



AKCINĖ BENDROVĖ „KAUNO ENERGIJA“

To: Lithuanian Securities Commission
Konstitucijos av.23, LT-08105 Vilnius

2007 06 21 Nr. 20-2079

JSC Vilnius Stock Exchange
Konstitucijos av. 7, 15 floor, LT-08105
Vilnius

FOR ACCOUNTABILITY OF THE FIRST HALF-YEAR, 2007

The intermediate not audited financial statements of JSC „Kauno energija“ for the I quarter of the year 2007 according to ours knowledge is formed in accordance with the International Financial Reporting Standards, accredited in the European Union, satisfy actuality and correct indicate assets, liabilities, financial position, profit and losses.

Yours respectfully,

General Manager

Aleksandras Sigitas Matelionis

Chief Accountant

Violeta Staškūnienė

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VPK-enpatvirtinimas

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LR juridinių asmenų registras, Valstybės įmonės Registrų centro Kauno filialas, E. Ožeškienės g. 12, Kaunas
Atsiskaitomoji sąskaita LT607044060002866144 AB SEB Vilniaus bankas PVM kodas LT350148314

JSC „Kauno energija“

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE I QUARTER OF THE YEAR 2007
PREPARED ACCORDING TO THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

AB KAUNO ENERGIJA, code 235014830, Raudondvario pl. 84, Kaunas, Lithuania
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE I QUARTER, 2007
(all amounts are in LTL thousand unless otherwise stated)

Balance sheets

	Notes	Group		Company	
		31 March, 2007	31 December, 2006	31 March, 2007	31 December, 2006
ASSETS					
Non-current assets					
Intangible assets		2.023	2.114	2.000	2.089
Property, plant and equipment					
Land and buildings		29.319	29.489	27.551	27.791
Structures and machinery		101.543	101.940	101.570	101.875
Vehicles		1.171	1.215	1.098	1.135
Equipments and tools		6.208	5.892	6.114	5.790
Other property, plant and equipment		2.335	2.406	2.335	2.406
Construction in progress and prepayments		10.595	10.122	10.595	10.122
Total property, plant and equipment		151.171	151.064	149.263	149.119
Non-current financial assets					
Investments into daughter companies		-	-	6.518	6.518
Non-current accounts receivable		1.441	1.441	1.441	1.441
Other financial assets		433	433	433	433
Total non-current financial assets		1.874	1.874	8.392	8.392
Total non-current assets		155.068	155.052	159.655	159.600
Current assets					
Inventories and prepayments					
Inventories		7.061	8.645	6.978	8.568
Prepayments		408	451	383	436
Total inventories and prepayments		7.469	9.096	7.361	9.004
Current accounts receivable	3				
Trade receivables		37.647	34.531	37.283	34.238
Other receivables		3.602	4.009	3.700	4.072
Total accounts receivable		41.249	38.540	40.983	38.310
Cash and cash equivalents	4	4.962	4.466	4.879	4.436
Total current assets		53.680	52.102	53.223	51.750
Total assets		208.748	207.154	212.878	211.350

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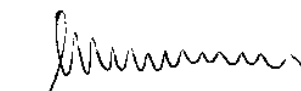
The accompanying notes are an integral part of these financial statements.

AB KAUNO ENERGIJA, code 235014830, Raudondvario pl. 84, Kaunas, Lithuania
 CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE I QUARTER, 2007
 (all amounts are in LTL thousand unless otherwise stated)

	Notes	Group		Company	
		31 March, 2007	31 December, 2006	31 March, 2007	31 December, 2006
EQUITY AND LIABILITIES					
Equity					
Share capital	5	118.310	118.310	118.310	118.310
Legal reserve	5	3.684	3.634	3.634	3.634
Other reserve	5	163			
Retained earnings (deficit)					
Profit for the current year		13.918	5.907	13.743	9.360
Profit (loss) for the previous year		3.973	(1.671)	7.689	(1.671)
Total retained earnings (deficit)		17.891	4.236	21.432	7.689
Total equity		140.048	126.180	143.376	129.633
Liabilities					
Non-current liabilities					
Non-current financial borrowings	6	22.789	18.009	22.789	18.009
Other accounts payable		-	-	-	-
Deferred income tax liability		2.754	2.754	3.423	3.423
Grants (deferred income)		7.776	7.935	7.776	7.935
Total non-current liabilities		33.319	28.698	33.988	29.367
Current liabilities					
Current portion of non-current borrowings	6	5.769	7.692	5.769	7.692
Current financial borrowings	6	7.328	14.177	7.328	14.177
Trade payables		18.822	26.038	19.366	26.403
Advances received		606	873	606	873
Payroll-related liabilities		1.019	1.717	841	1.665
Taxes payable		179	948	114	876
Income tax payable		676	676	598	598
Other current liabilities		982	155	892	66
Total current liabilities		35.381	52.276	35.514	52.350
Total liabilities		68.700	80.974	69.502	81.717
Total equity and liabilities		208.748	207.154	212.878	211.350

