

The report for the first quarter
of the year 2007 of the
AB Rytų skirstomieji tinklai

2007 m. gegužės 28 d.

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I. GENERAL PROVISIONS

1. The reporting period for that the report is prepared

The report is prepared for the first quarter of the year 2007 .

2. Main data about the emittent

Name of the Company	AB Rytų skirstomieji tinklai
Code	1108 70890
Statutory capital	492 404 653 Lt
Address	P. Lukšio g. 5B, LT-08221 Vilnius
Telephone	(8~5) 277 75 24
Fax	(8~5) 277 75 14
E-mail	info@rst.lt
Website	www.rst.lt
Legal-organizational form	Stock company, a legal entity of limited liability
Date and place of the registration	The 31st of December 2001, The Ministry of Economy of the Republic of Lithuania
The register where the information about the company is accumulated and stored	The register of legal persons
The keeper of the register	The registration division of the State Enterprise „Registru centras“, Vilnius branch

3. The information about where and when it is possible to familiarize with the report and the documents, that have been basis for the report, and the name of mass media

It is possible to familiarize with the report and the documents, that have been basis for the report at the offices of the Company , P. Lukšio g. 5B, Vilnius, room No. 510 on working days during the hours from 7.30 until 11.30 and from 12.30 until 16.30.

The mass media AB Rytų skirstomieji tinklai – the dailies „Lietuvos rytas“ and „Respublika“, Lithuanian telegrams' agency ELTA, the news' agency BNS.

4. The persons responsible for the information, submitted in the report

4.1. The members of management bodies, employees and the head of the administration are responsible for the report
Rimantas Milišauskas, Director General, tel. (8~5) 251 26 50, fax (8~5) 277 75 14

Arvydas Zakalskis, Financial Director, tel. (8~5) 251 26 52, fax (8~5) 277 75 14

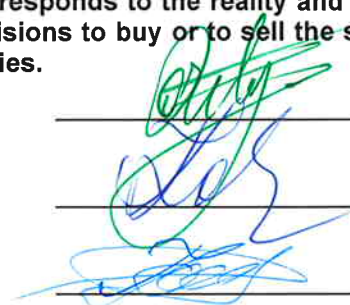
Artur Grigorian, chief specialist of the assets' management division, tel. (8~5) 251 26 38, fax(8~5) 277 75 14

5. The confirmation of the members of management bodies, employees and the head of administration, that the information submitted in the report corresponds to the reality and there are no hidden facts that may have influence on the investor's decisions to buy or to sell the securities of the emittent, or on the price or the evaluation of these securities.

Rimantas Milišauskas, Director General

Arvydas Zakalskis, Financial Director

Artur Grigorian, chief specialist of the assets' management division



Date of the report's signing – the 28th of May, 2007.

Place of the report's preparation – AB Rytų skirstomieji tinklai (P. Lukšio g. 5B, Vilnius)

II. INFORMATION ABOUT THE EMITENT'S STATUTORY CAPITAL, THE EMITTED SECURITIES AND THE MEMBERS OF MANAGEMENT BODIES

6. The shareholders

By the 25th of April, 2007 the total number of the AB Rytų skirstomieji tinklai shareholders is – 6 257.

6.1. table. The structure of the statutory capital of AB Rytų skirstomieji tinklai.

Type of shares	Number of shares, units	Nominal value, Lt	Total nominal value, Lt	Part in the statutory capital, per cent
Ordinary nominal shares	492 404 653	1	492 404 653	100,00

6.2. table. The shareholders, that by the 31st of March, 2007 had more than 5 per cent of the emittent's statutory capital.

Name, surname of the shareholder (name, type, address, code of the entity)	The number of ordinary nominal shares belonging to the shareholder by the right of ownership, units	The part of the statutory capital in possession, per cent	The part of votes that is given by the shares belonging by the right of ownership, per cent	The part of votes belonging to a shareholder acting with the related persons, per cent
The State, represented the Ministry of Economy of the Republic of Lithuania, Gedimino av. 38/2, Vilnius 1886 21919	351 316 161	71,35	71,35	---
E.ON Ruhrgas International AG, Huttropstrasse 60, Essen, Germany HRB No. 10974	99 845 392	20,28	20,28	---

7. Members of the management bodies

7.1. Titles, names and surnames, information about the participations in the emittent's statutory capital

7.1.1. table. Members of the management bodies of the AB Rytų skirstomieji tinklai

Name, surname	Title	The part of the statutory capital in possession, per cent	The part of votes, per cent.
Supervisory Board			
Anicetas Ignotas	Chairman	-	-
Mario Nullmeier	Member	-	-
Saulius Spėčius,	Member	-	-
Aušra Pažėraitė,	Member	-	-
Nijolė Bujauskienė	Member	-	-
Board			
Jonas Rimantas Kazlauskas	Chairman	-	-
Rimantas Milišauskas	Member	-	-
Rimvydas Rukšėnas	Member	0,00003	0,00003
Nijolė Sabonienė	Member	-	-
Algimantas Zaremba	Member	-	-
Administration			
Rimantas Milišauskas	Director General	-	-
Valdas Bancevičius	Director for Power network	0,00008	0,00008
Saulius Kasparavičius	Director for Power supply	-	-
Arvydas Zakalskis	Financial Director	0,001	0,001
Rolandas Baškys	Director for purchases and logistics	-	-
Rimantas Aliukonis	Legal and personnel Director	-	-
Antosė Muliuolienė	Chief Financial Officer	0,000002	0,000002

