

## The report for the three quarters of the year 2007 of the AB Rytų skirstomieji tinklai

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November 28, 2007

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To Lithuanian Securities Commission  
Konstitucijos ave. 23  
LT-08105 Vilnius

2007-11- No. 10430-

## CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the rules on preparation and submission of periodic and additional information of Lithuanian Securities Commission, we, Rimantas Milišauskas, Director General of Rytų skirstomieji tinklai AB, and, Arvydas Zakalskis, Finance Director, hereby do confirm that, to the best of our knowledge, the Interim Consolidated Report for the Three Quarters of 2007 of Rytų skirstomieji tinklai AB, includes a fair review of the development and performance of the business.

ENCLOSURE: The report for the three quarters of the year 2007 of the AB Rytų skirstomieji tinklai.

Director General

Rimantas Milišauskas

Finance Director

Arvydas Zakalskis

Artur Grigorian, tel. 251 26 38

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## I. GENERAL PROVISIONS

### 1. The reporting period for that the report is prepared

The report is prepared for the three quarters 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	<a href="mailto:info@rst.lt">info@rst.lt</a>
Website	<a href="http://www.rst.lt">www.rst.lt</a>
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

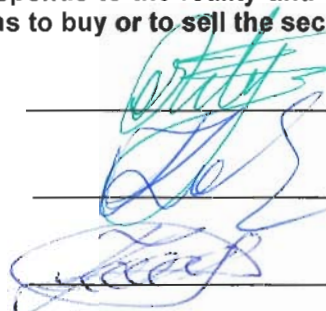
Artur Grigorian, chief specialist of the assets' management division, tel. (8~5) 251 26 38, fax(8~5) 277 75 14

**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, specialist of the assets' management division



Date of the report's signing – the 28th of November, 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 30th of September, 2007 the total number of the AB Rytų skirstomieji tinklai shareholders is – 6 121.

#### 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 30th of September, 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.
<b>Supervisory Board</b>			
Anicetas Ignotas	Chairman	-	-
Mario Nullmeier	Member	-	-
Saulius Spėčius,	Member	-	-
Aušra Pažėraitė,	Member	-	-
Nijolė Bujauskienė	Member	-	-
<b>Board</b>			
Jonas Rimantas Kazlauskas	Chairman	-	-
Rimantas Milišauskas	Member	-	-
Rimvydas Rukšėnas*	Member	0,00003	0,00003
Nijolė Sabonienė	Member	-	-
Algimantas Zaremba	Member	-	-
<b>Administration</b>			
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 Muliuliienė	Chief Financial Officer	0,000002	0,000002

\* Rimvydas Rukšėnas died in 2007-07-12



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
<b>Supervisory Board</b>		
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	-
<b>Board</b>		
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	-
<b>Administration</b>		
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	-
<b>Rimantas Aliukonis</b>	<b>UAB „Elektros tinklo paslaugos“, Member of the Board</b>	-
Antosė Mulioliienė	-	-