General Manager

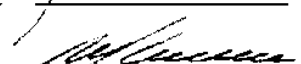
Aleksandras Sigitas
Matelionis



28 April, 2007

Chief Accountant

Violeta Staškūniene

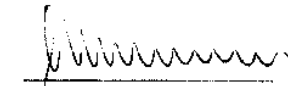
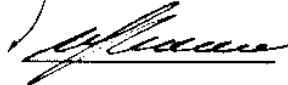


28 April, 2007

Income statements

	Notes	Group			
		I quarter, 2007	2006	I quarter, 2006	2005
Operating income					
Income from sales	7	72.340	183.734	99.214	171.382
Other operating income	8	262	3.704	272	6.833
Total activity income		72.602	187.438	99.486	178.215
Operating expenses					
Fuel and heat acquired		(46.574)	(112.894)	(55.376)	(106.464)
Salaries and social security		(4.161)	(26.017)	(4.222)	(22.447)
Raw materials		(542)	(3.407)	(770)	(2.959)
Taxes other than income tax		(1007)	(4.085)	(1.040)	(4.162)
Electricity		(944)	(3.804)	(1.081)	(3.512)
Depreciation and amortization		(5.016)	(18.560)	(4.540)	(17.908)
Repairs and maintenance		(324)	(755)	(211)	(1.521)
Water		(237)	(1.069)	(195)	(479)
Change in allowance for accounts receivable	3	3.084	847	170	(206)
Change in allowance for inventories			324		(279)
Petrašiūnai power plant operator expenses		(487)	(967)	-	-
Other expenses		(2.302)	(11.413)	(2.606)	(8.467)
Other operating expenses	8	(220)	(1.198)	(452)	(6.517)
Total operating expenses		(58.730)	(182.998)	(70.323)	(174.921)
Profit from operations		13.872	4.440	29.163	3.294
Financial and investing activities					
Income from financial and investing activities	9	427	1.946	457	1.926
Expenses from financial and investing activities		(381)	(1.347)	(366)	2.212
Financial and investing activities, net		46	599	91	4.138
Profit before tax		13.918	5,039	29.254	7.432
Income tax			868		(1.007)
Net profit		13.918	5.907	29.254	6.425
Basic earnings per share (LTL)		0,71	0,30	1,48	0,33

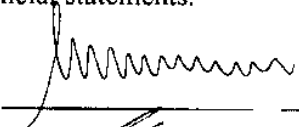
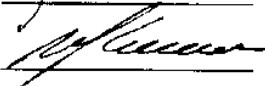
The accompanying notes are an integral part of these financial statements.

	Aleksandras Sigitas Matelionis		28 April, 2007
	Violeta Staškūnienė		28 April, 2007

AB KAUNO ENERGIJA, code 235014830, Raudondvario pl. 84, Kaunas, Lithuania
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE I QUARTER, 2007
(all amounts are in LTL thousand unless otherwise stated)

