

AB "KAUNO ENERGIJA"

SET OF CONSOLIDATED AND PARENT
COMPANY'S FINANCIAL STATEMENTS
FOR THE FIRST HALF OF THE YEAR 2011,
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL
REPORTING STANDARDS, AS ADOPTED
BY THE EUROPEAN UNION

Balance Sheets

Balance Sheets		Group		Company	
	Notes	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
ASSETS					
Non-current assets					
Intangible assets	3	348	626	340	614
Property, plant and equipment					
Land and buildings		28,448	28,654	27,005	27,184
Structures and machinery		271,058	273,796	271,078	273,819
Vehicles		342	466	317	404
Equipment and tools		11,101	5,548	11,025	5,456
Construction in progress and prepayments		11,389	10,181	11,389	10,181
Total property, plant and equipment	4	322,338	318,645	320,814	317,044
Non-current financial assets					
Investments into subsidiaries	1	-	-	5,558	5,558
Non-current accounts receivable	5	68	61	68	61
Other financial assets	6	237	237	237	237
Total non-current financial assets		305	298	5,863	5,856
Total non-current assets		322,991	319,569	327,017	323,514
Current assets					
Inventories and prepayments					
Inventories	7	5,406	5,270	5,277	5,144
Prepayments		702	507	774	598
Total inventories and prepayments		6,108	5,777	6,051	5,742
Current accounts receivable	8				
Trade receivables		25,313	72,245	24,975	71,989
Other receivables		6,069	5,597	6,202	5,772
Total accounts receivable		31,382	77,842	31,177	77,761
Cash and cash equivalents	9	6,919	3,574	6,905	3,524
Total current assets		44,409	87,193	44,133	87,027
Total assets		367,400	406,762	371,150	410,541

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

Balance Sheets (cont'd)

		Group		Company	
		As of 30	As of 31	As of 30	As of 31
		June	December	June	December
Notes		2011	r 2010	2011	2010
EQUITY AND LIABILITIES					
Equity					
Share capital	1	256,392	256,392	256,392	256,392
Legal reserve	10	635	448	635	448
Other reserve	10	3,468		3,468	
Retained earnings (deficit)					
Profit for the current year		21,707	4,167	21,702	3,737
Profit (loss) for the prior year		(3,353)	(3,865)	90	8
Total retained earnings (deficit)		18,354	302	21,792	3,745
Total equity		278,849	257,142	282,287	260,585
Liabilities					
Non-current liabilities					
Non-current borrowings	11	35,033	31,811	35,033	31,811
Financial lease obligations	12	10	10		
Deferred tax liability	21	5,551	5,551	6,220	6,220
Grants (deferred income)	13	16,738	16,790	16,738	16,790
Employee benefit liability	14	1,593	1,593	1,593	1,593
Other non-current liabilities		450	410	450	410
Total non-current liabilities		59,375	56,165	60,034	56,824
Current liabilities					
Current portion of non-current borrowings and financial lease	11,12	5,679	13,737	5,671	13,703
Current borrowings	11		15,023		15,023
Trade payables		19,375	60,981	19,371	60,977
Payroll-related liabilities		2,423	1,938	2,127	1,712
Advances received		935	570	935	571
Taxes payable		38	128		73
Derivative financial instruments	15	306	479	306	479
Current portion of employee benefit liability	14	144	237	144	237
Other current liabilities		276	362	275	357
Total current liabilities		29,176	93,455	28,829	93,132
Total liabilities		88,551	149,620	88,863	149,956
Total equity and liabilities		367,400	406,762	371,150	410,541
(the end)					

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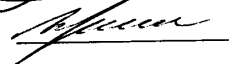
The accompanying notes are an integral part of these financial statements.

General Manager	Rimantas Bakas		22 July 2011
Chief Accountant	Violeta Staškūnienė		22 July 2011

Statements of Comprehensive Income

		Group		Group			
	Notes	II quarter, 2011	I half, 2011	II quarter, 2010	I half, 2010	2010	2009
Operating income							
Sales income	17	34,094	177,323	28,458	164,536	306,856	280,411
Other operating income	18	575	980	439	935	2,202	1,114
Total operating income		34,669	178,303	28,897	165,471	309,058	281,525
Operating expenses							
Fuel and heat purchased		(28,646)	(128,355)	(25,177)	(116,773)	(221,932)	(197,698)
Salaries and social security	14	(5,461)	(10,719)	(4,977)	(10,110)	(20,608)	(23,236)
Raw materials		(481)	(921)	(385)	(736)	(1,674)	(1,758)
Taxes other than income tax		(1,063)	(2,127)	(1,032)	(2,066)	(4,350)	(4,238)
Electricity		(513)	(1,387)	(466)	(1,352)	(2,558)	(2,558)
Depreciation and amortisation	3,4	(3,903)	(7,842)	(3,975)	(7,954)	(15,788)	(16,688)
Repairs and maintenance		(575)	(986)	(353)	(860)	(4,236)	(6,351)
Water		(288)	(626)	(143)	(310)	(825)	(692)
Change in allowance for accounts receivable	8	(833)	(3,528)	(981)	(1,467)	(17,289)	(6,524)
Change in allowance for inventories	7					30	433
Petrašiūnai power plant operator expenses	1			(340)	(680)	(812)	(1,925)
Other expenses		(2,778)	(5,691)	(2,154)	(4,863)	(9,598)	(8,908)
Other operating expenses	18	(354)	(637)	(228)	(674)	(1,349)	(825)
Total operating expenses		(44,895)	(162,819)	(40,211)	(147,845)	(300,989)	(270,968)
Operating profit		(10,226)	15,484	(11,314)	17,626	8,069	10,557
Income from financial and investment activity	19	6,503	7,043	529	842	2,024	1,576
Expenses from financial and investment activity	20	(392)	(820)	(119)	(785)	(2,405)	(3,611)
Net profit for financial and investment activity		6,111	6,223	410	57	(381)	(2,035)
Profit before tax		(4,115)	21,707	(10,904)	17,683	7,688	8,522
Income tax						(3,521)	(2,118)
Net profit		(4,115)	21,707	(10,904)	17,683	4,167	6,404
Basic earnings per share (LTL)	21	(0,10)	0,51	(0,26)	0,41	0,10	0,22


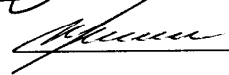
The accompanying notes are an integral part of these financial statements.

General Manager	Rimantas Bakas		22 July 2011
Chief Accountant	Violeta Staškūnienė		22 July 2011

Statements of Comprehensive Income

	Notes	Company II quarter, 2011	I half, 2011	II quarter, 2010	I half, 2010	2010	2009
Operating income							
Sales income	17	33,776	176,674	28,110	163,839	305,441	279,548
Other operating income	18	453	788	387	857	1,935	1,164
Total operating income		34,229	177,462	28,497	164,696	307,376	280,712
Operating expenses							
Fuel and heat purchased		(28,646)	(128,355)	(25,177)	(116,773)	(221,932)	(197,698)
Salaries and social security	14	(5,184)	(10,176)	(4,683)	(9,534)	(19,416)	(21,418)
Raw materials		(450)	(842)	(345)	(665)	(1,484)	(1,507)
Taxes other than income tax		(1,058)	(2,116)	(1,025)	(2,051)	(4,309)	(4,177)
Electricity		(510)	(1,380)	(463)	(1,345)	(2,546)	(2,539)
Depreciation and amortisation	3,4	(3,884)	(7,803)	(3,957)	(7,914)	(15,709)	(16,510)
Repairs and maintenance		(577)	(987)	(295)	(860)	(4,236)	(6,619)
Water		(288)	(625)	(143)	(309)	(822)	(686)
Change in allowance for accounts receivable	8	(833)	(3,528)	(981)	(1,467)	(17,289)	(6,524)
Change in allowance for inventories	7					30	433
Heating and hot water systems supervision		(120)	(250)	(141)	(285)	(552)	(1,141)
Petrašiūnai power plant operator expenses	1			(340)	(680)	(812)	(1,925)
Other expenses		(2,693)	(5,557)	(2,105)	(4,772)	(9,360)	(8,708)
Other operating expenses	18	(202)	(365)	(179)	(329)	(808)	(840)
Total operating expenses		(44,445)	(161,984)	(39,834)	(146,984)	(299,245)	(269,859)
Operating profit		(10,216)	15,478	(11,337)	17,712	8,131	10,853
Income from financial and investment activity	19	6,503	7,043	529	842	2,024	1,576
Expenses from financial and investment activity	20	(391)	(819)	(118)	(783)	(2,897)	(3,606)
Net profit for financial and investment activity		6,112	6,224	411	59	(873)	(2,030)
Profit before tax		(4,104)	21,702	(10,926)	17,771	7,258	8,823
Income tax						(3,521)	(1,895)
Net profit		(4,104)	21,702	(10,926)	17,771	3,737	6,928
Basic earnings per share (LTL)	21	(0,10)	0,51	(0,26)	0,42	0,09	0,24