7.2. Information about the participation in the activities of other companies, institutions and organizations (name of company, institution, organization, title), the part of the companies' capital and votes, exceeding 5 per cent

7.2.1. table. Participation in the activities of other companies, institutions and organizations

Name, surname	Name of the organization, title	Part of the capital and votes in other companies, per cent
Supervisory Board		
Anicetas Ignotas	Secretary of the Ministry of Economy of the Republic of Lithuania	-
	AB „Lietuvos energija“, Chairman of the Supervisory Board	-
	AB „Kauno energija“, Member of the Supervisory Board	-
Mario Nullmeier	E.ON Ruhrgas International (ERI) AG, Head of the Baltic office	-
Saulius Spėčius	Adviser to the Prime Minister of the Republic of Lithuania	-
	AB „Klaipėdos nafta“, Member of the Board	-
	AB „Lietuvos energija“, Member of the Supervisory Board	-
Aušra Pažėraitė	AB „Lietuvos elektrinė“, Member of the Supervisory Board	-
	A scientific employee at the Lithuanian energy institute	-
Nijolė Bujauskienė	The Ministry of Economy of the Republic of Lithuania, chief specialist of the division of the state property privatization at the department of company law and privatization	-
	AB „Lietuvos energija“, Member of the Supervisory Board	-
	AB „Lietuvos elektrinė“, Member of the Supervisory Board	-
Board		
Jonas Rimantas Kazlauskas	Public institution „Energetikos agentūra“, Deputy Director	-
Rimvydas Rukšėnas	President of the National electric energy Association	-
Nijolė Sabonienė	Chief specialist of the shares' management division in the State company – The State Property Fund	-
	UAB „Gargždų mida“, Member of the Board	-
Algimantas Zaremba	The Ministry of Economy of the Republic of Lithuania, Director of the Department of Energetics	-
	AB „Lietuvos energija“, Member of the Board	-
Administration		
Rimantas Milišauskas	-	-
Valdas Bancevičius	UAB „Elektros tinklo paslaugos“, Chairman of the Board	-
	UAB „Tetas“, Chairman of the Board	-
Saulius Kasparavičius	-	-
Arvydas Zakalskis	-	-
Rolandas Baškys	UAB „Rytra“, Chairman of the Board	-
Rimantas Aliukonis	UAB „Elektros tinklo paslaugos“, Member of the Board	-
Antosė Muliuolienė	-	-

III. FINANCIAL SITUATION

As of January the 1st, 2005, the AB Rytų skirstomieji tinklai keeps the accounting according to the International accounting standards. The financial reports submitted in this chapter are prepared according to the International accounting standards. The 2006-12-31 company reports are verified by the auditors. The 2006-03-31 and 2007-03-30 reports are not audited.

8. Balance, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
ASSETS				
Long term assets				
Long term material assets	2388 797 159	2398 484 723	2347 693 424	2358 224 666
Immaterial assets	2 491 109	2 879 289	2 491 109	2 879 289
Investments into the daughter companies	-	-	36 643 000	36 643 000
Assets of the postponed profit tax	524 989	490 888	-	-
Long term amounts receivable and advance payments	7 028 994	7 582 918	7 028 994	7 582 918
	2398 842 251	2409 437 818	2393 856 527	2405 329 873
Short term assets				
Reserves	11 441 071	6 989 142	6 157 282	3 461 322
Trading and other amounts receivable	96 743 523	89 963 171	101 801 323	92 930 718
Derivative financial instruments	255 321	255 321	255 321	255 321
The profit tax paid in advance	85 812	214 567	-	83 652
Money and money equivalents	2 760 662	1 561 800	1 925 441	1 048 736
	111 286 389	98 984 001	110 139 367	97 779 749
Long term assets for sale	216 577	475 885	216 577	475 885
	111 502 966	99 459 886	110 355 944	98 255 634
Assets total	2510 345 217	2508 897 704	2504 212 471	2503 585 507
EQUITY				
The shareholders' capital and reserves				
Statutory capital	492 404 653	492 404 653	492 404 653	492 404 653
Revaluation reserve	1141 396 382	1166 123 149	1133 930 307	1158 657 074
Reserves	111 206 852	111 206 852	109 814 992	109 814 992
Accumulated profit	169 437 539	125 586 172	177 215 580	132 415 072
Shareholders' equity total	1914 445 426	1895 320 826	1913 365 532	1893 291 791
LIABILITIES				
Long term liabilities				
Loans	80 362 769	80 362 769	80 362 769	80 362 769
Liability of the postponed profit tax	221 324 738	225 799 594	221 377 072	225 917 975
Other long term liabilities	72 410 516	67 599 583	72 410 516	67 599 583
	374 098 023	373 761 946	374 150 357	373 880 327
Short term liabilities				
Trading and other amounts to be paid	170 465 928	168 793 154	168 824 577	169 042 512
Profit tax liabilities	18 264 316	9 181 741	17 929 004	8 878 846
Loans	33 071 524	61 840 037	29 943 001	58 492 031
	221 801 768	239 814 932	216 696 582	236 413 389
Liabilities total	595 899 791	613 576 878	590 846 939	610 293 716
Equity and liabilities total	2510 345 217	2508 897 704	2504 212 471	2503 585 507