	Notes	Company			
		I quarter, 2007	2006	I quarter, 2006	2005
Operating income					
Income from sales	7	71.878	183.224	99.214	171.382
Other operating income	8	289	8.464	272	6.833
Total operating income		72.167	191.688	99.486	178.215
Operating expenses					
Fuel and heat acquired		(46.574)	(112.894)	(55.376)	(106.464)
Salaries and social security		(3.392)	(24.543)	(4.222)	(22.447)
Raw materials		(480)	(3.352)	(770)	(2.959)
Taxes other than income tax		(1.006)	(4.066)	(1.040)	(4.162)
Electricity		(944)	(3.804)	(1.081)	(3.512)
Depreciation and amortization		(4.987)	(18.497)	(4.540)	(17.908)
Repairs and maintenance		(321)	(755)	(211)	(1.521)
Water		(237)	(1.069)	(195)	(479)
Change in allowance for accounts receivable		3.084	847	170	(206)
Change in allowance for inventories			324		(279)
Maintenance of heating and hot water systems	1,11	(723)	(1.995)	-	-
Petrašiūnai power plant operator expenses		(487)	(967)	-	-
Other expenses		(2.195)	(10.942)	(2.606)	(8.467)
Other operating expenses	8	(208)	(1.491)	(452)	(6.517)
Total operating expenses		(58.470)	(183.204)	(70.323)	(174.921)
Profit from operations		13.697	8.484	29.163	3.294
Financial and investing activities					
Income from financial and investing activities	9	427	1.946	457	1.926
Expenses from financial and investing activities		(381)	(1.347)	(366)	2.212
Financial and investing activities, net		46	599	91	4.138
Profit before tax		13.743	9.083	29.254	7.432
Income tax			277		(1.007)
Net profit		13.743	9.360	29.254	6.425
Basic earnings per share (LTL)		0,70	0,47	1,48	0,33

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

	Aleksandras Sigitas Matelionis		28 April, 2007
	Violeta Staškūnienė		28 April, 2007

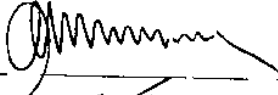
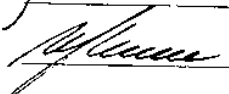
AB KAUNO ENERGIJA, code 235014830, Raudondvario pl. 84, Kaunas, Lithuania
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS FOR THE 1 QUARTER, 2007
 (all amounts are in LTL thousand unless otherwise stated)

Statements of change in equity

Group	Notes	Share capital	Legal reserve	Other reserve	Retained earnings	Total
Balance as of 31 December, 2005		118.310			1.963	120.273
Net profit for the period		-			29254	29254
Balance as of 31 March, 2006		118.310			31217	149527
Net profit for the period					-23347	-23347
Reserve			3.634		-3.634	0
Balance as of 31 December, 2006		118.310	3.634		4.236	126.180
Transferred to the legal reserve	5	-	50		-50	-
Other reserve	5			163	-163	-
Dividends					-50	-50
Net profit for the year					13.918	13.918
Balance as of 31 March, 2007		118.310	3.684	163	17.891	140.048

Company	Notes	Share capital	Legal reserve	Retained earnings	Total
Balance as of 31 December, 2005		118.310		1.963	120.273
Net profit for the period		-		29254	29254
Balance as of 31 March, 2006		118.310		31217	149527
Reserve			3.634	-3.634	
Net profit for the period				-19894	-19894
Balance as of 31 December, 2006		118.310	3.634	7.689	129.633
Net profit for the year				13.743	13.743
Balance as of 31 March, 2007		118.310	3.634	21.432	143.376

The accompanying note are an integral part of these financial statements.

General Manager	Aleksandras Sigitas Matelionis		28 April, 2007
Chief Accountant	Violeta Staškūnienė		28 April, 2007

Cash flow statements

	Group		Company	
	I quarter, 2007	I quarter, 2006	I quarter, 2007	I quarter, 2006
Cash flows from (to) operating activities				
Net profit	13.918	29.254	13.743	29.254
Adjustments for non-cash items:				
Depreciation and amortization	5.243	4.656	5.203	4.656
Change in allowance for accounts receivable	(3.084)	(170)	(3.084)	(170)
Loss (gain) from sale and write-off of property, plant and equipment and shares	(9)	(6)	(9)	(6)
Change in allowance for inventories				
Dividends	(50)			
Accruals	(1.271)	(1.671)	(1.271)	(1.671)
Amortization of grants	(159)	(112)	(159)	(112)
Change in currency exchange rate	-		-	
Interest expenses	371	351	371	351
Elimination of other financial and investing activity results	(378)	(398)	(378)	(398)
	663	2.650	673	2.650
Changes in working capital:				
(Increase) decrease in inventories	1.584	(76)	1.590	(76)
Decrease in prepayments	(57)	(240)	(58)	(240)
Decrease (increase) in trade receivables	(32)	(11.215)	39	(11.215)
Decrease (increase) in other receivables	507	2.420	483	2.420
(Decrease) in non-current trade payable				
Increase in current trade payables and advances received	(7.483)	(946)	(7.304)	(946)
Increase (decrease) in payroll-related liabilities	573	613	447	613
Increase (decrease) in other liabilities	(769)	(809)	(762)	(809)
(Decrease) in other liabilities	827	1.253	826	1.253
Net cash flows from operating activities	9.731	22.904	9.677	22.904