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



General Manager	Rimantas Bakas		22 July 2011
Chief Accountant	Violeta Staškūnienė		22 July 2011

Statements of Changes in Equity

Group	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2009		255,710	233		(61)	255,882
Total comprehensive income (loss)					17,683	17,683
Transferred from reserves	10		(233)		233	
Transferred to reserves	10		448		(448)	
Payment of dividends	1				(3,589)	(3,589)
Increase in share capital	1	682	-		-	682
Balance as of 30 June 2010		256,392	448		13,818	270,658
Total comprehensive income (loss)					(13,516)	(13,516)
Balance as of 31 December 2010		256,392	448		302	257,142
Transferred to reserves	10		187	3,468	(3,655)	
Total comprehensive income (loss)					21,707	21,707
Balance as of 30 June 2011		256,392	635	3,468	18,354	278,849

Company	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2009		255,710	-	-	4,045	259,755
Total comprehensive income (loss)					17,771	17,771
Transferred to reserves	10		448		(448)	
Payment of dividends	1				(3,589)	(3,589)
Increase in share capital	1	682				682
Balance as of 30 June 2010		256,392	448		17,779	274,619
Total comprehensive income (loss)		-	-	-	(14,034)	(14,034)
Balance as of 31 December 2010		256,392	448		3,745	260,585
Transferred to reserves	10		187	3,468	(3,655)	
Total comprehensive income (loss)					21,702	21,702
Balance as of 30 June 2011		256,392	635	3,468	21,792	282,287

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

General Manager	Rimantas Bakas		22 July 2011
Chief Accountant	Violeta Staškūnienė		22 July 2011

Statements of Cash Flows



	Group		Company	
	2011 I half	2010 I half	2011 I half	2010 I half
Cash flows from (to) operating activities				
Net profit	21,707	17,683	21,702	17,771
Adjustments for non-cash items:	5,504	9,627	5,428	9,538
Depreciation and amortisation	8,777	8,697	8,696	8,609
Write-offs and change in allowance for accounts receivable	3,541	1,467	3,541	1,467
Interest expenses	819	758	819	756
Income tax expenses				
Change in fair value of derivatives	(173)	(47)	(173)	(47)
Loss (profit) from sale and write-off of property, plant and equipment and impairment loss	39	(4)	39	(4)
Change in allowance for inventories				
(Amortisation) of grants (deferred income)	(432)	(315)	(432)	(315)
Change in accruals	(197)	(161)	(192)	(160)
Elimination of other financial and investing activity results	(6,870)	(768)	(6,870)	(768)
Changes in working capital:	(1,824)	(9,779)	1,915	(9,682)
Decrease in inventories	(121)	(353)	(118)	(363)
(Increase) decrease in prepayments	(195)	67	(176)	101
(Increase) in trade receivables	43,385	17,578	43,467	17,533
(Increase) decrease in other receivables	(466)	(6,200)	(424)	(6,043)
Increase in other non-current liabilities	33	12	33	12
Increase (decrease) in current trade payables and advances received	(41,241)	(20,119)	(41,242)	(20,063)
Increase (decrease) in payroll-related liabilities	490	1,101	415	533
(Decrease) increase in other liabilities to budget	(90)	(1,245)	(73)	(1,227)
(Decrease) in other current liabilities	29	(620)	33	(165)
Net cash flows from operating activities	29,035	17,531	29,045	17,627

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

	Group		Company	
	2011	2010	2011	2010
	I half	I half	I half	I half
Cash flows from (to) the investing activities				
(Acquisition) of tangible and intangible assets	(12,257)	(11,142)	(12,257)	(11,137)
Proceeds from sale of tangible assets	11	9	11	9
Penalty interest and fines received	1,440	784	1,440	784
Penalties received	5,420		5,420	
Increase in cash flows from non-current accounts receivable	(7)	(7)	(7)	(148)
Interest received	10	10	10	10
Net cash (used in) investing activities	(5,383)	(10,346)	(5,383)	(10,482)
Cash flows from (to) financing activities				
Proceeds from loans	628	22,320	628	11,917
(Repayment) of loans	(20,461)	(27,085)	(20,461)	(16,682)
Interest (paid)	(828)	(812)	(828)	(810)
Financial lease (payments)	(26)	(25)		
Penalties and fines (paid)		(26)		(26)
Dividends		(3,589)		(3,589)
Received grants	380	1,148	380	1,148
Net cash flows from (used in) financing activities	(20,307)	(8,069)	(20,281)	(8,042)
Net (decrease) increase in cash and cash equivalents	3,345	(884)	3,381	(897)
Cash and cash equivalents at the beginning of the year	3,574	3,131	3,524	3,094
Cash and cash equivalents at the end of the year	6,919	2,247	6,905	2,197
				(the end)

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

General Manager	Rimantas Bakas		22 July 2011
Chief Accountant	Violeta Staškūnienė		22 July 2011

Notes to the financial statements

1. General information

AB Kauno Energija (hereinafter the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows:

Raudondvario Rd. 84, Kaunas, Lithuania.

AB Kauno Energija consists of the Company's head office and the branch of Jurbarko Šilumos Tinklai.

The Company is involved in heat, electricity generation and distribution and maintenance of the heating and hot water systems. The Company was registered on 1 July 1997 after the reorganisation of AB Lietuvos Energija. The Company's shares are traded on the Baltic Secondary List of the NASDAQ OMX Vilnius.

As of 30 June 2011 and of 31 December 2010 the shareholders of the Company were as follows:

	As of 30 June 2011		As of 31 December 2010	
	Number of shares owned (unit)	Percentage of ownership (%)	Number of shares owned (unit)	Percentage of ownership (%)
Kaunas city municipality	39,665,892	92,82	39,665,892	92,82
Kaunas district municipality	1,606,168	3,76	1,606,168	3,76
Jurbarkas district municipality	746,405	1,75	746,405	1,75
Other minor shareholders	713,512	1,67	713,512	1,67
	42,731,977	100,00	42,731,977	100,00

All the shares with a par value of LTL 6 each are ordinary shares. The Company did not hold its own shares in 2010 and 2009.

On 23 July 2009 in the Company's shareholders meeting it was decided to increase the share capital by issuing 22,700,000 ordinary shares with the par value LTL 6 each. Priority right to acquire issued shares was granted to Kaunas city municipality. The issue price of shares is equal to their nominal value. For this share the Company received a contribution in-kind comprising manifolds in Kaunas city with the value of LTL 136,200 thousand which was established by the independent property assessors under the replacement cost method.

On 17 February 2010 in the Company's extraordinary shareholders meeting it was decided to increase the share capital by LTL 682 thousand (from LTL 255,710 thousand to LTL 256,392 thousand) issuing 113,595 ordinary shares with the par value LTL 6 each. The issue price of shares is equal to their nominal value. A building of a boiler house located in Kaunas city, owned by Kaunas City Municipality, and engineering networks located in Jurbarkas city, owned by Jurbarkas Region Municipality, were received as a non-monetary contribution in kind for these shares. The value of this non-monetary contribution as of the transfer date was determined under the replacement cost method.

All shares were fully paid as of 30 June 2011.

