)
Impairment of financial assets (will be recognized for tax purposes at the moment of disposal)	(2,178)	(141)	(2,319)
Recognition for tax purposes of capitalized finance costs previously written-off	(1,396)	236	(1,160)
Allowances for inventories to net realizable value	(350)	8	(342)
Increase in value of Property, plant and equipment (deemed cost)	2,636,044	(30,802)	2,605,242
Carrying amount of assets acquired under investment exemption for tax purpose (excluding construction in progress)	184,306	(3,182)	181,124
Effect of application of different depreciation rates for property, plant and equipment in financial and tax accounting	8,577	20	8,597
Carrying amount of construction in progress acquired under investment exemption for tax purpose in 1998 - 2001 and not commissioned into operation until March 31, 2007	25	-	25
Other (derivative financial instruments)	63	(31)	32
Total temporary differences	**1,450,138**	**(15,911)**	**1,434,227**
Deferred income tax by applying 15% tax rate, net	**217,521**	**(2,387)**	**215,134**
Increase in deferred income tax due to effect of social tax	2,187	(895)	1,292
Total deferred income tax, net	**219,708**	**(3,282)**	**216,426**
Less: valuation allowance	326	22	348
Deferred income tax liabilities, after assessment	**220,034**	**(3,260)**	**216,774**

(continued on the following page)

21. Income tax expense (continued on the following page)

Company's changes of temporary differences consisted of the following:

	As of December 31, 2006	Charged (credited) to the income statement	As of March 31, 2007
Impairment of Property, plant and equipment (deemed cost)	(1,310,920)	12,160	(1,298,760)
Allowances for doubtful receivables (Baltic Shem and Liberty)	(51,909)	6,489	(45,420)
Allowances for doubtful receivables (Ekranas AB)	(9,612)	-	(9,612)
Vacation reserve	(2,512)	(668)	(3,180)
Impairment of financial assets (will be recognized for tax purposes at the moment of disposal)	(2,178)	(141)	(2,319)
Recognition for tax purposes of capitalized finance costs previously written-off	(1,396)	236	(1,160)
Allowances for inventories to net realizable value	(350)	8	(342)
Increase in value of Property, plant and equipment (deemed cost)	2,635,097	(30,757)	2,604,340
Carrying amount of assets acquired under investment exemption for tax purpose (excluding construction in progress)	182,507	(3,135)	179,372
Effect of application of different depreciation rates for property, plant and equipment in financial and tax accounting	8,577	20	8,597
Carrying amount of construction in progress acquired under investment exemption for tax purpose in 1998 - 2001 and not commissioned into operation until March 31, 2007	25	-	25
Other (derivative financial instruments)	63	(31)	32
Total temporary differences	**1,447,392**	**(15,819)**	**1,431,573**
Deferred income tax by applying 15% tax rate, net	**217,109**	**(2,373)**	**214,736**
Increase in deferred income tax due to effect of social tax	2,187	(895)	1,292
Total deferred income tax, net	**219,296**	**(3,268)**	**216,028**
Less: valuation allowance	326	22	348
Deferred income tax liabilities, after assessment	**219,622**	**(3,246)**	**216,376**

reconciliation of income tax expense to the accounting profit consisted of the following:

	Group March 31, 2007	Company March 31 2007	Group December 31, 2006	Company December 31, 2006
Profit before tax	15,134	15,171	22,934	22,777
Tax at the income tax rate of 18% (2006: 19%)	2,724	2,731	4.358	4,328
Tax effect of items that are not deductible or taxable in determining taxable profit	(221)	(329)	(1,114)	(1,139)
Income tax expense	**2,503**	**2,402**	**3,244**	**3,189**
Effective income tax rate (%)	**17**	**16**	**14**	**14**

22. Business and geographical segments

The Groups has separated five business segments (activities). As of March 31, 2007 and for and for the period then ended the information about these segments consisted of the following:

Q1 2007	Business segments					
	Electricity transmission	**Electricity trade**	**Electricity generation**	**Electricity export**	**Design and repair services**	**Total**
Income	**96,300**	**145,211**	**21,508**	**70,931**	**14,923**	**348,873**
Incl. internal turnover among Company segments	*2,319*	*7,797*	*21,508*	*10,317*	-	*41,941*
Income after elimination of internal turnover among Company segments	93,981	137,414	-	60,614	14,923	306,932
Incl. internal turnover among Group companies	-	-	-	-	*1,340*	*1,340*
Income after elimination of internal turnover among Group companies	**93,981**	**137,414**	**-**	**60,614**	**13,583**	**305,592**
Expenses	**80,796**	**159,677**	**20,154**	**56,948**	***14,560***	**332,134**
Incl. internal turnover among Company segments	*8,842*	*16,370*	*10,633*	*6,101*	-	*41,945*
Expenses after elimination of internal turnover among Company segments	71,954	143,307	9,521	50,847	14,560	290,190
Incl. internal turnover among Group companies	*893*	-	-	-	*398*	*1,291*
Expenses after elimination of internal turnover among Group companies	**71,061**	**143,307**	**9,521**	**50,847**	**14,161**	**288,898**
Break-down of significant items of expenses:						
Electricity purchase, purchase of capacity reserve, transmission, regulation and balancing expenses	31,682	159,247	10,633	56,816	-	258,378
Repair and maintenance expenses	4,020	6	1,306	5	382	5,719
Depreciation and amortization	29,560	125	4,079	3	488	34,255
Wages, salaries, social insurance and accrued vacation reserve	9,756	108	2,071	91	4,950	16,976
Taxes other than income tax	714	3	1,594	3	46	2,360
Communications and IT expenses	1,105	153	23	2	66	1,349
Utilities	787	2	18	2	162	971
Subcontractors	-	-	-	-	5,611	5,611
Production materials expenses	-	-	-	-	2,215	2,215
Research and development	50	-	-	-	-	50
Other	3,123	33	430	26	640	4,252
Profit (loss) from ordinary activities (before elimination of internal turnover)	**15,504**	**(14,466)**	**1,354**	**13,983**	**364**	**16,740**
Elimination of internal turnover						(46)
Profit (loss) from ordinary activities (after elimination of internal turnover)	**22,920**	**(5,893)**	**(9,521)**	**9,767**	**(579)**	**16,694**
Segment's assets	2,083,897	86,359	431,777	23,400	48,021	2,673,454
Unallocated assets	-	-	-	-	-	44,858
Segment's liabilities	13,565	62,826	1,753	31,097	11,528	120,769
Unallocated liabilities	-	-	-	-	-	412,781
Capital additions	21,059	-	67	-	183	21,314
Unallocated capital additions	-	-	-	-	-	5
Depreciation and amortization	29,560	125	4,079	3	488	34,255
Unallocated impairment losses recognized in profit or loss	-	-	-	-	-	2,354

(continued on the following page)

22. Business and geographical segments (continued)

As of March 31, 2006 and for the period then ended the information about segments consisted of the following:

Q1 2006	Business segments					
	Electricity transmission	Electricity trade	Electricity generation	Electricity export	Design and repair services	Total
Income	**98,047**	**110,636**	**20,226**	**44,734**	**10,492**	**284,136**
Incl. internal turnover among Company segments	*730*	*10,653*	*20,226*	*3,595*	*-*	*35,205*
Income after elimination of internal turnover among Company segments	97,317	99,983	-	41,139	10,492	248,931
Incl. internal turnover among Group companies	*-*	*-*	*-*	*-*	*1,271*	*1,271*
Income after elimination of internal turnover among Group companies	**97,317**	**99,983**	**-**	**41,139**	**9,221**	**247,660**
Expenses	**83,274**	**113,542**	**19,213**	**33,073**	**10,192**	**259,294**
Incl. internal turnover among Company segments	*11,055*	*8,548*	*10,325*	*5,281*	*-*	*35,209*
Expenses after elimination of internal turnover among Company segments	72,219	104,994	8,888	27,792	10,192	224,085
Incl. internal turnover among Group companies	*868*	*-*	*-*	*-*	*210*	*1078*
Expenses after elimination of internal turnover among Group companies	***71,351***	***104,994***	***8,888***	***27,792***	***9,982***	***223,007***
Break-down of significant items of expenses:						
Electricity purchase, purchase of capacity reserve, transmission, regulation and balancing expenses	33,275	113,027	10,325	32,961	-	189,588
Repair and maintenance expenses	3,818	7	778	5	304	4912
Depreciation and amortization	33,563	127	3,949	4	487	38,130
Wages, salaries, social insurance and accrued vacation reserve	8,689	100	2,196	83	4,277	15,345
Taxes other than income tax	732	3	1,599	3	58	2395
Communications and IT expenses	1,019	172	22	2	48	1,263
Utilities	353	1	52	1	71	478
Subcontractors	-	-	-	-	1,543	1,543
Production materials expenses	-	-	-	-	2,698	2,698
Research and development	-	79	-	-	-	79
Other	1,825	26	292	14	706	2,863
Profit (loss) from ordinary activities (before elimination of internal turnover)	**14,773**	**(2,906)**	**1,013**	**11,661**	**299**	**24,840**
Elimination of internal turnover						(187)
Profit (loss) from ordinary activities (after elimination of internal turnover)	**25,966**	**(5,011)**	**(8,888)**	**13,347**	**(761)**	**24,653**
Segment's assets	2,071,391	75,027	442,258	13,914	42,351	2,644,941
Unallocated assets	-	-	-	-	-	51,872
Segment's liabilities	15,358	47,729	3,880	20,914	7,400	95,281
Unallocated liabilities	-	-	-	-	-	420,314
Capital additions	15,454	-	415	-	182	16,051
Unallocated capital additions	-	-	-	-	-	14
Depreciation and amortization	33,563	127	3,949	4	487	38,130
Unallocated depreciation and amortization	-	-	-	-	-	2,024