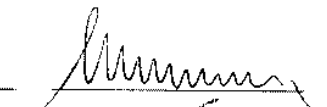
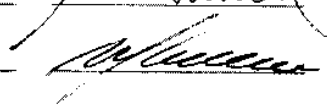
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The accompanying notes are an integral part of these financial statements.

Cash flow statements (cont'd)

	Group		Company	
	I quarter, 2007	I quarter, 2006	I quarter, 2007	I quarter, 2006
Cash flows from (to) investing activities				
(Acquisition) of tangible and intangible assets	(5.262)	(4.622)	(5.261)	(4.622)
(Acquisition) on non-current investments	-	-	-	-
Proceeds from sale of tangible and intangible assets and investments	12	49	12	49
Penalty interest and fines (received)	379	398	379	398
Increase in cash flows from (to) non-current accounts receivable				
Net cash flows (to) from investing activities	(4.871)	(4.175)	(4.870)	(4.175)
Cash flows from (to) financing activities				
Proceeds from loans	4.779	22.668	4.779	22.668
(Repayment) of loans	(8.771)	(29.891)	(8.771)	(29.891)
Interest (paid)	(363)	(351)	(363)	(351)
Financial lease (payments)	-	-	-	-
Grants received	-	-	-	-
Penalty interest and fines (paid)	(9)	-	(9)	-
Net cash flows from (to) financing activities	(4.364)	(7.574)	(4.364)	(7.574)
Net (decrease) increase in cash and cash equivalents	496	11.155	443	11.155
Cash and cash equivalents at the beginning of the year	4.466	4.333	4.436	4.333
Cash and cash equivalents at the end of the year	4.962	15.488	4.879	15.488

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

General Manager	Aleksandras Sigitas Matelionis		28 April, 2007
Chief Accountant	Violeta Staškūnienė		28 April, 2007

Notes to the financial statements

1 General information

JSC "Kauno energija" (hereinafter "the Company") is joint stock company registered in the Republic of Lithuania. The address of it's registered office is as follows:

Raudondvaris pl. 84,
 Kaunas,
 Lithuania

The Company is involved in heat, electricity generation and distribution and maintenance of the heating and hot water systems. The Company was registered on 22 August, 1997 after the reorganization of JSC "Lietuvos energija". The Company's shares are traded on the Current List of the National Stock Exchange.

JSC "Kauno energija" consists of Company's central office and subsidiary „Jurbarko šilumos tinklai“.

On 1 July, 2006 JSC „Kauno energija“ on the base of Kaunas energy services department established daughter company closed-end company „Pastatų priežiūros paslaugos“ (further – „daughter company“). The main activity of the daughter company is the exploitation and maintenance of building heating networks and heating consumption equipments, internal engineering networks and systems as well as building structures. From 1 July, 2006 Company is contracting closed-end company „Pastatų priežiūros paslaugos“ for permanent technical maintenance of heating and hot water supply systems.

The Group consists of JSC „Kauno energija“ and it's daughter company closed-end company „Pastatų priežiūros paslaugos“ (further „Group“):

Daughter company	Registration address	Share of the stock held by the Group	Cost of investment	Profit (loss) for the reporting period	Total equity	Main activity
Closed-end company „Pastatų priežiūros paslaugos“	Savanorių pr. 347, Kaunas	100%	6.518	155	6.951	Maintenance of heating and hot water supply systems.

The authorized capital of daughter company consists of 65180 units ordinary registered 100 LTL value shares.

Operations of JSC „Kauno energija“ are regulated by the Law on Heat No IX-1565 of 20 May, 2003 of the Republic of Lithuania.