9. Profit (loss) statement, Lt

	GROUP		COMPANY	
	2007-03-31	2006-03-31	2007-03-31	2006-03-31
INCOME	282 559 177	259 204 990	281 770 951	258 863 964
Sales' income	279 802 934	256 494 826	280 077 522	256 756 842
Other income	2 756 243	2 710 164	1 693 429	2 107 122
COSTS	(256 697 134)	(234 673 578)	(255 789 228)	(233 732 695)
The electric energy acquired	(119 101 455)	(105 295 424)	(119 101 455)	(105 295 424)
Wear –out, amortization	(43 490 027)	(43 344 886)	(41 567 606)	(41 711 344)
Other costs	(94 105 652)	(86 033 268)	(95 120 167)	(86 725 927)
OPERATING PROFIT (LOSS)	25 862 043	24 531 412	25 981 723	25 131 269
OTHER ACTIVITIES	(1 172 396)	146 833	(479 173)	777 870
Income from the other activities	762 018	1 127 415	1 073 551	1 735 258
Costs of the other activities	(1 934 414)	(980 582)	(1 552 724)	(957 388)
FINANCIAL AND INVESTMENT ACTIVITY	(907 776)	(123 862)	(835 902)	(112 334)
Income	345 078	731 746	387 819	725 806
Costs	(1 252 854)	(855 608)	(1 223 721)	(838 140)
PROFIT (LOSS) BEFORE TAXES	23 781 871	24 554 383	24 666 648	25 796 805
PROFIT AND SOCIAL TAXES	(4 657 271)	(5 638 732)	(4 592 907)	(5 638 732)
NET PROFIT (LOSS)	19 124 600	18 915 651	20 073 741	20 158 073

10. The report on the changes of own capital, Lt

THE GROUP	Share capital	The reserve for the revaluation of long term material assets	Mandatory reserve	Other reserves	Accumulated profit	Equity total
Residual on 2005.12.31	492 404 653	1265 932 393	-	-	149 430 601	1907 767 647
Diminishment of the revaluation reserve of long term material assets	-	(32 165 262)	-	-	32 165 262	-
Profit of the reporting period	-	-	-	-	18 915 651	18 915 651
Residual on 2006.03.31	492 404 653	1233 767 131	-	-	200 511 514	1926 683 298
Transferred to the reserves	-	-	49 356 490	61 850 362	(111 206 852)	-
Diminishment of the revaluation reserve of long term material assets	-	(75 998 462)	-	-	75 998 462	-
Dividends for the year 2005	-	-	-	-	(34 468 326)	(34 468 326)
Correction of an essential mistake (unrecognized loss in the profit loss statement)	-	8 354 480	-	-	(11 154 480)	(2 800 000)
Profit of the reporting period	-	-	-	-	5 905 854	5 905 854
Residual on 2006.12.31	492 404 653	1166 123 149	49 356 490	61 850 362	125 586 172	1895 320 826
Diminishment of the revaluation reserve of long term material assets	-	(24 726 767)	-	-	24 726 767	-
Profit of the reporting period	-	-	-	-	19 124 600	19 124 600
Residual on 2007.03.31	492 404 653	1141 396 382	49 356 490	61 850 362	169 437 539	1914 445 426

THE COMPANY	Share capital	The reserve for the revaluation of long term material assets	Mandatory reserve	Other reserves	Accumulated profit	Equity total
Residual on 2005.12.31	492 404 653	1265 932 393	-	-	147 680 654	1906 017 700
Diminishment of the revaluation reserve of long term material assets	-	(32 165 262)	-	-	32 165 262	-
Profit of the reporting period	-	-	-	-	20 158 073	20 158 073
Residual on 2006.03.31	492 404 653	1233 767 131	-	-	200 003 989	1926 175 773
Transferred to the reserves	-	-	49 240 465	60 574 527	(109 814 992)	-
Diminishment of the revaluation reserve of long term material assets	-	(75 110 057)	-	-	75 110 057	-
Dividends for the year 2005	-	-	-	-	(34 468 326)	(34 468 326)
Correction of an essential mistake (unrecognized loss in the profit loss statement)	-	-	-	-	(2 800 000)	(2 800 000)
Profit of the reporting period	-	-	-	-	4 384 344	4 384 344
Residual on 2006.12.31	492 404 653	1158 657 074	49 240 465	60 574 527	132 415 072	1893 291 791
Diminishment of the revaluation reserve of long term material assets	-	(24 726 767)	-	-	24 726 767	-
Profit of the reporting period	-	-	-	-	20 073 741	20 073 741
Residual on 2007.03.31	492 404 653	1133 930 307	49 240 465	60 574 527	177 215 580	1913 365 532