Secondary reporting format is geographical segments. The Company exports electricity to Russia and EU countries. In 2007 the Company exported 0.9 bn kWh of electricity (in Q1 2006 – 0.6 bn kWh) and earned LTL 54.5 m from electricity exports (in Q1 2006 – LTL 44.4 m). In addition to that, the Group exported metal structures and repair services.

Country	Group Q1 2007	Company Q1 2007	Group Q1 2006	Company Q1 2006
Lithuania	250,490	237,490	213,976	204,907
Russia	19,196	18,921	9,495	9,466
Latvia	5,856	5,844	17,654	17,654
Estonia	17,462	17,462	6,413	6,413
Finland	12,293	12,293		
Czech Republic	-	-	-	-
Germany	295	-	47	-
Poland	-	-	75	-
Total	**305,592**	**292,010**	**247,660**	**238,440**

Besides direct exports, the Company also sells peak energy intended for export. In 2007 sales of peak energy amounted to LTL 3.1 m (in Q1 2006 – LTL 4.0 m). Since May 2005, the Company has also exported electricity, generated on holidays and weekends. In 2006 such sales amounted to LTL 3.1 m (in Q1 2006 – LTL 3.6 m).

23. *Other income*

For the year ended as of March 31 the Group and Company's other income consisted of the following:

	Group 2007	Company 2007	Group 2006	Company 2006
Data transmission	3,137	3,137	2,212	2,212
Rental of facilities	328	328	664	664
Internet services	718	720	587	589
Rental of property	526	543	392	406
Health and recreation services	120	62	94	54
Voice telephony services	114	123	115	124
IT services	108	109	103	104
Gain on disposal of property, plant and equipment	-	283	19	19
Construction and other services	1	1	8	8
Other income	631	134	81	68
Total other income	**5,683**	**5,440**	**4,275**	**4,248**

24. *Other net income (expenses)*

For periods ended March 31, other expenses consisted of the following:

	Group 2007	Company 2007	Group 2006	Company 2006
Fair value gains on derivative financial instruments at fair value	-	-	351	351
Income from advance repayment of the borrowing	-	-	237	237
Realized gains on debt securities	-	-	-	-
Dividends received	-	180	-	-
Other income	7	-	89	-
Foreign currency exchange gain	-	-	-	-
Fair value losses on derivative financial instruments at fair value	(30)	(30)	(64)	(64)
Impairment of investments	(24)	(165)	-	(289)
Foreign currency exchange loss	(96)	(96)	(61)	(61)
Borrowings servicing expenses	(19)	(19)	(6)	(6)
Realized losses on derivative financial instruments	-	-	(1)	-
Other expenses	**(162)**	**(130)**	**545**	**168**

25. *Related party transactions*

As of March 31, 2007 and the period, ended March 31, 2007, the Group's related party transactions consisted of the following:

Related parties	Accounts payable	Accounts receivable	Purchases	Sales
Parties related to Ministry of Economy of the Republic of Lithuania	60,257	44,813	112,960	121,971
Associates	744	-	2,741	-
Total	**61,001**	**44,813**	**115,701**	**121,971**

As of March 31, 2007 and the period, ended March 31, 2007, the Company's related party transactions consisted of the following:

Related parties	Accounts payable	Accounts receivable	Purchases	Sales
Parties related to Ministry of Economy of the Republic of Lithuania	60,254	44,330	112,951	120,155
Subsidiaries	1,020	201	1,736	316
Associates	744	-	2,741	-
Total	**62,018**	**44,531**	**117,428**	**120,471**

As of December 31, 2006 and for the year ended December 31, 2006 Group's related party transactions consisted of the following:

Related parties	Accounts payable	Accounts receivable	Purchases	Sales
Parties related to Ministry of Economy of the Republic of Lithuania	30,599	45,328	366,410	438,836
Subsidiaries	-	395	1,310	137
Associates	30,599	45,723	367,720	438,973

As of December 31, 2006 and for the year ended December 31, 2006 the Company's related party transactions consisted of the following:

Related parties	Accounts payable	Accounts receivable	Purchases	Sales
Parties related to Ministry of Economy of the Republic of Lithuania	30,596	44,301	366,357	429,027
Subsidiaries	602	14	5,051	109
Associates	-	395	1,310	72
Total	31,198	44,710	372,718	429,208

The transactions with related parties were concluded on an arm's length basis.