\* Rimvydas Rukšėnas died in 2007-07-12

### 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 2006-09-30 and 2007-09-30 reports are not audited.

#### 8. Balance, Lt

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
<b>ASSETS</b>				
<b>Long term assets</b>				
Long term material assets	2418 620 963	2398 484 723	2378 264 080	2358 224 666
Immaterial assets	9 387 786	2 879 289	9 381 512	2 879 289
Investments into the daughter companies	-	-	36 643 000	36 643 000
Assets of the postponed profit tax	466 982	490 888	-	-
Long term amounts receivable and advance payments	4 762 677	7 582 918	4 762 677	7 582 918
	<b>2433 238 408</b>	<b>2409 437 818</b>	<b>2429 051 269</b>	<b>2405 329 873</b>
<b>Short term assets</b>				
Reserves	10 964 339	6 989 142	4 535 514	3 461 322
Trading and other amounts receivable	97 228 780	89 963 171	97 696 111	92 930 718
Derivative financial instruments	453 118	255 321	453 118	255 321
The profit tax paid in advance	682 599	214 567	617 001	83 652
Money and money equivalents	1 441 400	1 561 800	928 946	1 048 736
	<b>110 770 236</b>	<b>98 984 001</b>	<b>104 230 690</b>	<b>97 779 749</b>
Long term assets for sale	214 505	475 885	214 505	475 885
	<b>110 984 741</b>	<b>99 459 886</b>	<b>104 445 195</b>	<b>98 255 634</b>
<b>Assets total</b>	<b>2544 223 149</b>	<b>2508 897 704</b>	<b>2533 496 464</b>	<b>2503 585 507</b>
<b>EQUITY</b>				
<b>The shareholders' capital and reserves</b>				
Statutory capital	492 404 653	492 404 653	492 404 653	492 404 653
Revaluation reserve	1089 945 633	1166 123 149	1082 479 558	1158 657 074
Reserves	209 616 498	111 206 852	207 761 738	109 814 992
Accumulated profit	83 494 461	125 586 172	89 208 004	132 415 072
<b>Shareholders' equity total</b>	<b>1875 461 245</b>	<b>1895 320 826</b>	<b>1871 853 953</b>	<b>1893 291 791</b>
<b>LIABILITIES</b>				
<b>Long term liabilities</b>				
Loans	99 698 449	80 362 769	99 698 449	80 362 769
Liability of the postponed profit tax	219 820 732	225 799 594	219 864 762	225 917 975
Other long term liabilities	95 503 698	67 599 583	95 503 698	67 599 583
	<b>415 022 879</b>	<b>373 761 946</b>	<b>415 066 909</b>	<b>373 880 327</b>
<b>Short term liabilities</b>				
Trading and other amounts to be paid	201 508 976	168 793 154	196 221 806	169 042 512
Profit tax liabilities	3 246 867	9 181 741	2 746 480	8 878 846
Loans	48 983 182	61 840 037	47 607 316	58 492 031
	<b>253 739 025</b>	<b>239 814 932</b>	<b>246 575 602</b>	<b>236 413 389</b>
<b>Liabilities total</b>	<b>668 761 904</b>	<b>613 576 878</b>	<b>661 642 511</b>	<b>610 293 716</b>
<b>Equity and liabilities total</b>	<b>2544 223 149</b>	<b>2508 897 704</b>	<b>2533 496 464</b>	<b>2503 585 507</b>

## 9. Profit (loss) statement, Lt

	GROUP		COMPANY	
	2007-09-30	2006-09-30	2007-09-30	2006-09-30
<b>INCOME</b>	<b>759 671 734</b>	<b>668 557 044</b>	<b>755 408 763</b>	<b>665 605 708</b>
Sales' income	749 028 336	657 656 113	749 494 362	658 076 721
Other income	10 643 398	10 900 931	5 914 401	7 528 987
<b>COSTS</b>	<b>(736 675 621)</b>	<b>(642 324 398)</b>	<b>(736 876 277)</b>	<b>(640 309 310)</b>
The electric energy acquired	(336 459 796)	(268 940 274)	(336 459 796)	(268 940 274)
Wear –out, amortization	(134 384 253)	(130 744 346)	(128 415 531)	(125 565 767)
Other costs	(265 831 572)	(242 639 778)	(272 000 950)	(245 803 269)
<b>OPERATING PROFIT (LOSS)</b>	<b>22 996 113</b>	<b>26 232 646</b>	<b>18 532 486</b>	<b>25 296 398</b>
<b>OTHER ACTIVITIES</b>	<b>(3 542 824)</b>	<b>( 566 574)</b>	<b>(1 972 588)</b>	<b>451 013</b>
Income from the other activities	4 475 941	4 592 546	5 523 376	5 338 151
Costs of the other activities	(8 018 765)	(5 159 120)	(7 495 964)	(4 887 138)
<b>FINANCIAL AND INVESTMENT ACTIVITY</b>	<b>(3 013 683)</b>	<b>(1 355 179)</b>	<b>(2 257 202)</b>	<b>( 250 194)</b>
Income	1 104 585	1 523 056	1 728 020	2 536 229
Costs	(4 118 268)	(2 878 235)	(3 985 222)	(2 786 423)
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>16 439 606</b>	<b>24 310 893</b>	<b>14 302 696</b>	<b>25 497 217</b>
<b>PROFIT AND SOCIAL TAXES</b>	<b>(2 848 241)</b>	<b>(4 298 350)</b>	<b>(2 289 588)</b>	<b>(3 876 536)</b>
<b>NET PROFIT (LOSS)</b>	<b>13 591 365</b>	<b>20 012 543</b>	<b>12 013 108</b>	<b>21 620 681</b>