According to the Law on Heat of the Republic of Lithuania, the Company's activities are licensed and regulated by the State Prices and Energy Control Commission (hereinafter “the Commission”). On 26 February, 2004 the Commission granted the Company the heat distribution license. The license has indefinite maturity, but is subject to meeting certain requirements and may be revoked based on the respective decision of the Commission. The Commission also sets price cap for the heat supply.

In 2003 the Company sold part of the assets of the subdivision Kauno Elektrinė to the closed-end company Kauno Termofikacijos Elektrinė (KTE) and committed to purchase at least 80% of the annual demand of the integrated heating network in Kaunas from this company. The contract is valid for 15 years from the sales agreement date. The contract establishes that the purchase price of heat energy from KTE will not increase during the first 5 years from the date of signing the contract.

On 8 June, 2006 JSC “Kauno energija” signed the agreement with closed-end company “Energijos sistemų servisas” regarding the operation of Petrašiūnai power plant and its assets located at Jėgainės St. 12, Kaunas. The contract is valid for a period of three years. Also on 22 June, 2006 the Company signed a lease agreement with closed-end company Kauno Termofikacijos Elektrinė regarding the equipment used in production of heating energy operated by closed-end company “Energijos sistemų servisas”. The contract is valid for a period of three years.

The Company's generation capacity includes a power plant in Petrašiūnai, 3 district boiler-houses in Kaunas integrated network, 8 regional boiler-houses in Kaunas and Marijampolė regions, 14 isolated network and 50 local gas burning boiler-houses.

The Company's total heat and electricity generation capacity is 678 MW and 8.75 MW, respectively, out of which 406 MW of heat generation and 8 MW of electric capacity are located at the power plant in Petrašiūnai. Total Company's power generation capacity is 686.75 MW.

In I quarter, 2007, the average number of employees at the Group was 730 (885 employees in 2006). In I quarter, 2007, the average number of employees at the Company was 630 (780 employees in 2006).

The Company's management approved these financial statements on 28 April, 2007.

2.1. Financial accounting form

These financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Adoption of new and/or changed IFRSs and IFRIC interpretations

- IAS19 Amendment-Employee Benefits
- IAS 21 Amendment-The Effects of Changes in Foreign Exchange Rates
- IAS 39 Amendments-Financial Instruments: Recognition and Measurement
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment

Adoption of these revised standards and interpretations did not have any effect on the financial statements of the Group and the Company.

2.2. Measurement and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, litas (LTL).

Starting from 2 February, 2002, Lithuanian litas is pegged to EUR at the rate of 3.4528 litas for 1 euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

3. Receivables

During I quarter, 2007 the Group and Company recovered LTL 3084 thousand of bad debts which were written off in the previous periods. By this amount increased the profit of the company from the typical activity.

4. Cash and cash equivalents

	Group		Company	
	31 March, 2007	2006	31 March, 2007	2006
Cash at bank	1898	1,090	1.815	1.060
Cash on hand	24	17	24	17
Cash in transit	3040	3.359	3.040	3.359
	<u>4.962</u>	<u>4.466</u>	<u>4.879</u>	<u>4.436</u>

The Group's and Company's accounts in LTL, which balance on 31 March, 2007 amounting to LTL 1803 thousand are pledged as collateral to for the loans (6.note).

5. Equity

Authorized capital

On 31 March, 2007 and 31 December, 2006 the shareholders of the Company were:

	<u>The number of shares (units)</u>	<u>Ownership portion (percent)</u>
The council of Kaunas city municipality	16.954.892	85,99
The council of Kauno district municipality	1.606.168	8,14
The administration of Jurbarkas district municipality	443.810	2,25
Other shareholders	713.512	3,62
	<u>19.718.382</u>	<u>100,00</u>

All the shares which nominal value is LTL 6 are ordinary registered shares and on 31 March, 2007 and 31 December, 2006 were fully repayed. The authorized capital in 2007 and 2006 didn't changed and amounts LTL 118310 thousand. In 2007 and 2006 the Company hasn't it's own shares.

The authorized capital of daughter company consists of 65180 units ordinary registered 100 LTL value shares.