On 13 May 2010 The Annual General Meeting of Shareholders has made a decision to pay LTL 3,589 thousand, i.e. at 8.4 cents a share in dividends from the profit of the year 2009. Dividends were paid in accordance with law. The unpaid part of dividends amounting to LTL 4 thousand which was not paid without a company's fault is accounted for in other current liabilities in 30 June 2011 and 31 December 2010.

The Group and the Company also involved in maintenance of heating systems. On 1 July 2006 on the basis of Kaunas Energy Services Department AB Kauno Energija established the subsidiary UAB Pastatų Priežiūros Paslaugos (hereinafter the Subsidiary). The main activity of the Subsidiary is exploitation and maintenance of building heating network and heating consumption equipment, internal engineering networks and systems as well as building structures. After establishing of subsidiary the employees of the Company working at Kaunas Energy Services Department were dismissed from the Company and hired by Subsidiary. From 1 July 2006 the Company is contracting Subsidiary for permanent technical maintenance of heating and hot water supply systems.

The Group consists of the Company and the Subsidiary (hereinafter the Group):

Company	Registration address	Share held by the Group	Cost of investment	Loss for the reporting period	Total equity	Main activities
UAB Pastatų Priežiūros Paslaugos	Savanorių Ave. 347, Kaunas	100%	6,518	(45)	5,514	Maintenance of heating systems

As of 30 June 2011 accumulated impairment loss on investment in UAB Pastatų Priežiūros Paslaugos amounted to LTL 960 thousand (31 December 2010: LTL 960 thousand) in the Company's profit or loss.

Operations of AB Kauno Energija are regulated by the Heating Law No. IX-1565 of 20 May 2003 of the Republic of Lithuania. Starting from 1 January 2008, the Law amending the Heating Law No. X-1329 of 20 November 2007 of the Republic of Lithuania came in to force.

According to the Heating Law of the Republic of Lithuania, the Company's activities are licensed and regulated by the State Price Regulation Commission of Energy Resources (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. On 12 September 2008 by the decision of the Commission, the territory in which the Company can provide heat distribution activity was re-defined, as the Company sold Paliai boiler house in Marijampolė district.

The Company's generation capacity includes a power plant in Petrašiūnai, 3 district boiler-houses in Kaunas integrated network, 7 regional boiler-houses in Kaunas region, 1 regional boiler-house in Jurbarkas city, 14 isolated networks and 37 local gas burning boiler-houses in Kaunas.

Total installed heat and electricity generation capacity is 496,200 MW and 8.75 MW, respectively, out of which 254.8 MW of heat generation and 8 MW of electric capacity are located at the power plant in Petrašiūnai. 27 MW of heat generation capacity is located in Jurbarkas city. The total Company's power generation capacity is 504,95 MW.

In 2003 the Company sold part of the assets of the subdivision Kauno Elektrinė to UAB Kauno Termofikacijos Elektrinė (hereinafter 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 established that the purchase price of heat energy from KTE would not increase during the first 5 years from the date of signing the contract. New heat sale price for KTE and the Company was approved by the Commission and became effective starting 1 December 2008. The Company participates as a third party in administrative litigation between KTE and the Commission.

On 8 June 2006 AB Kauno Energija signed the agreement with UAB Energijos Sistemų Servisas regarding the operation of Petrašiūnai power plant and its assets located at Jėgainės Str. 12, Kaunas. The contract was valid for a period of three years. Starting from 4 July 2006, UAB Energijos Sistemų Servisas started to provide operation services of Petrašiūnai power plant. A new contract valid until 4 August 2010 for a purchase of this service was signed with UAB Energijos Sistemų Servisas on 3 July 2009. After the end of agreement, the Company did not prolong a term of agreement and operates power plant itself.

As of 30 June 2011 the average number of employees at the Group was 647 (622 employees in 2010). In 30 June 2010 the average number of employees at the Company was 585 (558 employees in 2010).

On 19 April 2010 the College of the Kaunas City Council discussed the issue of establishing of the joint venture and has made a decision to agree in principle and to recommend to the Managing Board of AB Kauno energija to start the negotiations with UAB Fortum Heat Lietuva regarding the construction of the new local fuel-fired power plant and the establishment of the new joint venture. A working group for negotiations with UAB Fortum Heat Lietuva was formed.

On 24 of September, 2010 a cooperation agreement regarding possibility of use of integrated renewable energy resources with AB Lietuvos Energija was signed.

2. Accounting principles

2.1. Application of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current period

The adoption of these amendments to the existing standards has not led to any changes in the Group and the Company accounting policies.

2.2. Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter EU).

2.3. Basis of the preparation of financial statements

The financial statements have been prepared on a cost basis, except for certain financial instruments, which are stated at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial year of the Company and other Group companies coincides with the calendar year.

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which they operate (the 'functional currency'). The amounts shown in these financial statements are measured and presented in the local currency of the Republic of Lithuania, litas (LTL) which is a functional and presentation currency of the Company and its subsidiary and all values are rounded to the nearest thousand, except when otherwise indicated.

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.

2.4. Principles of consolidation

Principles of consolidation

The consolidated financial statements of the Group include AB Kauno Energija and its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the Company. Consolidated financial statements are prepared on the basis of the same accounting principles applied to similar transactions and other events under similar circumstances.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiary is the company which is directly or indirectly controlled by the parent company. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital or otherwise has power to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

2.5. Investments in subsidiaries

Investments in subsidiaries in the Company's balance sheet are recognized at cost. The dividend income from the investment is recognized in the profit or loss.

2.6. Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Licenses

Amounts paid for licenses are capitalised and then amortised over useful life (3 - 4 years).

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits of performance of the existing software systems are recognised as an expense for the period when the restoration or maintenance work is carried out.

2.7. Accounting for emission rights

The Group and the Company apply a 'net liability' approach in accounting for the emission rights received. It records the emission allowances granted to it at nominal amount, as permitted by IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Liabilities for emissions are recognised only as emissions are made (i.e. provisions are never made on the basis of expected future emissions) and only when the reporting entity has made emissions in excess of the rights held.

When applying the net liability approach, the Group and the Company have chosen a system that measures deficits on the basis of an annual allocation of emission rights.

The outright sale of an emission right is recorded as a sale at the value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit an additional liability is recognised with a charge to the profit or loss.

2.8. Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the asset recognition criteria are met.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's and the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives are reviewed annually to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from the items in property, plant and equipment. Depreciation periods were revised as of 1 September 2008, as further described in Note 2.24.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

	Years
Buildings	7 - 50
Structures and machinery	5 - 70
Vehicles	3 - 10
Equipment and tools	2 - 20

Freehold land is not depreciated.

The Group and the Company capitalizes property, plant and equipment purchases with useful life over one year and an acquisition cost above LTL 500.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

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

Lease hold improvement expenses related to property under rental and/or operating lease agreements which prolong the estimated useful life of the asset are capitalized and depreciated during the term of rental and/or operating lease agreements.

Construction-in-progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

2.9. Impairment of property, plant and equipment and intangible assets excluding goodwill

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

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

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

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

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

2.10. Financial assets

According to IAS 39 "Financial Instruments: Recognition and Measurement" financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Financial assets available for sale

Available-for-sale financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group and the Company that are traded in an active market are classified as available-for-sale and are stated at fair value. The Group and the Company also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's and the Company's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized

cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Gains or losses are recognized in profit or loss when the asset value decreases or it is amortized.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Derecognition of financial assets

The Group and the Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

2.11. Derivative financial instruments

The Group and the Company uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial Instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently premeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the profit (loss) for the period if they do not qualify for hedge accounting.

The fair value of interest rate swap contracts is determined by the reference to market values for similar instruments.

2.12. Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of inventories are determined on a first-in, first-out (FIFO) basis.

The cost of inventories is net of volume discounts and rebates received from suppliers during the reporting period but applicable to the inventories still held in stock.

2.13. Provisions

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

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

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

2.14. Cash and cash equivalents

Cash includes cash on hand, cash at banks and cash in transit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks, cash in transit, deposits held at call with banks, and other short-term highly liquid investments.