11. Cash flow report, Lt

	GROUP		COMPANY	
	2007.03.31	2006.03.31	2007.03.31	2006.03.31
Ordinary activities				
Profit for the period	19 124 600	18 915 651	20 073 741	20 158 073
Corrections:				
– profit tax	4 657 271	5 638 732	4 592 907	5 638 732
– wear-out and amortization	43 522 225	43 344 886	41 599 804	41 711 344
– loss for the sold and written-off assets	1 893 358	945 755	1 889 323	916 365
– increase of the diminishment of the IT assets' value (restoration)	(168 665)	(234 498)	(168 665)	(234 498)
– increase of the diminishment of the value of the accounts receivable (restoration)	-	1 272 762	-	1 274 670
– increase of the diminishment of the reserves' value (restoration)	143 224	(188 662)	-	(304 667)
– interests' income	(191 539)	(112 390)	(240 923)	(142 675)
– interests' costs	1 240 398	839 568	1 211 304	822 103
Changes of the turnover capital:				
– reserves	(4 210 819)	(915 829)	(2 436 652)	1 492 477
– trading and other amounts receivable	(3 755 963)	(5 874 960)	(7 870 605)	(2 882 071)
– trading and other amounts to be paid	6 657 287	(16 296 615)	7 687 412	(19 245 027)
Cash flows from the ordinary activities	68 911 377	47 334 400	66 337 646	49 204 826
Interests paid	(1 427 635)	(992 544)	(1 398 541)	(975 079)
Profit tax paid	(8 705)	(4 438 156)	-	(4 438 156)
Net cash flows from the ordinary activities	67 475 037	41 903 700	64 939 105	43 791 591
Investment activities				
Acquisitions of long term assets	(37 692 687)	(19 800 869)	(34 747 779)	(17 485 747)
Given loans	-	-	(1 000 000)	(1 000 000)
The return of the loans	80 161	91 589	80 161	91 589
Interests received	191 539	112 390	240 923	142 675
Net cash flows from the investment activities	(37 420 987)	(19 596 890)	(35 426 695)	(18 251 483)
Financial activities				
Loans received	-	-	-	-
Loans returned	-	-	-	-
Dividends paid to the Company shareholders	(86 675)	(24 335)	(86 675)	(24 335)
Net cash flows from the financial activities	(86 675)	(24 335)	(86 675)	(24 335)
Net increase of cash and bank overdraft surplus	29 967 375	22 282 475	29 425 735	25 515 773
Cash and bank overdraft surplus at the beginning of the reporting period	(41 223 385)	(26 245 080)	(38 388 443)	(27 164 403)
Cash and bank overdraft surplus at the end of the reporting period	(11 256 010)	(3 962 605)	(8 962 708)	(1 648 630)

12. Explanatory note

1. General information

AB Rytų skirstomieji tinklai (further – the Company) is a stock company, registered in the Republic of Lithuania. The Company is registered in the State Register of companies on the 31st of December, 2001. The shares of the Company are included into the securities trading list of the Vilnius stock exchange (Lithuania). The address of the Company offices is:

P. Lukšio g. 5b,
LT-08221 Vilnius,
Lithuania

On the 31st of March, 2007, two main shareholders of the Company were the Government of the Republic of Lithuania, represented by the Ministry of Economy (further – the Government), possessing 71,35 per cent of the Company shares and the E.ON Ruhrgas International AG (Germany), possessing 20,28 per cent of the Company shares. The remaining shares belong to various small shareholders.

Main activities of the Company are the supply and distribution of the electric energy. The Company is the public supplier, obliged to provide with the electric energy the inhabitants and companies in the Eastern part of Lithuania, (Vilnius, Panevėžys, Alytus and Utena counties and a part of Kaunas and Marijampolė counties) that have not chosen an independent electric energy supplier. The Company, possessing a medium and low voltage distribution network, distributes and supplies the electric energy to over 729000 clients in the area of 34800 sq. km.

The Company has been registered after the reorganization of SPAB „Lietuvos energija“. On the basis of the 2000.05.18 Law on the reorganization of the SPAB „Lietuvos energija“, No. VIII-1693, the SPSC „Lietuvos energija“ has been reorganized by way of splitting. After the reorganization, certain assets, rights and liabilities of the SPAB „Lietuvos energija“, that continues its activities as a stock company, have been transferred to the newly established companies AB Rytų skirstomieji tinklai, AB „Vakarų skirstomieji tinklai“ (the name has been changed to AB „VST“), AB „Lietuvos elektrinė“ and SC „Mažeikių elektrinė“.

After the reorganization the AB „Lietuvos energija“ continues its activities as the operator of transferring network and the market while the Company and AB „VST“ perform the functions of distribution network operators and public suppliers.

The Company's activities are regulated by the Law on the Electric energy of the Republic of Lithuania.

Consolidated group

The Consolidated group (further – the Group) consists of the Company and three its daughter companies. The secondary companies, included into the consolidated financial report of the Group are listed below:

The secondary company	Country of establishment	Year of establishment	Part of the group (per cent)		Nature of the activities
			2007-03-31	2006-12-31	
UAB „Rytra“	Lithuania	2004	100	100	Provides transport services
UAB „Elektros tinklo paslaugos“	Lithuania	2004	100	100	Provides the services of repair and technical maintenance of the electric networks and related equipment
UAB „Tetas“	Lithuania	2005	100	100	Provides the services of electric networks' design, construction, repair, the services of the connection of users to the electric networks

2. The generalization of main accounting principles

Below there are described main accounting principles, basing on those this financial report is prepared. These principles are consequently applied to all the annual periods if not indicated otherwise.

2.1. The basis of preparation

This financial report of the Company and the Group is based on the International Financial Accounting Standards (IFAS), approved for the application in the European Union.

2.2. Consolidation

The secondary companies – are the companies where the Group can control the financial and activities' policy. Normally, such a control is guaranteed when more than a half of shares giving the voting rights are possessed. During

the evaluation, if the Group controls the other enterprise, the existence and the effect of present or converting shares potentially giving the voting right are taken into account. The secondary companies are fully consolidated from the date when the Group acquires the control of these companies and are not consolidated from the date when this control is lost.

2.3. Long term material assets

Long term material assets are accounted by the revaluated price, that is their real price at the day of the revaluation minus the accumulated wear-out and the accumulated losses of the depreciation. The land is accounted by the revaluated price minus the accumulated losses of the depreciation. The real prices are determined basing on periodical evaluations of independent property evaluators. Any wear-out accumulated on the day of revaluation is eliminated by deducting it from the assets' purchase value and the resulting value is recalculated into the revaluated price.