## 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
<b>Residual on 2005.12.31</b>	<b>492 404 653</b>	<b>1265 932 393</b>	<b>-</b>	<b>-</b>	<b>149 430 601</b>	<b>1907 767 647</b>
Diminishment of the revaluation reserve of long term material assets	-	(79 485 358)	-	-	79 485 358	-
Transferred to the reserves	-	-	49 356 490	61 850 362	(111 206 852)	-
Dividends for the year 2005	-	-	-	-	(34 468 326)	(34 468 326)
Profit of the reporting period	-	-	-	-	20 012 543	20 012 543
<b>Residual on 2006.09.30</b>	<b>492 404 653</b>	<b>1186 447 035</b>	<b>49 356 490</b>	<b>61 850 362</b>	<b>103 253 324</b>	<b>1893 311 864</b>
Diminishment of the revaluation reserve of long term material assets	-	(28 678 366)	-	-	28 678 366	-
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	-	-	-	-	4 808 962	4 808 962
<b>Residual on 2006.12.31</b>	<b>492 404 653</b>	<b>1166 123 149</b>	<b>49 356 490</b>	<b>61 850 362</b>	<b>125 586 172</b>	<b>1895 320 826</b>
Diminishment of the revaluation reserve of long term material assets	-	(76 177 516)	-	-	76 177 516	-
Transferred to the reserves	-	-	52 730	98 356 916	(98 409 646)	-
Dividends for the year 2006	-	-	-	-	(34 468 326)	(34 468 326)
Correction of an essential mistake (unrecognized loss in the profit loss statement)	-	-	-	-	1 017 380	1 017 380
Profit of the reporting period	-	-	-	-	13 591 365	13 591 365
<b>Residual on 2007.09.30</b>	<b>492 404 653</b>	<b>1089 945 633</b>	<b>49 409 220</b>	<b>160 207 278</b>	<b>83 494 461</b>	<b>1875 461 245</b>

THE COMPANY	Share capital	The reserve for the revaluation of long term material assets	Mandatory reserve	Other reserves	Accumulated profit	Equity total
<b>Residual on 2005.12.31</b>	<b>492 404 653</b>	<b>1265 932 393</b>	-	-	<b>147 680 654</b>	<b>1906 017 700</b>
Diminishment of the revaluation reserve of long term material assets	-	(79 485 358)	-	-	79 485 358	-
Transferred to the reserves	-	-	49 240 465	60 574 527	(109 814 992)	-
Dividends for the year 2005	-	-	-	-	(34 468 326)	(34 468 326)
Profit of the reporting period	-	-	-	-	21 620 681	21 620 681
<b>Residual on 2006.09.30</b>	<b>492 404 653</b>	<b>1186 447 035</b>	<b>49 240 465</b>	<b>60 574 527</b>	<b>104 503 375</b>	<b>1893 170 055</b>
Diminishment of the revaluation reserve of long term material assets	-	(27 789 961)	-	-	27 789 961	-
Correction of an essential mistake (unrecognized loss in the profit loss statement)	-	-	-	-	(2 800 000)	(2 800 000)
Profit of the reporting period	-	-	-	-	2 921 736	2 921 736
<b>Residual on 2006.12.31</b>	<b>492 404 653</b>	<b>1158 657 074</b>	<b>49 240 465</b>	<b>60 574 527</b>	<b>132 415 072</b>	<b>1893 291 791</b>
Diminishment of the revaluation reserve of long term material assets	-	(76 177 516)	-	-	76 177 516	-
Transferred to the reserves	-	-	-	97 946 746	(97 946 746)	-
Dividends for the year 2006	-	-	-	-	(34 468 326)	(34 468 326)
Correction of an essential mistake (unrecognized loss in the profit loss statement)	-	-	-	-	1 017 380	1 017 380
Profit of the reporting period	-	-	-	-	12 013 108	12 013 108
<b>Residual on 2007.09.30</b>	<b>492 404 653</b>	<b>1082 479 558</b>	<b>49 240 465</b>	<b>158 521 273</b>	<b>89 208 004</b>	<b>1871 853 953</b>