2.15. Employee benefits

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the Group's and the Company's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

2.16. Borrowings

Borrowings are initially recognized at fair value, less the costs of transaction. They are subsequently carried at amortized cost, the difference between the value at the inception and redemption value being recognised in the net profit or loss over the period of the borrowings using effective interest rate method.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.17. Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group and the Company derecognises financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

2.18. Leasing

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

The Group and the Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group and the Company as lessee

Assets held under finance leases are initially recognised as assets of the Group and the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's and the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.19. Grants (deferred income)

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group and the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group and the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognized as deferred income and is credited to profit or loss in equal annual amounts over the expected useful life of related asset. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

Assets received free of charge are initially recognised at fair value.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

The balance of unutilised grants is shown in the caption "Grants (deferred income)" in the balance sheet.

2.20. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average of ordinary registered shares issued. Since there are no instructions reducing earnings per share, there is no difference between the basic and diluted earnings per share.

2.21. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of heat energy is recognised based on the bills issued to residential and other customers for heating and heating-up of cold water. The customers are billed monthly according to the readings of heat meters.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group and the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group and the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Late payment interest income from overdue receivables is recognised upon receipt.

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's and the Company's policy for recognition of revenue from operating leases is described in Note 2.18 below.

2.22. Expense recognition

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In those cases when a long period of payment is established and the interest is not distinguished, the amount of expenses is estimated by discounting the amount of payment using the market interest rate.

2.23. Foreign currencies

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

The presentation currency is Litas (LTL). All transactions had functional currency other than LTL translated into LTL at the official Bank of Lithuania exchange rate on the date of the transaction, which approximates the prevailing market rates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains and losses arising on exchange are included in profit or loss for the period.

The applicable rates used for principal currencies were as follows:

As of 30 June 2011		As of 31 December 2010	
1 EUR	= 3,4528 Lt	1 EUR	= 3.4528 Lt
1 USD	= 2,4013 Lt	1 USD	= 2.6099 Lt
1 GBR	= 3,8429 Lt	10 EEK	= 4,0494 Lt

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

2.24. Use of estimates in the preparation of financial statements

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and assumptions

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

Property, plant and equipment – useful life

The key assumptions concerning determination the useful life of property, plant and equipment are as follows: expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in the services, legal or similar limits on the use of the asset, such as the expiry dates of related leases.

The Group and the Company has considered the actual useful life of property, plant and equipment and increased a depreciation rate for the heating connections from 20 years to 30 years and for the heating stations from 10 years to 15 years respectively starting from 1 September 2008.

Carrying value of non-current assets received as a contribution in kind

In 2009 for a new shares issue manifolds in Kaunas city were received as a contribution in-kind. Market value of assets estimated upon their transfer by local independent qualified valuers using depreciated replacement costs method amounted to LTL 136 mln.

In 2010 a new emission of shares was issued and it was paid by non-monetary contribution: it is building – boiler-house in Kaunas city and networks system in Jurbarkas city. Market value of the asset upon their transfer was determined by the local independent qualified valuers by using depreciated replacement costs method and amounted to LTL 0.682 mln.

Management has no information available about possible fair value of these non-current assets if they would be evaluated by using other valuation methods. As of 30 of June 2011, carrying value of all contribution in-kind amounted to LTL 132,760 LTL thousand. (134,345 LTL – 31 December 2010).

Allowances for accounts receivable

The Group and the Company makes allowances for doubtful accounts receivable. Significant judgment is used to estimate doubtful accounts. In estimating doubtful accounts historical and anticipated customer performance are considered. Changes in the economy, industry, or specific customer conditions may require adjustments to the allowance for doubtful accounts recorded in the financial statements.

Litigations

On 17 February 2010 Vilnius Court of Commercial Arbitration investigated the civil case regarding the fulfilment of the investment agreement between the Company and UAB Kauno Termofikacijos Elektrinė (hereinafter - KTE) and passed the ruling to award a fine of LTL 5,419,809 in favour of the Company. KTE has placed a complaint to Lithuanian Court of Appeal regarding this decision. The Court of Appeal denied this appeal by its ruling from 19 October 2010 and has left the ruling of the Court of Commercial Arbitration unchanged. On 8 of November, 2010 KTE has applied a cassation complaint to the Lithuanian Supreme Court regarding a repeal of rulings of the Commercial Arbitration court and of the Court of appeal. On 14 of March 2011 the Lithuanian Supreme Court has dismissed a cassation complaint of KTE by its final decision and has left unchanged the decision of Vilnius Commercial Arbitration Court from 17 of February 2010 and the decision of Lithuanian Court of Appeal from 19 of October 2010. The penalty received has been accounted in financial statements of the Group and The Company as an income from financial activity.

On 3 of November, 2010 the Company placed a second claim to Vilnius Commercial Arbitration Court (hereafter – VCAC) regarding additional forfeit in amount LTL 12,351,600 from defendant KTE due to the improper fulfilment of the Investments agreement. On 18 of February, 2011 a preliminary session of VCAC took place, and on 17 of June, 2011 a need of additional explanations came up during session of the court where the case has been started to investigate essentially. The explanations due to the sameness of the second claim to the first one from the year 2009 which has been placed due to the forfeit in already closed case No. 162 of VCAC were needed. Further progress of the case is described in chapter 26.

As of 30 June, 2011 and of 31 December, 2010 the accrual for the sum of claims was not been made in financial statements of the Group and the Company, because the income from fines and penalties is shown in those statements only when it is paid-in.

On 24 of August, 2010 KTE placed a preventive claim to Vilnius Commercial Arbitration court applying to forbid to the Company to terminate ex-parte a purchase agreement of Power plant, an agreement of purchase of Heat energy and the Investments agreement until defendant will terminate his contrary liability breach according to 14 chapter of Heat energy purchase agreement and the decision regarding a compensation of plaintiff and his shareholders lesion, which could be made by defendant's contrary liability breach, including but not limiting an acceptance and implementation of decision, which can be made by *ad hoc* negotiations or by investment issue order, will be made, a preliminary session of Vilnius Commercial Arbitration Court took place on 21 of January 2011 and the

court session in which the case is planned to be investigated substantially, is appointed on 16 of May 2011. On 21 of January 2011 Kaunas city vicinity court by it's decision used interim measures (hereinafter - IM) on behalf of KTE and obligated the Company to restrain from unilateral (not appealing to the court) terminating of above mentioned agreements while investigation of the arbitration case is going on.

2.25. Subsequent events

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

2.26. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when certain IFRS specifically require such set-off.

2.27. Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief-operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The activities of the Group and the Company are organised in one operating segment therefore further information on segments has not been disclosed in these financial statements

3. Intangible assets

Amortisation expenses of intangible assets are included in the operating expenses in the statement of comprehensive income.

Part of the non-current intangible assets of the Group and the Company with the acquisition cost of LTL 3,055 thousand as of 30 June 2011 (LTL 3,177 thousand as of 31 December 2010) were fully amortised but were still in active use.

4. Property, plant and equipment

The depreciation charge of the Group's and Company's property, plant and equipment for 30 June 2011 amounts to LTL 8,517 thousand and LTL 8,439 thousand, respectively (2010: LTL 16,724 thousand and LTL 16,560 thousand respectively). The amounts of LTL 7,833 thousand and LTL 7,798 thousand (2010: LTL 15,849 thousand and LTL 15,778 thousand respectively) were included into operating expenses in the Group's and the Company's statement of comprehensive income. The remaining amounts were included into other operating expenses caption.

Part of the property, plant and equipment of the Group and the Company with acquisition cost of LTL 88,566 thousand were fully depreciated as of 30 June 2011 (LTL 87,212 thousand as of 31 December 2010) but were still in active use.

As of 30 June 2011 and of 31 December 2010 the major part of the Group's and Company's construction in progress consisted of heat supply networks reconstruction and repair works.

As of 30 June 2011 property, plant and equipment of the Group and the Company with the net book value of LTL 125,944 thousand (LTL 123,319 thousand as of 31 December 2010) was pledged to banks as a collateral for loans (Note 11).