<u>Daughter company</u>	<u>Registration address</u>	<u>Share of the stock held by the Group</u>	<u>Cost of investment</u>	<u>Profit (loss) for the reporting period</u>	<u>Total equity</u>	<u>Main activity</u>
Closed-end company „Pastatų priežiūros paslaugos“	Savanorių pr. 347, Kaunas	100%	6.518	155	6.951	Mainte- nance of heating and hot water supply systems.

Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 percent of net profit calculated in accordance with IFRS are compulsory until the reserve reaches 10 percent of the share capital. On 28 April, 2006 based on the decision of the Company's shareholders LTL 3.634 thousand was transferred to the legal reserve. On 14 March, 2007 based on the decision of the all shares owner JSC „Kauno energija“ LTL 50 thousand of daughter company's profit was transferred to the legal reserve.

Other reserve

On 14 March, 2007 by the decision of all shares owner JSC „Kauno energija“ LTL 163 thousand of daughter company's profit was transferred to the reserve for investments.

6. Financial debts

On 1 August, 2005 the Company signed a long-term loan agreement with JSC bank "Hansabankas" for the amount of LTL 5.000 thousand. The maturity date of the last portion of the loan is 1 August 2012. As of 31 March, 2007 the outstanding balance of the loan amounted to LTL 4376 thousand (as of 31 December, 2006 – LTL 4.584 thousand), of which LTL 624 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company.

On 23 August, 2005 the Company signed a long-term loan agreement with JSC SEB Vilniaus Bankas for the amount of LTL 30.300 thousand (EUR 8.776 thousand). The maturity date of the last portion of the loan is 31 December, 2009. As of 31 March, 2007 the outstanding balance of the loan amounted to LTL 18.866 thousand (EUR 5.464 thousand) (As of 31 December, 2006 - LTL 20.581 thousand (EUR 5.961 thousand)), of which LTL 5.145 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company.

On 1 December, 2006 the Company signed a long-term agreement with Nordea Bank Finland Plc. Lithuanian branch for the amount of LTL 2.090 thousand. The maturity date of the last portion of the loan is 31 October, 2015. As of 31 March, 2007 the outstanding balance of the loan amounted to LTL 2.072 thousand (As of 31 December – LTL 536 thousand).

On December, 2006 the Company signed a long-term agreement with JSC SEB Vilniaus Bankas for the amount of LTL 7.108 thousand. The maturity date of the last portion of the loan is 30 November, 2016. As of 31 March, 2007 the outstanding balance of the loan amounted to LTL 3.243 thousand (As of 31 December, 2006 the Company didn't utilize this loan)

On 31 March, 2007 the Company's balances of used credit line from JSC SEB Vilniaus bankas with the maturity of 23 May, 2007 was LTL 3.457 thousand.

As of 31 March, 2007 the Company's balance of used overdraft from JSC bank DnB NORD Lietuva with the maturity date of 31 May, 2007 was LTL 3.871 thousand (31 December, 2006 – LTL 9.760 thousand).

At the end of the period the balance of borrowings in national and foreign currencies are as follows:

Currency	Group		Company	
	I quarter, 2007	2006	I quarter, 2007	2006
EUR	22.109	20.581	22.109	20.581
LTL	13.777	19.297	13.777	19.297
	<u>35.886</u>	<u>39.878</u>	<u>35.886</u>	<u>39.878</u>

On 31 March, 2007 the property, plant and equipment of the Group and Company, which balance value was LTL 61.812 thousand (As of 31 December, 2006 – LTL 64.017 thousand), were pledged to the banks as collateral for the loans.

According to the signed financial debts agreements for the debts payment assurance the cash in Company's accounts were pledged (4 note).

7. Sales income

The Group's and the Company's activities are heat energy supply, maintenance of heating and hot water supply systems; electricity production and other activities. These activities are inter-related, consequently for management purposes the Group's and the Company's activities are organized as one main segment – heat energy supply. The Company's sales by activities are stated below:

Sales income	Group		Company	
	I quarter, 2007	I quarter, 2006	I quarter, 2007	I quarter, 2006
Heat energy	70948	88906	70963	88906
Maintenance of buildings heating and hot water supply systems	1270	2024	793	2024
Electricity energy	122	130	122	130
Revenue from sale of emission rights		8.154		8.154
	<u>72340</u>	<u>99214</u>	<u>71878</u>	<u>99214</u>