## 11. Cash flow report, Lt

	GROUP		COMPANY	
	2007.09.30	2006.09.30	2007.09.30	2006.09.30
<b>Ordinary activities</b>				
Profit for the period	13 591 365	20 012 543	12 013 108	21 620 681
Corrections:				
– profit tax	2 848 241	4 298 350	2 289 588	3 876 536
– wear-out and amortization	134 497 912	130 744 346	128 529 191	125 565 767
– loss for the sold and written-off assets	5 773 975	5 130 039	5 487 950	5 086 577
– increase of the diminishment of the IT assets' value (restoration)	( 144 561)	( 401 352)	( 144 561)	( 401 352)
– increase of the diminishment of the value of the accounts receivable (restoration)	( 244 727)	2 071 915	( 248 692)	2 071 796
– increase of the diminishment of the reserves' value (restoration)	166 915	( 308 470)	( 227 386)	( 431 925)
– interests' income	( 365 805)	( 622 965)	( 587 037)	( 743 259)
– interests' costs	4 085 634	2 829 347	3 966 079	2 769 416
– dividends income	-	-	( 421 836)	( 927 907)
Changes of the turnover capital:				
– reserves	(3 880 732)	(2 003 103)	( 585 426)	1 110 218
– trading and other amounts receivable	(3 365 655)	(2 974 936)	(2 672 498)	3 947 881
– trading and other amounts to be paid	58 752 315	27 841 376	57 453 981	22 637 987
Cash flows from the ordinary activities	211 714 877	186 617 090	204 852 461	186 182 416
Interests paid	(4 288 272)	(2 882 684)	(4 168 716)	(2 822 753)
Profit tax paid	(14 054 939)	(28 724 186)	(13 786 136)	(28 724 186)
Net cash flows from the ordinary activities	193 371 666	155 010 220	186 897 609	154 635 477
<b>Investment activities</b>				
Acquisitions of long term assets	(166 383 694)	(106 305 595)	(160 024 235)	(100 560 000)
Given loans	-	-	(2 500 000)	(2 000 000)
The return of the loans	351 766	505 177	351 766	505 177
Interests received	365 805	622 965	587 037	743 259
Dividends received	-	-	421 836	927 907
Net cash flows from the investment activities	(165 666 123)	(105 177 453)	(161 163 596)	(100 383 657)
<b>Financial activities</b>				
Loans received	19 335 680	14 847 040	19 335 680	14 847 040
Loans returned	(19 054 852)	(12 142 347)	(19 054 852)	(12 142 347)
Dividends paid to the Company shareholders	(34 304 768)	(34 329 124)	(34 304 768)	(34 329 124)
Net cash flows from the financial activities	(34 023 940)	(31 624 431)	(34 023 940)	(31 624 431)
<b>Net increase of cash and bank overdraft surplus</b>	(6 318 397)	18 208 336	(8 289 927)	22 627 389
Cash and bank overdraft surplus at the beginning of the reporting period	(41 223 385)	(26 245 080)	(38 388 443)	(27 164 403)
<b>Cash and bank overdraft surplus at the end of the reporting period</b>	(47 541 782)	(8 036 744)	(46 678 370)	(4 537 014)



## 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 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 30th of September, 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 is the monopolist in the Eastern part of Lithuania.

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 SPAB „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
			2007-09-30	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 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	1 587 891	2 209 629	6 749 479	154 932 132	165 479 131
Transfers	( 230 792)	( 5 352)	( 208 849)	-	( 444 993)
Write-offs	(4 254 043)	( 468 458)	( 615 767)	-	(5 338 268)
Reclassifications	104 459 033	16 848 609	8 306 692	(136 369 498)	(6 755 164)
Reclassified to long term assets for sale	223 200	145 612	69 891	-	438 703
Restoration of the depreciation	12 797	14 199	( 73 967)	14 210	( 32 761)
Wear-out	(107 254 828)	(13 328 576)	(12 627 004)	-	(133 210 408)
Residual value on 2007-09-30	2056 950 112	219 857 356	67 782 033	74 031 462	2418 620 963

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	1 530 454	2 018 960	640 298	154 932 132	159 121 844
Transfers	( 230 792)	( 5 352)	( 197 830)	-	( 433 974)
Write-offs	(4 253 448)	( 467 943)	( 335 545)	-	(5 056 936)
Reclassifications	104 459 032	16 845 354	8 309 948	(136 369 498)	(6 755 164)
Reclassified to long term assets for sale	223 200	145 612	69 891	-	438 703
Restoration of the depreciation	12 797	14 199	( 73 967)	14 210	( 32 761)
Wear-out	(106 461 716)	(13 018 823)	(7 761 759)	-	(127 242 298)
Residual value on 2007-09-30	2038 045 017	218 062 439	48 125 162	74 031 462	2378 264 080

## 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	1 039 784	-	1 039 784
Reclassifications	6 755 164	-	6 755 164
Amortization	(1 226 554)	(59 897)	(1 286 451)
Residual value on 2007-09-30	9 311 428	76 358	9 387 786