The increase of the accounting value from the revaluation of long term material assets is recognized in the revaluation reserve at the part of the shareholders' equity. The depreciations that cover the previous increases of the same assets' value, are recognized directly at the part of equity by diminishing the revaluation reserve; all other depreciations are recognized in the profit (loss) statement. Every year, the difference between the wear – out, calculated according to the revaluated accounting price of assets (when the price increases after the revaluation), is recognized in the profit (loss) statement, and the wear-out, calculated according to the primary acquisition self-cost, is transferred from the revaluation reserve to the undistributed profit. When the assets are written-off or sold, all the residual of the value increase after the revaluation is transferred from the revaluation reserve to the undistributed profit.

2.4. Long term immaterial assets

The immaterial assets from that the Group and the Company expect to derive economic benefit in the future are accounted by the self-cost of the acquisition, minus the sums of accumulated amortization and of the losses of the depreciation. The amortization is calculated by applying direct (linear) proportionality method over 3 years of the evaluated period of receiving the economic benefit.

2.5. Financial assets

The Group and the Company for the purposes of the evaluation classifies its financial assets into the following groups: financial assets accounted by the true value through the profit (loss) statement, loans and amounts receivable, investments kept until the buy-out and the financial assets for sale. The classification depends on the purpose of the acquired financial assets, the plans of the management and on the fact if the investments are quoted in the active market. The management determines the classification of financial assets during the time of their first recognition and later reviews the classification on every day of preparing the financial reporting, except for the financial assets accounted by the true value through the profit (loss) statement. Reclassification into or from this category after the primary recognition is forbidden.

2.6. Reserves

The reserves are recognized by the self-cost or the price of possible realization depending on the cost that is lower. The self-cost is determined by the *FIFO* method. The self cost of the reserves comprises the purchase price, taxes (except the taxes that are later returned by the Group and the Company from the tax authorities), transportation, maintenance and other costs, directly attributed to the acquisition of the reserves. The self-cost does not include the borrowing costs. The net realization price is evaluated by the sales price on ordinary business conditions with the deduction of attributable variable sales' costs.

2.7. Trading amounts receivable

At the beginning the amounts receivable are accounted by the true value, and later by the amortized self-cost with the application of calculated interest rates' method, diminished by the sum of depreciation losses. The depreciation of the amounts receivable is recognized when there are objective proofs that the Group or the Company is unable to recover these amounts on the terms set at the beginning. The sum of depreciation is the difference between the assets' accounting value and the present value of the future evaluated cash flows, discounted by applying the calculated interest rate. The accounting value of the assets is diminished by the amount of depreciation and the sum of losses is recognized in the profit (loss) statement. When the trading amount receivable is impossible to recover, it is written off, by diminishing the depreciation amount for the trading amounts receivable. The amounts that have been earlier written off but later have been recovered are accounted in the profit (loss) statement as the income.

2.8. Money and money equivalents

In the cash flow report money and money equivalents comprise cash, deposits on demand at the banks and other short term very liquid investments, the term of those is not longer than three months and the *overdrafts*. The *overdraft* is accounted at the balance in the item short term liability loans.

2.9. Trading and other amounts to be paid

Trading and other amounts to be paid are accumulated when the other side executes its obligations according to the contract and are at the beginning recognized by the true value and later evaluated by the amortized self-cost with the application of the method of calculated interest rate.

2.10. Loans

At the beginning the loans are accounted by the true value with the deduction of the incurred transaction costs. Later the loans are accounted by the amortized self-cost. Any difference resulting between the initially recognized amount and the buy-out value is recognized in the profit (loss) statement during the period of borrowing with the application of the method of calculated interest rates.

The expenses of borrowing are recognized as costs on the period when they are incurred.

2.11. Income

The sales income consists of the true value of the received or receivable remuneration for the goods sold and the services delivered during the time of the Group's and the Company's ordinary activities with the deduction of the value-added tax, returns and discounts, for the Groups' sales – by additionally eliminating the sales inside of the Group.

The sales income is recognized when the amount of the income is possible to be trustfully evaluated and it is probable that the Group and the Company will receive economic use in the future and there are satisfied the certain criteria established for each of the activities of the Group and the Company, as described below. The income amount is not considered as trustfully evaluated until all the uncertainties related to the sales are not solved.

3. Long term material assets, Lt

GROUP	Buildings	Machines and equipment	Other long term material assets	Unfinished construction	Total
Residual value on 2006-12-31	2062 406 854	214 441 693	66 181 558	55 454 618	2398 484 723
Acquisitions	554 577	830 112	4 489 062	29 423 380	35 297 131
Transfers	(209 229)	-	(69 906)	-	(279 135)
Write-offs	(1 246 154)	(226 523)	(566 314)	-	(2 038 991)
Reclassifications	13 806 966	3 111 168	186 900	(17 105 034)	-
Reclassified to long term assets for sale	209 229	136 513	69 891	-	415 633
Restoration of the depreciation	7 912	4 219	195	-	12 326
Wear-out	(34 798 465)	(4 229 359)	(4 066 704)	-	(43 094 528)
Residual value on 2007-03-31	2040 731 690	214 067 823	66 224 682	67 772 964	2388 797 159