During the year 2011 I half the amount of capitalized interest equals to LTL 222 thousand. (31 December 2010 – LTL 173 thousand). The interest for the year 2009 was not capitalized due to the insignificant influence. During the year 2011 I half the capitalization rate varied from 3.52% to 5.75%. (31 December 2010 – from 3.5% to 5.65%).

The assets leased by the Group under finance lease contracts consist of vehicles:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Vehicles	4	29	-	-

5. Non-current accounts receivable

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Long-term loans granted to the Company's employees	61	61	61	61
Other	7	-	7	-
	68	61	68	61

Long-term loans granted to the employees of the Company for the period from 1997 to 2023 are non-interest bearing. These loans are accounted for at discounted value using 10.4% interest rate.

As of 30 of June 2011 and 31 of December 2010 the repayment term of non-current accounts receivable is not yet due and valuation allowance is not determined.

6. Other financial assets

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
<i>Available-for-sale financial assets</i>				
Ordinary shares – unquoted	433	433	433	433
Impairment loss	(196)	(196)	(196)	(196)
Fair value of shares	237	237	237	237

The Management of the Group and the Company evaluated the financial condition of the entity that shares were acquired, and determined impairment loss. Impairment loss accounted in the Group's and the Company's profit or loss.

7. Inventories

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Technological fuel	3,398	3,409	3,398	3,409
Spare parts	1,199	1,211	1,199	1,211
Materials	1,020	861	891	735
	5,617	5,481	5,488	5,355
Less: impairment of realisable value at the end of the period	(211)	(211)	(211)	(211)
Carrying amount of inventories	5,406	5,270	5,277	5,144

The acquisition cost of the Group's and the Company's inventories accounted for at net realisable value as of 30 June 2011 amounted to LTL 211 thousand (LTL 211 thousand as of 31 December 2010).

Changes in the valuation allowance for inventories for the year 2010 was listed into change in inventories allowance caption in the Group's and the Company's statement of comprehensive income.

8. Current accounts receivable

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Trade receivables, gross	70,742	114,131	70,404	113,875
Less: impairment of doubtful receivables	(45,429)	(41,886)	(45,429)	(41,886)
	25,313	72,245	24,975	71,989

Change in impairment of doubtful receivables in 2011 and 2010 is included into the caption of write-offs and change in allowance for accounts receivables in the Group's and the Company's statements of comprehensive income.

Movements in the allowance for impairment of the Group's and the Company's receivables were as follows:

	Impairment loss
Balance as of 31 December 2009	25,177
Additional allowance formed	17,194
Write-off	(485)
Balance as of 31 December 2010	41,886
Additional allowance formed	3,547
Write-off	(4)
Balance as of 30 June 2011	45,429

In the year 2011 the Group and the Company wrote off LTL 4 thousand of bad debts (in the year 2010 – LTL 485 thousand). In 2011 I half the Group and the Company also recovered LTL 13 thousand of doubtful receivables (in 2010 – LTL 32 thousand), which were written off in the previous periods.

The ageing analysis of the Group's net value of trade receivables as of 30 June 2011 and 2010 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2011	7,980	4,922	9,122	3,226	63	-	25,313
2010	60,051	8,991	1,236	1,398	569	-	72,245

The ageing analysis of the Company's net value of trade receivables As of 30 June 2011 and 31 December 2010 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2011	7,642	4,922	9,122	3,226	63	-	24,975
2010	59,795	8,991	1,236	1,398	569	-	71,989

Trade receivables are non-interest bearing and the terms are usually 30 days or agreed individually.

Other Group's and the Company's receivables consisted of:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Taxes	2,327	2,737	2,327	2,737
Other receivables	4,456	3,579	4,589	3,754
Less: value impairment of doubtful receivables	(714)	(719)	(714)	(719)
	6,069	5,597	6,202	5,772

Movements in the allowance for impairment of the Group's and the Company's other receivables were as follows:

	Impairment loss
Balance as of 31 December 2009	592
Additional allowance formed	127
Balance as of 31 December 2010	719
Additional allowance formed	(5)
Balance as of 30 June 2011	714

As of 30 June 2011 and 31 December 2010 the major part of the Group's and the Company's other receivables consisted of compensations from municipalities for low income families, receivables from sold inventories (metals, heating equipments) and services supplied (transportation and permanent maintenance of collectors and heating systems).

The ageing analysis of the Group's net value of other receivables (excluding taxes) as of 30 June 2011 and 31 December 2010 is as follows:

	Other receivables neither past due nor impaired	Other receivables past due but					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2011	280	1,059	2,347	25	5	26	3,742
2010	1,850	709	273	20	8	-	2,860

The ageing analysis of the Company's net value of other receivables (excluding taxes) as of 30 June 2011 and 31 December 2010 is as follows:

	Other receivables neither past due nor impaired	Other receivables past due but					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2011	413	1,059	2,347	25	5	26	3,875
2010	2,025	709	273	20	8	-	3,035

The Group's and the Company's other receivables are non-interest bearing and the terms are usually 30 - 45.

According to the management opinion, there are no indications as of the reporting date that the debtors will not meet their payment obligations regarding trade receivables and other receivables that are neither impaired nor past due.

9. Cash and cash equivalents

	Group		Company	
	As of 31 March 2011	As of 31 December 2010	As of 31 March 2011	As of 31 December 2010
Cash in transit	1,248	1,951	1,248	1,951
Cash at bank	5,648	1,592	5,637	1,542
Cash on hand	23	31	20	31
	<u>6,919</u>	<u>3,574</u>	<u>6,905</u>	<u>3,524</u>

The Group's and the Company's accounts in national currency in banks amounting to LTL 4.435 thousand as of 30 June 2011 (31 December 2010– LTL 951 thousand) are pledged as collateral for the loans (Note 11).

10. Reserves

Legal and other reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit calculated in accordance with IFRS are compulsory until the reserve reaches 10% of the share capital. The legal reserve cannot be distributed as dividends but can be used to cover any future losses.

On 28 April 2009, based on the decision of the shareholders the Company transferred an amount of LTL 2,808 thousand from legal reserve to cover losses of 2008.

On 4 March 2010, based on the decision of the shareholders the Subsidiary transferred an amount of LTL 233 thousand from legal reserve to cover losses of 2009.

On 13 May 2010 the company transferred LTL 448 thousand from retained earnings to legal reserve by the decision of shareholders.

In 2010 Group's net transfers from retained earnings to legal reserve amount to LTL 215 thousand.

On 29 April 2011 the Company transferred LTL 187 thousand from retained earnings to legal reserve and LTL 3.468 thousand to other reserves by the decision of shareholders. Reserve for investments was formed.

11. Borrowings

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Non-current borrowings				
Non-current borrowings	35,033	31,811	35,033	31,811
Current portion of non-current borrowings	5,671	13,703	5,671	13,703
Current borrowings (including credit line)				8,808
Other interest bearing liabilities		6,215		6,215
Current borrowings	5,671	28,726	5,671	28,726
	<u>40,704</u>	<u>60,537</u>	<u>40,704</u>	<u>60,537</u>

Terms of repayment of non-current borrowings are as follows (all loans are with variable interest rate):

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
2011	5,671	13,703	5,671	13,703
2012	11,112	11,174	11,112	11,174
2013	7,528	7,590	7,528	7,590
2014	7,528	7,093	7,528	7,093
2015	4,674	3,471	4,674	3,471
2016	3,137	1,757	3,137	1,757
2017	793	726	793	726
2018	261		261	
	<u>40,704</u>	<u>45,514</u>	<u>40,704</u>	<u>45,514</u>

Weighted average of interest rates (in %) of borrowings outstanding at the year-end were as follows:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Current borrowings		3,3		3,3
Non-current borrowings	3,6	3,3	3,6	3,3

Borrowings at the end of the year in national and foreign currencies were as follows:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Currency of the loan:				
EUR	36,133	50,485	36,133	50,485
LTL	4,571	10,052	4,571	10,052
	<u>40,704</u>	<u>60,537</u>	<u>40,704</u>	<u>60,537</u>

On 1 August 2005 the Group and the Company signed a long-term loan agreement with „Swedbank“, AB for the amount of LTL 5,000 thousand. The maturity date of the last portion of the loan is 1 August 2012. As of 30 June 2011 the outstanding balance of the loan amounted to LTL 842 thousand of which LTL 416 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 6-month VILIBOR plus 0.77% interest rate.