COMPANY	Software, licenses	Other assets	Total
Residual value on 2006-12-31	2 743 034	136 255	2 879 289
Acquisitions	1 032 900	-	1 032 900
Reclassifications	6 755 164	-	6 755 164
Amortization	(1 225 944)	(59 897)	(1 285 841)
Residual value on 2007-09-30	9 305 154	76 358	9 381 512

## 5. Long term amounts receivable and advance payments, Lt

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Trading amounts receivable	-	15 104	-	15 104
Deducted: loss for the decrease of the value of the amounts receivable	-	(15 104)	-	(15 104)
Trading amounts receivable by net value	-	-	-	-
Advance payments for long term material assets and immaterial assets	1 472 315	4 193 790	1 472 315	4 193 790
Given loans	3 290 362	3 389 128	3 290 362	3 389 128
	<b>4 762 677</b>	<b>7 582 918</b>	<b>4 762 677</b>	<b>7 582 918</b>

## 6. Reserves, Lt

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Materials and spare parts	11 879 762	7 835 954	5 135 889	4 321 859
Electricity counters	1 023 411	884 782	1 018 890	879 306
Fuel	282 148	252 829	5 633	6 411
Other	528 923	597 871	265 721	371 751
Discounting up to net value of possible realization	(2 749 905)	(2 582 294)	(1 890 619)	(2 118 005)
	<b>10 964 339</b>	<b>6 989 142</b>	<b>4 535 514</b>	<b>3 461 322</b>



**7. Trading and other amounts receivable, Lt**

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Trading amounts receivable	107 458 215	102 804 581	99 563 852	101 633 532
Amounts receivable from daughter companies	-	-	8 732 087	4 272 046
Given loans	298 866	387 132	298 866	387 132
Taxes paid in advance and to be returned, except the profit tax	281 626	3 011 025	281 626	3 011 025
Accumulated income and the costs of the upcoming period	453 928	244 247	240 442	175 670
Other amounts receivable	6 616 873	1 630 024	6 438 407	1 546 597
Depreciation of trading and other amounts receivable	(17 880 728)	(18 113 838)	(17 859 169)	(18 095 284)
	<b>97 228 780</b>	<b>89 963 171</b>	<b>97 696 111</b>	<b>92 930 718</b>

**8. Money and money equivalents, Lt**

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Money at the bank	643 755	589 516	424 967	106 452
Cash	79 959	51 884	79 959	51 884
Arriving money	717 686	920 400	424 020	890 400
	<b>1 441 400</b>	<b>1 561 800</b>	<b>928 946</b>	<b>1 048 736</b>

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

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Money and money equivalents	1 441 400	1 561 800	928 946	1 048 736
Credit of the bank account	(48 983 182)	(42 785 185)	(47 607 316)	(39 437 179)
	<b>(47 541 782)</b>	<b>(41 223 385)</b>	<b>(46 678 370)</b>	<b>(38 388 443)</b>

**9. Other long term liabilities, Lt**

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Income from the fees of connecting the users in the upcoming periods	88 152 344	61 654 560	88 152 344	61 654 560
Dotations, subsidies	4 799 339	3 908 130	4 799 339	3 908 130
Debts to suppliers	1 633 653	1 118 531	1 633 653	1 118 531
Liabilities to the employees	918 362	918 362	918 362	918 362
	<b>95 503 698</b>	<b>67 599 583</b>	<b>95 503 698</b>	<b>67 599 583</b>



**10. Trading and other amounts to be paid, Lt**

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
Trading amounts to be paid	126 239 366	115 632 329	125 743 512	119 174 124
Amounts received in advance	61 273 418	39 691 266	61 258 751	39 685 259
Income from the fees of connecting the users in the upcoming periods	811 331	2 382 909	811 331	2 382 909
Accumulated costs and the income of upcoming periods	2 126 269	5 227 013	1 281 799	4 028 090
Taxes, except the profit tax	6 189 356	5 382 977	3 764 725	3 299 808
Other short term liabilities	4 869 236	476 660	3 361 688	472 322
	<b>201 508 976</b>	<b>168 793 154</b>	<b>196 221 806</b>	<b>169 042 512</b>

**11. Loans, Lt**

	GROUP		COMPANY	
	2007-09-30	2006-12-31	2007-09-30	2006-12-31
<b>Long term</b>				
Bank loans	99 698 449	80 362 769	99 698 449	80 362 769
	<b>99 698 449</b>	<b>80 362 769</b>	<b>99 698 449</b>	<b>80 362 769</b>
<b>Short term</b>				
Credit of the bank account (overdraft)	48 983 182	42 785 185	47 607 316	39 437 179
Bank loans		19 054 852		19 054 852
	<b>48 983 182</b>	<b>61 840 037</b>	<b>47 607 316</b>	<b>58 492 031</b>
	<b>148 681 631</b>	<b>142 202 806</b>	<b>147 305 765</b>	<b>138 854 800</b>