Compensation to key management personnel

For the year ended March 31, the Company and Group's compensation of key management personnel consisted of the following:

	2007	2006
Company		
Remuneration of the management	281	281
Other amounts paid to managers (bonuses for board members)		
Number of managers	12	12
Subsidiaries		
Remuneration of the management	184	170
Other amounts paid to managers (bonuses for board members)		
Number of managers	15	15
Group		
Remuneration of the management	465	451
Other amounts paid to managers (bonuses for board members)		
Number of managers	27	27

Management consists of Board members of Group companies, heads of administrations and their deputies, chief accountants.

26. Earnings per share

For the period ended on March 31 earnings per share consisted of the following:

	2007	2006
Net profit attributable to equity holders of the Company	12,631	19,690
Weighted average number of shares	689,515,435	689,515,435
Earnings per share (LTL)	**0.02**	**0.03**

27. Dividends per share

Dividends per share consisted of the following:

	For the financial year ended December 31, 2006	For the financial year ended December 31, 2005
Dividends declared	8,154	8,100
Weighted average number of shares	689,515,435	689,515,435
Dividends declared per share (LTL)	**0.01**	**0.01**

28. Financial risk management

Credit Risk
The credit risk of the Group and the Company is rather limited because the main buyers are reliable customers.

Neither the Group nor the Company has no significant credit risk concentration, because credit risks are allocated to numerous customers.

The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

Ratings of the banks issued by international rating agency Fitchratings:

Bank	Long-term credit rating	Short-term credit rating
SEB Vilniaus Bankas AB	A	F1
Hansabank group	A	F1
Bayerishe Hypo und Vereinsbank AG Vilnius branch	A+	F-1

Ratings of the banks issued by international rating agency Moody's:

Bank	Long-term credit rating	Short-term credit rating
Hansabank Group	A1	P-1
DnB Nord AB	A-	F-2
Bayerishe Hypo und Vereinsbank AG Vilnius branch	A1	P-1

Liquidity risk
The liquidity risk is managed by planning the movement of Group's cash flows. In order to reduce the liquidity risk, cash flow forecasts are produced. Overdraft and credit line agreements are used to manage the difference between the risks of late coverage of receivables and the short-term cash flows (proceeds and payments).

When concluding credit contracts, the Group companies follow the following principles: the amount of liquid assets and unused credit lines and credits in the bank accounts must cover the current liabilities of the Group companies, including the current portion of long-term borrowings.

As of March 31, 2007 the Group and Company's net working capital was negative and amounted to LTL'000 40,515 and LTL'000 49,483 respectively. The Group's current ratio was 0.79, the Company's – 0.72. The Group's quick ratio was 0.71, the Company's – 0.68.

(continued on the following page)

28. Financial risk management (continued)

As of December 31, 2006 the Group and Company's net working capital was negative and amounted to LTL'000 71,508 and LTL'000 80,305 respectively. The Group's current ratio was 0.64, the Company's – 0.57. The Group's quick ratio was 0.57, the Company's – 0.54.

Interest rate risk
According to the principles of financial risk management approved by the Group companies, the interest expenses must be forecasted with sufficient precision for a period that is not shorter than the period of establishing the ceiling price of the electricity transmission service (three years). The loan portfolio of the Group is formed on the basis of the following principle: at least 50% of all the borrowings must be with fixed interest rate, the remaining borrowings – with floating interest rate.

The Group companies have borrowings with fixed and floating interest rates, related to EURIBOR, EUR LIBOR and VILIBOR. In order to manage the risk of interest rate fluctuations, the Company concluded an interest rate swap transaction at the end of 2003 with Nordea Bank Finland Plc. Lithuanian branch, which will be fully realized on 30 June 2007 (initial notional amount was EUR'000 15,000, being decreased by EUR'000 875 each quarter starting from 30 June 2004). The fair value of this financial instrument as of March 31, 2007 was LTL'000 32 and in the balance sheets derivative financial instruments are accounted under other current assets.

Foreign exchange risk
In order to manage the foreign exchange risk, the Group companies conclude credit contracts only in Euros and Litas. The sales/purchase contracts are also denominated mostly in Euros and Litas.