On 23 August 2005 the Group and the Company signed a long-term loan agreement with AB SEB Bank for the amount of EUR 8,776 thousand (the equivalent of LTL 30,300 thousand). The maturity date of the last portion of the loan is 31 December 2014. The outstanding balance of the loan amounted to EUR 2,534 thousand (the equivalent of LTL 8,750 thousand) as of 30 June 2011, of which LTL 1,250 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 6-month EUR LIBOR plus 1.9% interest rate.

On 1 December 2006 the Group and the Company signed a long-term loan agreement with Nordea Bank Finland Plc. Lithuanian branch for the amount of LTL 2,090 thousand. On 18 April 2007 the loan amount increased up to LTL 6,090 thousand. The maturity date of the last portion of the loan is 31 October 2015. As of 30 June 2011 the outstanding balance of the loan amounted to LTL 3,729 thousand, of which LTL 420 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 3-month VILIBOR plus 0.45% interest rate.

On 21 December 2006 the Group and the Company signed a long-term loan agreement with AB SEB Bank for the amount of EUR 2,059 thousand (the equivalent of LTL 7,108 thousand). The maturity date of the last portion of the loan is 30 November 2016. As of 30 June 2011 the outstanding balance of the loan amounted to EUR 544 thousand (the equivalent of LTL 1,878 thousand), of which LTL 197 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 6-month EUR LIBOR plus 0.4% interest rate.

On 14 November 2007 the Group and the Company signed a long-term loan agreement with AB DnB NORD Bank for the amount of EUR 576 thousand (the equivalent of LTL 1,989 thousand). The maturity date of the last portion of the loan is 31 December 2016. As of 30 June 2011 the outstanding balance of the loan amounted to EUR 396 thousand (the equivalent of LTL 1,367 thousand), of which LTL 186 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 12-month EUR LIBOR plus 0.59% interest rate.

On 31 July 2008 the Group and the Company signed a long-term investment credit agreement with Danske Bank A/S Lithuania Branch for the amount of EUR 984 thousand (the equivalent of LTL 3,398 thousand). The maturity date of the last portion of the loan is 2018. As of 30 June 2011 the outstanding balance of the investment credit amounted to EUR 552 thousand (the equivalent of LTL 1,905 thousand), of which LTL 174 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 3-month EURIBOR plus 0.385% interest rate.

On 31 July 2008 the Group and the Company signed a long-term investment credit agreement with Danske Bank A/S Lithuania Branch for the amount of EUR 1,158 thousand (the equivalent of LTL 4,000 thousand). The maturity date of the last portion of the loan is 31 December 2017. As of 30 June 2011 the outstanding balance of the investment credit amounted to EUR 1,001 thousand (the equivalent of LTL 3,455 thousand), of which LTL 300 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 3-month EURIBOR plus 0.7% interest rate.

On 22 September 2008 the Group and the Company signed a long-term loan agreement with AB SEB Bank for the amount of EUR 3,333 thousand (the equivalent of LTL 11,508 thousand). The maturity date of the last portion of the loan is 31 December 2011. As of 17 September, 2010 the outstanding

balance of the loan was refinanced through Lithuanian branch of Nordea Bank Finland Plc. The loan beared 1-month EUR LIBOR plus 0.7% interest rate.

On 25 September 2009 the Group and the Company signed a loan agreement with „Swedbank“, AB for the amount of EUR 2,896 thousand (the equivalent of LTL 10,000 thousand), with the maturity date of 25 September 2012. As of 30 June 2011 the Group and the Company's balance of used loan was EUR 1,395 thousand (the equivalent of LTL 4,818 thousand), of which 1,660 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 6-month EURIBOR plus 3.85% interest rate.

On 2 December 2009 the Group and the Company signed a loan agreement with „Swedbank“, AB for the amount of EUR 3,815 thousand (the equivalent of LTL 13,171 thousand), with the maturity date of the last portion of the loan on 2 December 2016. As of 30 June 2011 the balance of used loan was EUR 1,888 thousand (the equivalent of LTL 6,520 thousand), of which LTL 602 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 6-month EURIBOR plus 4.5% interest rate.

On 9 April 2010 the Group and the Company signed a credit agreement with the Lithuanian Ministry of Finance regarding the loan of EUR 2,410 thousand (the equivalent of LTL 8,323 thousand). The term of repayment of the last part of the loan is 15 March 2034. As of 30 June 2011 the balance of used loan was EUR 329 thousand (the equivalent of LTL 1,137 thousand), which was accounted for within non-current borrowings in the financial statements of the Group and the Company. The loan bears 3.948% annual interest rate until 30 June 2019.

On 21 June 2010 the Group and the Company signed a credit agreement with „Swedbank“, AB regarding the loan of EUR 649 thousand (the equivalent of LTL 2,240 thousand). The term of repayment of the last part of the loan is 21 June 2017. As of 30 June 2011 the outstanding balance of the credit amounted to EUR 417 thousand (the equivalent of LTL 1,440 thousand), of which 33 thousand LTL is accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 6-month EURIBOR plus 4% annual interest rate.

On 17 September, 2010 the Group and the Company signed a long-term credit agreement with Nordea Bank Finland Plc Lithuanian Branch for the amount of EUR 1,625 thousand (the equivalent of LTL 5,611 thousand). The maturity date of the last portion of the loan is 31 May, 2016. As of 30 June 2011 the outstanding balance of the credit amounted to EUR 1,408 thousand (the equivalent of LTL 4,863 thousand), of which LTL 495 thousand was accounted for as the current portion of non-current borrowings in the financial statements of the Group and the Company. The loan bears 1-month EURIBOR plus 0.7% interest rate.

On 4 June 1999 the Group and the Company signed a credit line agreement with AB SEB Bankas for the amount of LTL 7,000 thousand, with the maturity date of 19 July 2009. As of 31 December 2009 the Group and the Company's balances of used credit line was LTL 1,560 thousand. On 19 August 2009 the agreement was prolonged until 19 July 2010. The credit line bears 1-month VILIBOR plus 2.4% interest rate.

On 8 July 2004, the Group and the Company signed an overdraft agreement with AB DnB NORD Bank for the amount of LTL 18,000 thousand and for the term expiring on 31 May 2008. On 27 May 2008, the limit of the overdraft line of credit was reduced to the amount of LTL 10,000 thousand and the repayment term was extended until 31 May 2009. On 29 May 2009, the validity term of the agreement was extended until 29 May 2010 by changing the overdraft limit to EUR 2,896 thousand

(LTL 9,999 thousand). On 31 May 2010 the validity term of the agreement was extended until 23 June 2010 and on 22 June 2010 the validity term of the agreement was extended until 30 May 2011. As at 30 June 2011 the used amount of the overdraft by the Group and the Company was EUR 7 thousand (LTL 23 thousand) (31 December 2010: LTL 1,206 thousand). The overdraft bears 1-month EURIBOR plus 3% annual interest.

On 23 August 2010 the Group and the Company signed a credit line agreement with AB SEB Bank for the amount of LTL 10,000 thousand, with the maturity date of 23 August 2011. As of 30 June 2011 the credit line funds were not used. The credit line bears 1-month VILIBOR plus 1.49% interest rate.

On 19 October 2010 the Company signed a trilateral agreement with AB Ūkio bankas for the factoring of UAB Kauno Termofikacijos Elektrinė on the deferral of the payment for heat energy for an additional term of 30 days thus amending the original term established in the Heat energy purchase and sale agreement as described in Note 1. The agreement of factoring expires as of 31 July, 2011. As of 30 June 2011 an outstanding factorised balance is EUR 1,800 thousand (LTL 6,215 equivalent). Annual interest of 6-months EURIBOR plus 2.5% but not less than 3,6% is payable on the amount outstanding.