**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

#### 2007.07.30 The preliminary unconsolidated, unaudited result for the first half of 2007 of the AB Rytų skirstomieji tinklai

The preliminary unconsolidated, unaudited result for the first half of 2007 of the AB Rytų skirstomieji tinklai according to International accounting standards is:

- the profit without the deduction of the tax on profit is 32 mln. Lt (9.28 mln. EUR), that is by 21.7 per cent more in comparison with the first half of 2006 – 26.3 mln. Lt (7.6 mln. EUR).
- the net profit is 26.1 mln. Lt (7.57 mln. EUR), that is by 29.2 per cent more in comparison with the first half of 2006 – 20.2 mln. Lt (5.86 mln. EUR);
- the profit without the deductions of interests, tax on profit, wear-out and amortization, (EBITDA) is 117.6 mln. Lt (34.19 mln. EUR), that is by 4 per cent more in comparison with the first half of 2006 – 113.1 mln. Lt (32.79 mln. EUR);
- the revenue from the operation is 522.3 mln. Lt (151.4 mln. EUR), that is by 12.5 per cent more in comparison with the first half of 2006 – 464.5 mln. Lt (134.6 mln. EUR).

#### 2007.10.31 The preliminary unconsolidated, unaudited result for the three quarters of 2007 of the AB Rytų skirstomieji tinklai

The preliminary unconsolidated, unaudited result for the three quarters of 2007 of the AB Rytų skirstomieji tinklai according to International accounting standards is:

- the profit without the deduction of the tax on profit is 16.4 mln. Lt (4.8 mln. EUR), that is by 32,5 per cent less in comparison with the three quarters of 2006 – 24.3 mln. Lt (7.1 mln. EUR).
- the net profit is 13.6 mln. Lt (4 mln. EUR), that is by 32 per cent less in comparison with the three quarters of 2006 – 20 mln. Lt (5.8 mln. EUR);
- the revenue from the operation is 759.7 mln. Lt (220.2 mln. EUR), that is by 13.6 per cent more in comparison with the three quarters of 2006 – 668.6 mln. Lt (193.8 mln. EUR).

The main reason of profit reduction is prolonged repair of Ignalina Nuclear Power Plant and it's cause electricity purchase price increasing.

#### 2007.10.31 The National Control Commission for Prices and Energy ratified the end-user energy price cap for Rytų skirstomieji tinklai, AB for the year 2008

The National Control Commission for Prices and Energy during the session held on October 30th ratified the end-user energy price caps for Rytų skirstomieji tinklai, AB for the year 2008:

- The end-user price cap for electricity consumers connected to the 110 kV or higher power grid is 17,29 ct/kWh or 5,01 Euro cent/kWh (currently - 13,78 ct/kWh or 3,99 Euro cent/kWh);
- The end-user price cap for electricity consumers connected to the 6 kV but not higher than 110 kV power grid is 24,49 ct/kWh or 7,09 Euro cent/kWh (currently – 20,08 ct/kWh or 5,82 Euro cent/kWh);
- The end-user price cap for electricity consumers connected to the 0,4 kV power grid is 35,59 ct/kWh or 10,31 Euro cent/kWh (currently - 30,14 ct/kWh or 8,73 Euro cent/kWh);

This information can be found on the Commission's web page <http://www.regula.lt>.

#### 2007.11.08 The Board of Rytų skirstomieji tinklai AB ratified the project of application of prices and tariffs of electricity

November 8, 2007 the Board of Rytų skirstomieji tinklai AB ratified the project of application of prices and tariffs of electricity for year 2008 and presented it to The National Control Commission for Prices and Energy (NCC) for reviewing and announcing it.

The project foresees that as the cost of electricity production and the electricity supply prices are rising from the beginning of the next year, the end-user tariffs for all the electricity customers will change from January 1, 2008 as well. Residential customers will pay 3 LTC/kWh more (plus VAT) for the electricity, while companies and organizations, which are connected to the medium and low voltage networks, will pay approximately 2,54 LTC/kWh more (without VAT). The National Control Commission for Prices and Energy will announce the end-user tariffs and its application.