COMPANY	Buildings	Machines and equipment	Other long term material assets	Unfinished construction	Total
Residual value on 2006-12-31	2042 765 490	212 530 432	47 474 126	55 454 618	2358 224 666
Acquisitions	483 672	730 724	1 615 138	29 423 380	32 252 914
Transfers	(209 229)	-	(69 906)	-	(279 135)
Write-offs	(1 246 154)	(226 523)	(288 195)	-	(1 760 872)
Reclassifications	13 806 966	3 111 169	186 899	(17 105 034)	-
Reclassified to long term assets for sale	209 229	136 512	69 891	-	415 632
Restoration of the depreciation	7 912	4 219	195	-	12 326
Wear-out	(34 535 442)	(4 130 700)	(2 505 965)	-	(41 172 107)
Residual value on 2007-03-31	2021 282 444	212 155 833	46 482 183	67 772 964	2347 693 424

4. Long term immaterial assets, Lt

GROUP	Software, licenses	Other assets	Total
Residual value on 2006-12-31	2 743 034	136 255	2 879 289
Acquisitions	39 515	-	39 515
Amortization	(407 725)	(19 970)	(427 695)
Residual value on 2007-03-31	2 374 824	116 285	2 491 109

COMPANY	Software, licenses	Other assets	Total
Residual value on 2006-12-31	2 743 034	136 255	2 879 289
Acquisitions	39 515	-	39 515
Amortization	(407 725)	(19 970)	(427 695)
Residual value on 2007-03-31	2 374 824	116 285	2 491 109

5. Long term amounts receivable and advance payments, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Trading amounts receivable	15 104	15 104	15 104	15 104
Deducted: loss for the decrease of the value of the amounts receivable	(15 104)	(15 104)	(15 104)	(15 104)
Trading amounts receivable by net value	-	-	-	-
Advance payments for long term material assets and immaterial assets	3 720 027	4 193 790	3 720 027	4 193 790
Given loans	3 308 967	3 389 128	3 308 967	3 389 128
	7 028 994	7 582 918	7 028 994	7 582 918

6. Reserves, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Materials and spare parts	12 145 303	7 835 954	6 763 951	4 321 859
Electricity counters	999 171	884 782	993 695	879 306
Fuel	214 613	252 829	5 887	6 411
Other	807 501	597 871	511 754	371 751
Discounting up to net value of possible realization	(2 725 517)	(2 582 294)	(2 118 005)	(2 118 005)
	11 441 071	6 989 142	6 157 282	3 461 322

7. Trading and other amounts receivable, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Trading amounts receivable	111 428 139	102 804 581	110 646 178	97 633 532
Amounts receivable from daughter companies	-	-	6 303 281	4 272 046
Given loans	287 533	387 132	287 533	387 132
Taxes paid in advance and to be returned, except the profit tax	58 074	3 011 025	2 410	3 011 025
Accumulated income and the costs of the upcoming period	426 022	244 247	138 113	175 670
Other amounts receivable	2 657 578	1 630 024	2 519 080	1 546 597
Depreciation of trading and other amounts receivable	(18 113 823)	(18 113 838)	(18 095 272)	(18 095 284)
	96 743 523	89 963 171	101 801 323	88 930 718

8. Money and money equivalents, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Money at the bank	2 177 910	589 516	1 449 689	106 452
Cash	69 862	51 884	69 862	51 884
Arriving money	512 890	920 400	405 890	890 400
	2 760 662	1 561 800	1 925 441	1 048 736

Money, money equivalents and the overdraft in the cash flow report comprise:

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Money and money equivalents	2 760 662	1 561 800	1 925 441	1 048 736
Credit of the bank account	(14 016 672)	(42 785 185)	(10 888 149)	(39 437 179)
	(11 256 010)	(41 223 385)	(8 962 708)	(38 388 443)

9. Other long term liabilities, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Income from the fees of connecting the users in the upcoming periods	66 316 067	61 654 560	66 316 067	61 654 560
Dotations, subsidies	3 875 932	3 908 130	3 875 932	3 908 130
Debts to suppliers	1 300 155	1 118 531	1 300 155	1 118 531
Liabilities to the employees	918 362	918 362	918 362	918 362
	72 410 516	67 599 583	72 410 516	67 599 583

10. Trading and other amounts to be paid, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Trading amounts to be paid	97 425 076	115 632 329	99 919 727	119 174 124
Amounts received in advance	52 065 879	39 691 266	52 061 009	39 685 259
Income from the fees of connecting the users in the upcoming periods	1 902 163	2 382 909	1 902 163	2 382 909
Accumulated costs and the income of upcoming periods	6 368 041	5 227 013	5 212 007	4 028 090
Taxes, except the profit tax	7 928 674	5 382 977	6 281 413	3 299 808
Other short term liabilities	4 776 095	476 660	3 448 258	472 322
	170 465 928	168 793 154	168 824 577	169 042 512

11. Loans, Lt

	GROUP		COMPANY	
	2007-03-31	2006-12-31	2007-03-31	2006-12-31
Long term				
Bank loans	80 362 769	80 362 769	80 362 769	80 362 769
	<u>80 362 769</u>	<u>80 362 769</u>	<u>80 362 769</u>	<u>80 362 769</u>
Short term				
Credit of the bank account (overdraft)	14 016 672	42 785 185	10 888 149	39 437 179
Bank loans	19 054 852	19 054 852	19 054 852	19 054 852
	<u>33 071 524</u>	<u>61 840 037</u>	<u>29 943 001</u>	<u>58 492 031</u>
	<u>113 434 293</u>	<u>142 202 806</u>	<u>110 305 770</u>	<u>138 854 800</u>

12. Sales income

The sales income is composed of the income from the sale of the electric energy.