On 9 December, 2010 the Company signed an agreement with AB DnB NORD bank for the factoring of heat selling to the institutions financed from Kaunas municipality. The limit of the factoring is LTL 8,440 thousand. The term of factoring is 9 December 2011. As of 30 June, 2011 the limit of factoring is used LTL 924 thousand. Annual interest of 3-months VILIBOR plus 2.85% is payable on the used limit.

On 26 October 2010 the Group and the Company signed a credit agreement with the Lithuanian Ministry of Finance regarding the loan of EUR 807 thousand (the equivalent of LTL 2,788 thousand). The term of repayment of the last part of the loan is 15 March 2034. The loan is still not used as of date of these statements. The loan bears 3.948% annual interest rate until 30 June 2019.

The property, plant and equipment (Note 4) and accounts in banks (Note 9) of the Group and the Company were pledged as collateral for the borrowings.

12. Finance lease obligations

The assets leased by the Group under finance lease contracts mainly consist of vehicles. The terms of financial lease are from 2 to 5 years. As of 30 June 2011 the interest rate on the financial lease obligations is fixed and variable. Fixed interest rate is equal to 3.99%. The variable interest rate varies depending on 6-month EURIBOR plus 1.5%.

All finance lease agreements are in EUR. Future minimal lease payments were:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Within one year	9	35	-	-
From one to five years	10	10	-	-
Total financial lease obligations	19	45	-	-
Interest	(1)	(1)	-	-
Present value of financial lease obligations	18	44	-	-
Financial lease obligations are accounted for as:				
- current	8	34	-	-
- non-current	10	10	-	-

13. Grants (deferred income)

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Balance at the beginning of the reporting period	16,790	11,832	16,790	11,832
Received during the year	380	5.590	380	5.590
Amortisation	(432)	(632)	(432)	(632)
Balance at the end of the reporting period	16.738	16.790	16.738	16.790

In 2008 the group and the Company received the heating network located in Žiemgalių Str. and Raudondvario Rd. for free, fair value of which at the date of the transfer amounted to LTL 149 thousand. As well, in 2008 the Group and the Company received telecommunication equipment, the fair value of which at the date of the transfer amounted to LTL 140 thousand. On 10 October 2008 the branch of the Company Jurbarko Šilumos Tinklai received LTL 600 thousand subsidies for the change of the boiler burned by fuel oil to the boiler burned by gas from VŠĮ Lietuvos Aplinkos Apsaugos Investicijų Fondas (LAAIF). As of 31 December 2008 the VŠĮ LAAIF transferred LTL 360 thousand to the Company, the remaining part of LTL 240 thousand was accounted for by the Group and the Company under other accounts receivable caption as of 31 December 2008. As at 31 December 2009 VŠĮ LAAIF fully settled its liability to the Company.

On 15 October 2009, the Group and the Company signed the agreement on the financing and administration of the project Renovation of Centralised Heat Networks in the Kaunas City by Installing Advanced Technologies (Reconstruction of Heat Supply Networks at Krėvės Ave. 82 A.118H, Kaunas) according to which the Company will be receiving financing from the European Regional Development Fund in the amount of LTL 6,000 thousand after terms and conditions of the agreement are fulfilled. The Company received the financial support in the amount of LTL 5,566 thousand by 30 June 2011.

On 15 October 2009, the Group and the Company signed the agreement on the financing and administration of the project Modernisation of Kaunas City Integrated Network Centre Main (4T) according to which the Company will be receiving financing from the European Regional Development Fund in the amount of LTL 5,990 thousand after terms and conditions of the agreement are fulfilled.

On 15 October 2009, the Group and the Company signed the agreement on the financing and administration of the project Kaunas City Main Heat Supply Networks 6T at Kuršių St. 49C, Jonavos St. between NA-7 and NA-9 and Networks under the Bridge through the river Neris in the auto-highway Vilnius–Klaipėda near Kaunas city, Complex Reconstruction for the Increase of Reliability by Installing Advanced Technologies according to which the Company will be receiving financing from the European Regional Development Fund in the amount of LTL 2,333 thousand after terms and conditions of the agreement are fulfilled. The Company received the financial support in the amount of LTL 1,137 thousand by 30 June 2011.

On 21 July 2010, the Group and the Company signed the agreement on the financing and administration of the project “The development of centralized heat supply by building a new heat supply trace (heat supply network from A. Juozapavičiaus ave. 23A to A. Juozapavičiaus ave. 90)” according to which the Company will be receiving financing from the European Regional Development Fund in the amount of LTL 1,566 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2011 financing in amount LTL 844 thousand has been received, LTL 582 thousand was accounted for by the Group and the Company under other accounts receivable

caption as of 31 December 2010. As of day of issuing of these statements the Lithuanian Ministry of Finance fully settled its liability to the Company.

On 21 July 2010, the Group and the Company signed the agreement on the financing and administration of the project "The modernisation of Žaliakalnis main of Kaunas integrated network (4Ž)" according to which the Company will be receiving financing from the European Regional Development Fund in the amount of LTL 2,788 thousand after terms and conditions of the agreement are fulfilled.

On March 30, 2011, the Company has received a confirmation from VĮ Lietuvos verslo paramos agentūra (Lithuanian agency of business support) on anticipatory financing of LTL 5.773 thousand from European regional development fund for four heating network modernization projects which will be executed in the period of 2012 - 2013. The more detailed description appears in note 26.

14. Employee benefit liability

According to Lithuanian legislation and the conditions of the collective employment agreement, each employee of the Group and the Company is entitled to 1 - 6 month salary payment when leaving the job at or after the start of the pension period. The Group's and the Company's total employee benefit liability is stated below:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Employee benefit liability at the beginning of the year	1,830	2,476	1,830	2,476
Paid	(92)	(284)	(92)	(284)
Formed		(362)		(362)
Employee benefit liability at the end of the period	1,738	1,830	1,738	1,830
Employee benefit liability accounted as:				
Non-current employee benefit liability	1,594	1,593	1,594	1,593
Current employee benefit liability	144	237	144	237

During the year, ended 30 June 2011, the total amount of the benefit paid to the employees by the Group and the Company amounted to LTL 92 thousand (LTL 284 thousand for the year, ended 31 December 2010) and are included in the caption of salaries and social security expenses in the Group's and the Company's statement of comprehensive income.

The principal assumptions used in determining pension benefit obligation for the Group's and the Company's plan is shown below:

	As of 30 June 2011	As of 31 December 2010
Discount rate	7.0%	7.0%
Employee turnover rate	18.9%	18.9%
Expected average annual salary increases	3.0%	3.0%

15. Derivative financial instruments

On 9 April 2009, the Group and the Company concluded an interest rate swap agreement. For the period from 24 August 2009 to 22 August 2014 the Group and the Company set a fixed interest rate at 4.15% for a floating interest rate at 6-month EUR LIBOR. The nominal amount of the transaction was EUR 2,534 thousand (the equivalent of LTL 8,750 thousand) as at 30 June 2011 (EUR 2,896 thousand

(the equivalent of LTL 10,000 thousand) as at 31 December 2010). Market value of swap agreement as of 30 June 2011 amounted to LTL 306 thousand (LTL 479 thousand as of 31 December 2010).