The Group companies have no significant concentration of foreign exchange risk; therefore, it did not use any financial instruments facilitating control over the foreign exchange risk in 2007 and in 2006.

As of March 31, 2007 monetary assets and liabilities in various currencies consisted of the following:

	Group		Company	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	115,226	415,053	105,078	404,546
EUR	26,989	118,034	24,191	118,009
USD	112	418	101	418
RUR	78	45	-	-
LVL	557	-	544	-
Total	**142,962**	**533,550**	**129,914**	**522,973**

As of December 31, 2006 monetary assets and liabilities in various currencies consisted of the following:

	Group		Company	
	Assets	**Liabilities**	**Assets**	**Liabilities**
LTL	117,413	416,067	107,833	406,453
EUR	2,654	121,563	735	121,526
USD	63	445	49	445
RUR	62	59	-	-
LVL	13	4	-	-
Total	**120,205**	**538,138**	**108,617**	**528,424**

29. Commitments and contingencies

Guarantees issued

In 2005 under the guarantee agreements the Company guaranteed 25% of Nordic Energy Link AS liabilities to Nordic Investment Bank (LTL'000 50,325) and to SEB Eesti Uhispank AB (LTL'000 29,435). The guarantees expire after the full repayment of the borrowings by the associate to respective banks, i.e. 15 March 2014 and 15 June 2014 respectively.

As of March 31, 2007, upon request of the Company, the bank Hansabankas AB issued the following guarantee: Beneficiary - Vilnius Municipality, amount - LTL'000 16, type - performance security, maturity- 2 December 2009;

Lietuvos branch of Nordea Bank Finland Plc. issued the following guarantees which were in effect on March 31, 2007:

1. Beneficiary - Fabryka Kotlow RAFAKO S.A., amount – 55.838,26 EUR (LTL 192.798,34), type- performance security, validity period 28/01/2007 – 01/10/2008.
2. Beneficiary – Fabryka Kotlow RAFAKO S.A., amount - 56.755,70 EUR (LTL 195.966,08), type- performance security , validity period - 28/02/2007- 30/03/2009

Legal proceedings

As of March 31 2007 and December 31 2006 the Group and the Company were not involved in legal proceedings which in the management opinion would have a material impact on the financial statements.

30. Subsequent events

On February 6, 2007 in Stockholm the Company and Swedish transmission system operator Svenska Kraftnat signed an agreement with Swedish company SWECO International, which had been selected for the contract award after the public tender, for preparation of a feasibility study for interconnection of transmission systems of both countries. The study will assess the feasibility of interconnection of Lithuanian and Swedish power grids by constructing the undersea cable of approx. 350 km length and 700 – 1,000 MW capacity across the Baltic Sea. This interconnection is important for promotion of energy safety and reliability of electricity supply of the entire Baltic region as well as for integration of the Baltic States with the European Union electricity market. It is projected to complete the study in September 2007.

Lietuvos Energija AB has been proceeding the preparatory works for the construction project of a new nuclear power plant. In the nearest future the company is going to assess the feasibility to use the site located in the present territory of Ignalina Nuclear Power Plant, logistical aspects and to prepare the programme of the environmental impact assessment. By the end of June 2007 it is projected to complete the study on the feasibility to construct the proposed structures of the new nuclear power plant in their maximum capacity in the selected site; the study on cargo deliveries will be completed by August 2007. The programme on the assessment of the environmental impact will be prepared and approved by the end of November 2007.

The general shareholders meeting of Lietuvos Energija AB was held on April 26, 2007. During the meeting the Resolution on the profit distribution was passed:

	Lt
Retained earnings (loss) from the previous fiscal year at the end of the reported fiscal year 2006	0
Net profit (loss) for the reported fiscal year 2006	18 361 598
Profit (loss) for the reported year unrecognized in the profit (loss) statements	23 754
Shareholders contribution to cover losses of the Company	0
Transfers from reserves	2 000 000
Total distributed profit (loss)	20 385 352
Profit distribution:	
A part of profit transferred to the legal reserve	0

(continued)	
A part of profit transferred to the reserve for acquisition of the Company's own shares	0
A part of profit transferred to other reserves	10 531 352
A part of profit allocated for payment of dividends*)	8 154 000
A part of profit allocated for yearly remunerations (bonuses) for employees and other purposes	1 700 000
Including:	
Bonuses for members of the Board	70 000
Sponsorship	1 200 000
Bonuses for employees and other purposes	430 000
Retained earnings (loss) at the end of the fiscal year 2006 transferred to another fiscal year	0

*) LTL 0.0118 per share of LTL1 par value.

****