IV. THE NEWEST AND ESSENTIAL EVENTS IN THE EMITENT'S ACTIVITIES

13. Essential events in the emittent's activities

2007.02.23 The decision of the Board of the AB Rytų skirstomieji tinklai at the meeting of 2007.02.21

The Board of the AB Rytų skirstomieji tinklai at the meeting of 2007.02.21 has adopted the decision to submit to the AB „Vilnius stock exchange“ an application to include the company securities into the Official trading list.

2007.02.27 Preliminary, unconsolidated, unaudited activity result of the AB Rytų skirstomieji tinklai for the year 2006

The preliminary, unconsolidated, unaudited activity result of the AB Rytų skirstomieji tinklai for the year 2006, according to the International financial accounting standards, is:

- the profit, before the deduction of profit tax is 26,4 mln. Lt (7,7 mln. EUR), that is by 32 per cent more in comparison with the year 2005 - 20 mln. Lt (5,8 mln. EUR). In the year 2006, the larger profit earned by the company was conditioned by the increased sales of electric energy, markedly reduced technologic costs and achieved better results of financial activity;
- the earnings before the interests, profit tax, depreciation and amortization (EBITDA) are 205 mln. Lt (59,4 mln. EUR), that is by 4,9 per cent more in comparison with the year 2005 - 195,5 mln. Lt (56,7 mln. EUR);
- the net profit is 21,8 mln. Lt (6,32 mln. EUR), that is by 28,2 per cent more in comparison with the year 2005 - 17 mln. Lt (4,93 mln. EUR);
- the revenue from the activity is 920,8 mln. Lt (266,9 mln. EUR), that is by 7,8 per cent more in comparison with the year 2005 - 854,3 mln. Lt (247 mln. EUR);
- the investments are 201,3 mln. Lt (58,3 mln. EUR), that is by 27,2 per cent more in comparison with the year 2005 - 158,1 mln. Lt (45,8 mln. EUR). In the year 2006, a larger demand for the investments was conditioned by the increased number of the equipment of new users connected to the electric network and the increased prices of acquired materials and works in the market.

2007.03.16 AB Rytų skirstomieji tinklai on 2007.03.16 has submitted the application to the AB „Vilnius stock exchange“

AB Rytų skirstomieji tinklai on 2007.03.16 has submitted to the AB „Vilnius stock exchange“ the application to include the Company's securities into the Official trading list.

2007.03.21 Convocation of the ordinary general meeting of shareholders

On the initiative of the Board of the AB Rytų skirstomieji tinklai it has been decided to organize the ordinary general meeting of shareholders on the 25th of April, 2007, 10 a.m., in Vilnius P. Lukšio g. 5B.

The agenda of the general meeting of shareholders:

1. Approval of the Company's financial reporting for the year 2006;
2. Approval of the Company's and its daughter companies' consolidated financial reporting for the year 2006;
3. Distribution of the Company's profit (loss) for the year 2006;
4. Increase of the Company's statutory capital by the supplementary (material) contributions;
5. Revocation of the shareholders' right of priority to acquire the shares issued by the Company;
6. Change of the Company by-laws.

The start for the registration of shareholders is 2007.04.25 9 a.m., the finish - 9.50 a.m. The accounting day for the general meeting of shareholders is the 18th of April, 2007.

The shareholders arriving to the general meeting have to submit a document proving personal identity. The attorneys of the shareholders must additionally have a power of attorney confirmed according to procedures specified in the law.

2007.04.13 Audited results of the company and the group for the year 2006

On, the 4th of April, 2007 the Board of the AB Rytų skirstomieji tinklai has passed a decision to approve to submit to the general meeting of shareholders the consolidated annual report and the audited financial reports of the company and the group for the year 2006, prepared according to the International financial accounting standards.

The revenue of the company in the year 2006 was - 933,5 mln. litas (270,6 mln. euro), profit before taxes - 29,2 mln. litas (8,5 mln. euro), net profit - 24,5 mln. litas (7,1 mln. euro).

The revenue of the Group in the year 2006 was - 933,8 mln. litas (270,7 mln. euro), profit before taxes - 29,9 mln. litas (8,7 mln. euro), net profit - 24,8 mln. litas (7,2 mln. euro).

The audited profit for the year 2006 has increased by 2,8 mln. litas (0,81 mln. euro) in comparison with the published preliminary profit, because, according to the recommendation of the auditors, the discounting effect of the long term loans, taken over on the moment of the company's establishment, has been shown not in the profit (loss) statement (as it has been in the preliminary results), but the effect has been shown by the retrospective method with the correction of the losses accumulated on the 1st of January, 2005.

The Board of the Company offers to the general meeting of shareholders to allocate from the distributable profit of the Company 34,5 mln. litas (10 mln. euro) to the payment of dividends for the year 2006, i.e. 0,07 litas (0,02 euro) of dividends for one share.

The shareholders may familiarize themselves with the meeting's agenda and related documents starting from the 16th of April in the company website www.rst.lt and the website of Vilnius stock exchange www.baltic.omxgroup.com.

2007.04.25 Resolutions of the ordinary general meeting of shareholders that took place on 2007.04.25

On 2007.04.25 10 a.m. the ordinary general meeting of shareholders took place.