8. Other operating income (costs) – net result

	Group		Company	
	I quarter, 2007	I quarter, 2006	I quarter, 2007	I quarter, 2006
Other operating income				
Provided services	149	87	176	87
Materials sold	20	43	20	43
Reselled services	78	125	78	125
Other	15	17	15	17
	<u>262</u>	<u>272</u>	<u>289</u>	<u>272</u>
Other operating costs				
The cost of provided services	(124)	(19)	(112)	(19)
Cost of materials sold	(17)	(24)	(17)	(24)
Cost of reselled services	(75)	(125)	(75)	(125)
Other	(4)	(284)	(4)	(284)
	<u>(220)</u>	<u>(452)</u>	<u>(208)</u>	<u>(452)</u>
	<u>42</u>	<u>(180)</u>	<u>81</u>	<u>(180)</u>
	Group		Company	
	2006	2005	2006	2005
Income from other activities				
Gain from sale of non-current assets	2,346	3,946	2,346	3,946
Revaluation of the assets transferred to subsidiary	-	-	4,462	-
Services provided by the Company	897	2,407	1,161	2,407
Materials sold	373	379	407	379
Other	88	101	88	101
	<u>3,704</u>	<u>6,833</u>	<u>8,464</u>	<u>6,833</u>
Expenses from other operating activities				
Loss from sale of non-current assets and shares	(4)	(4,875)	(4)	(4,875)
Cost of services provided by the Company	(627)	(1,175)	(891)	(1,175)
Cost of materials sold	(201)	(356)	(248)	(356)
Other	(370)	(111)	(348)	(111)
	<u>(1,202)</u>	<u>(6,517)</u>	<u>(1,491)</u>	<u>(6,517)</u>
	<u>2,502</u>	<u>316</u>	<u>6,973</u>	<u>316</u>

9. Financial and investment activity income (costs) - net result

	Group		Company	
	I quarter, 2007	I quarter, 2006	I quarter, 2007	I quarter, 2006
Income from financial and investment activities				
Penalty interest and fines	379	422	379	422
Interest income	5	28	5	28
Dividends	43		43	
Other financial income		7		7
	<u>427</u>	<u>457</u>	<u>427</u>	<u>457</u>
Expenses of financial and investment activities				
Penalty interest and fines	(10)	(14)	(10)	(14)
Interest expenses	(371)	(351)	(371)	(351)
Other financial expenses		(1)		(1)
	<u>(381)</u>	<u>(366)</u>	<u>(381)</u>	<u>(366)</u>
	<u>46</u>	<u>91</u>	<u>46</u>	<u>91</u>

10. Financial assets and liabilities and risk management

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of overdrafts and committed credit facilities to meet its commitments at a given date in accordance with its strategic plans.

The Group's liquidity and quick ratios as of 31 March, 2007 were 1,52 and 1,31 (0,99 and 0,83 as of 31 December, 2006). The Company's liquidity and quick ratios as of 31 March, 2007 were 1,50 and 1,29 respectively (0,99 and 0,82 as of 31 December, 2006).

11. Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

In 2007 and 2006 the Group and Company had no significant transactions with the other companies owned by municipality of Kaunas city except for the purchases or sales of the utility services. The

services provided to the companies owned by the municipality of Kaunas City were executed at market prices.

On 31 March, 2007 and 31 December, 2006 the related party of the Company was closed-end company "Pastatų priežiūros paslaugos".

In I quarter, 2007 Company's transactions with the related parties and the at the end of the year were the follows:

I quarter, 2007	<u>Purchases</u>	<u>Sales</u>	<u>Receivables</u>	<u>Payables</u>
Closed-end company "Pastatų priežiūros paslaugos"	764	77	110	631

In 2006 Company's transactions with the related parties and the balances at the end of the year were the follows:

2006	<u>Purchases</u>	<u>Sales</u>	<u>Receivables</u>	<u>Payables</u>
Closed-end company "Pastatų priežiūros paslaugos"	2,042	358	78	447

Transactions between related parties are executed at market prices.

Remuneration of the management and other payments

The Group's and the Company's management remuneration amounted to LTL 165 thousand and LTL 93 thousand in I quarter, 2007, respectively (Company's LTL 520 thousand and LTL 419 thousand in 2006). The management of the Company did not received any loans, guarantees; no other payments or property transfers were made or accrued.