The RESOLUTIONS:

- I) To approve the financial report for the year 2006 of the AB Rytų skirstomieji tinklai;
- II) To approve the Company's and its daughter companies' consolidated financial report;
- III) To approve the distribution of Company's profit (loss) for the year 2006:

1. Undistributed profit (loss) of the previous year at the beginning of the reporting year:	0 Lt (0 EUR)
2. Net profit (loss) of the reporting year:	24 542 417 Lt (7 113 744 EUR)
3. The profit (loss) of the reporting year not recognized in the profit (loss) statement:	107 872 655 Lt (31 267 436 EUR)
4. Transfers from the reserves:	0 Lt (0 EUR)
5. Contributions of shareholders to cover the losses:	0 Lt (0 EUR)
6. Distributable profit (loss) total:	132 415 072 Lt (38 381 180 EUR)
7. The part of the profit, allocated to the mandatory reserve:	0 Lt (0 EUR)
8. The part of the profit, allocated to the reserve to acquire own shares:	0 Lt (0 EUR)
9. The part of the profit, allocated to other reserves:	95 766 746 Lt (27 758 477 EUR)
10. The part of the profit, allocated to pay out the dividends:	34 468 326 Lt (9 990 819 EUR)
11. The part of the profit, allocated to annual payments for the members of the Board, employee bonuses and other purposes:	2 180 000 Lt (631 884 EUR)
11.1. to the support:	500 000 Lt (144 928 EUR)
11.2. to annual payments for the members of the Board:	80 000 Lt (23 188 EUR)
11.3. to the bonuses of the employees and other purposes:	1 600 000 Lt (463 768 EUR)
12. Undistributed profit (loss) at the end of the reporting year, transferred to the next financial year:	0 Lt (0 EUR)

IV) Not to discuss the question of increasing the Company's statutory capital by supplementary contributions;

V) Not to discuss the question of revocation of the shareholders' right of priority to acquire the shares issued by the Company;

VI) To amend and to change the by-laws of the AB Rytų skirstomieji tinklai:

1. To amend and to change the item 6.2 of the by-laws of the AB Rytų skirstomieji tinklai:

1.1 To add the new sub-item 6.2.2 and to lay it down as follows:

„6.2.2. to receive the funds of the Company, when the capital of the Company is diminished with a purpose to pay out the Company funds to the shareholders.“

1.2 To consider the previous sub-items 6.2.2 – 6.2.7 respectively as the sub-items 6.2.3 – 6.2.8.

2. To change the item 8.2.5 of the by-laws of the AB Rytų skirstomieji tinklai and to lay it down as follows:

„8.2.5. to approve the annual financial report;“

3. To amend and to change the item 10.3 of the by-laws of the AB Rytų skirstomieji tinklai:

To add the new sub-item 10.3.2. and to lay it down as follows:

„10.3.2. the annual report of the Company;“

3.2. To consider the previous sub-items 10.3.2 – 10.3.9 respectively as the sub-items 10.3.3 – 10.3.10.

4. To change the item 10.8 of the by-laws of the AB Rytų skirstomieji tinklai and to lay it down as follows:
„10.8. The Board must convocate and organize the general meetings of shareholders on time, ensure the preparation of name lists of the owners of the shares, prepare the agendas for the general meetings of shareholders, submit to the shareholders the draft Company's annual financial report and the draft of the profit (loss) distribution together with the Company's annual report, drafts of the decisions and other information necessary to discuss the questions of the agenda“.
5. To authorize the Company's Director General Rimantas Milišauskas to sign the new version of changed by-laws of the AB Rytų skirstomieji tinklai and to submit them to the State Company „The center of registers“.

For one share of the AB Rytų skirstomieji tinklai having a nominal value of 1 litas it is allocated 0,07 litas (0,02 EUR) of dividends (without the deduction of tax). The persons entitled to the dividends were that on the end of the day of ordinary general meeting of shareholders that had announced the dividends, i.e. on 2007.04.25, were the shareholders of the Company. The dividends will be paid out via the securities managers of the company shareholders and via the company's (mittens) securities manager. Basing on the Article 60, part 4 of the Law on Companies, the dividends will be paid out over one month from the adoption of the decision to pay out the dividends.

2007.05.02 Preliminary consolidated unaudited result for the first quarter of the year 2007

The preliminary consolidated unaudited result of the AB Rytų skirstomieji tinklai for the first quarter of the year 2007 according to the International financial accounting standards is:

- the profit before the deduction of profit tax is 23,8 mln. Lt (6,9 mln. EUR), that is by 3,3 per cent less in comparison with the first quarter of the year 2006 – 24,6 mln. Lt (7,1 mln. EUR);
- the net profit is 19,1 mln. Lt (5,54 mln. EUR), that is by 1 per cent more in comparison with the first quarter of the year 2006 – 18,9 mln. Lt (5,47 mln. EUR);
- the revenue from the activity is 282,6 mln. Lt (81,9 mln. EUR), that is by 9 per cent more in comparison with the first quarter of the year 2006 – 259,2 mln. Lt (75,1 mln. EUR).

2007.05.15 Concerning the change of the securities accounting keeper

On 2007.05.10, the AB Rytų skirstomieji tinklai has concluded the contract with the AB SEB Vilniaus bankas on the accounting and management of personal securities' accounts and the pay-out of dividends for the securities issued by the AB Rytų skirstomieji tinklai. This contract enters into force on 2007.05.13.

2007.05.16 New version of the Company's by-laws

On 2007.05.08 the AB Rytų skirstomieji tinklai has registered the new version of the Company's by-laws at the register of legal persons in the State Enterprise „The center of registers“.