16. Sales income

The Group's and the Company's activities are heat energy supply, electricity production, maintenance of heating and hot water supply systems, electricity production and other activities. In the year 2010 a part of inhabitants chose the Company as the hot water supplier. Those activities are inter-related, consequently for management purposes the Group's and the Company's activities are organised as one main segment – heat energy supply. The Group's and the Company's sales by activities are stated below:

	Group		Company	
	2011 I half	2010	2011 I half	2010
Heat energy	173,859	302,546	173,890	302,602
Maintenance of the heating and hot water supply systems of the buildings	939	2,037	259	566
Hot water supply	1,801	1,485	1,801	1,485
Maintenance of manifolds	464	439	464	439
Electric energy	250	349	250	349
Maintenance of the hot water accounting devices	10		10	
	<u>177,323</u>	<u>306,856</u>	<u>176,674</u>	<u>305,441</u>

17. Other activities income and expenses

	Group		Company	
	2011 I half	2010	2011 I half	2010
Income from other operating activities				
Miscellaneous services	770	1,785	586	1,530
Materials sold	102	377	100	377
Gain from sale of non-current assets	2	6	2	6
Other	106	34	100	22
	<u>980</u>	<u>2,202</u>	<u>788</u>	<u>1,935</u>
Expenses from other operating activities				
Cost of miscellaneous services	(588)	(1,180)	(319)	(645)
Cost of materials sold	(4)	(29)	(4)	(29)
Write off of non-current assets	(24)	(119)	(24)	(119)
Loss from sale of non-current assets	(17)		(17)	-
Other	(4)	(21)	(1)	(15)
	<u>(637)</u>	<u>(1,349)</u>	<u>(365)</u>	<u>(808)</u>

18. Finance income

	Group		Company	
	2011 I half	2010	2011 I half	2010
Interest from late payment of accounts receivable	1,440	1,704	1,440	1,704
Bank interest	10	2	10	2
Penalties	5,420		5,420	
Change in fair value of derivative financial instruments	173	308	173	308
Other		10		10
	<u>7,043</u>	<u>2,024</u>	<u>7,043</u>	<u>2,024</u>

19. Finance costs

	Group		Company	
	2011 I half	2010	2011 I half	2010
Interest on bank loans and overdrafts	(819)	(2,177)	(819)	(2,175)
Impairment loss of non-current financial assets		(196)		(691)
Penalties		(30)		(30)
Other	(1)	(2)		(1)
	<u>(820)</u>	<u>(2,405)</u>	<u>(819)</u>	<u>(2,897)</u>

20. Basic and diluted earnings (loss) per share

Calculations of the basic and diluted earnings per share of the Group are presented below:

	Group		Company	
	2011 I half	2010	2011 I half	2010
Net profit	21,707	4,167	21,702	3,737
Number of shares (thousand), opening balance	42,732	42,618	42,732	42,618
Number of shares (thousand), closing balance	42,732	42,732	42,732	42,732
Average number of shares (thousand)	42,732	42,706	42,732	42,706
Basic and diluted earnings per share (LTL)	0,51	0,10	0,51	0,09

21. Financial assets and liabilities and risk management

Credit risk

The Group and the Company do not have any credit concentration risk because they work with a large number of customers.

Customers number

	30 June 2011		31 December 2010	
	Group	Company	Group	Company
Citizens	115,132	114,927	115,093	114,929
Other	2,135	2,037	2,130	2,028
Municipalities and other government instit.	359	326	362	325
	<u>117,626</u>	<u>117,290</u>	<u>117,585</u>	<u>117,282</u>

Considering trade and other accounts receivables, the terms of which is still not expired and their depreciation as of date of financial statements is not determined, according to Management opinion there is no indications that debtors will not fulfil their payment liabilities, because a balance of receivables are controlled constantly. The Group and the Company considers that maximum risk is equal to the sum of receivables from buyers and other receivables, less recognized impairment losses as of the balance sheet date (note 8).

Cash and cash equivalents in banks, which were evaluated in accordance with long-term borrowing ratings*):

	30 June 2011		31 December 2010	
	Group	Company	Group	Company
A	4,422	1,776	4,411	1,370
A+	1,059	233	1,059	100
AA-	7	3	7	3
B+	17	23	17	7
-	143	144	143	62
	<u>5,648</u>	<u>2,179</u>	<u>5,637</u>	<u>1,542</u>

* - external credit ratings set by *Fitch Ratings* agency.

The Group and the Company do not guarantee obligations of the other parties in 2011 and in 2010.

With respect to credit risk arising from the other financial assets of the Group and the Company, which comprise cash and cash equivalents and available-for-sale financial investments, the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Interest rate risk

All of the Group's and the Company's borrowings are at variable interest rates, therefore the Group and the Company faces an interest rate risk. In 2010 and 2009 to manage variable rate risk the Company has entered into interest rate swap agreements, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts as described in Note 15, calculated by the reference to an agreed upon notional principal amount.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (increase and decrease in basis points was determined based on Lithuanian economic environment and the Group's and the Company's historical experience), with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's and the Company's equity, other than current year profit impact.

	<u>Increase/decrease in basis points</u>	<u>Effect on profit before tax</u>
2011		
LTL	+200	(91)
LTL	-200	91
EUR	+50	(175)
EUR	-50	175
2010		
LTL	+200	(201)
LTL	-200	201
EUR	+50	(198)
EUR	-50	198

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 (total current assets / total current liabilities) and quick ((total current assets - inventories) / total current liabilities) ratios as of 30 June 2011 were 1.52 and 1.34 respectively (0.93 and 0.88 as of 31 December 2010). The Company's liquidity and quick ratios as of 30 June 2011 were 1.53 and 1.35, respectively (0.93 and 0.88 as of 31 December 2010).

To solve all liquidity issues the Group and the Company implement the following action plan:

- The price effective from 1 December 2008 and the price effective from 1 June 2009 include costs for fuel and heat energy purchased that were actually incurred during the previous period but not yet covered. From 1 October 2009, the heat price for consumers is calculated using two components. A constant component of the heat price remains unchanged for the period during which the recalculated heat price is valid. Only a variable component changes depending on changes in fuel prices thus allowing the Company to reduce possible losses in case of rise in fuel prices.

- The Company attempts to receive part of investments funds from the EU Structural Funds (50% of the cost of the project, but not more than LTL 6 million). The Company has submitted 9 projects. Support agreements for all of them has been signed as it is described in notes 13 and 26;
 - Non-priority investments are suspended;
 - Considering the current situation the Group and the Company started reduce expenses: the plan of reducing production and supply losses is being currently implemented;
 - The analysis of cash flows are done regularly, fulfilment of finance needs is planned and organized.
- The table below summarises the maturity profile of the Group's financial liabilities as of 30 June 2011 and 2010 based on contractual undiscounted payments (scheduled payments including interest).

	Less than 3 months	4 to 6 months	1 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	4,026	2,372	33,494	4,301	44,193
Trade payables	18,820	519	36		19,375
Balance As of 30 June 2011	22,846	2,891	33,530	4,301	63,568
	Less than 3 months	4 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	11,054	19,196	31,073	2,525	63,848
Trade payables	60,524	454	3		60,981
Balance As of 31 December 2010	71,578	19,650	31,076	2,525	124,829

The table below summarises the maturity profile of the Company's financial liabilities As of 30 June 2011 and 31 December 2010 based on contractual undiscounted payments (scheduled payments including interest).

	Less than 3 months	4 to 6 months	1 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	4,021	2,368	33,484	4,301	44,174
Trade payables	18,816	519	36		19,371
Balance As of 30 June 2011	22,837	2,887	33,520	4,301	63,545
	Less than 3 months	4 to 12 months	1 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	11,045	19,170	31,063	2,525	63,803
Trade payables	60,520	454	3		60,977
Balance As of 31 December 2010	71,565	19,624	31,066	2,525	124,780

Foreign currency risk

All sales and purchases transactions as well as the financial debt portfolio of the Group and the Company are denominated in LTL and EUR. As litas is pledged to euro, therefore, material foreign currency risk is not incurred

Monetary assets and liabilities denominated in local and foreign currencies as of 30 June 2011 were as follows (stated in LTL):

	Group		Company	
	Assets	Liabilities	Assets	Liabilities
LTL	38,356	28,625	38,137	28,268
EUR	13	36,155	13	36,155
	38,369	64,780	38,150	64,423

Fair value of financial instruments

The Company's principal financial instruments accounted for at amortised cost are trade and other current and non-current receivables, trade and other payables, long-term and short-term borrowings. The net book value of these amounts is similar to their fair value.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- The carrying amount of current trade accounts receivable, current trade accounts payable, other receivables and other payables and current borrowings approximate their fair value.
- The fair value of trade and other payables, long-term and short-term borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts.

Capital management

The primary objectives of the Group's and the Company's capital management are to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group and the Company may issue new shares, adjust the dividend payment to shareholders and return capital to shareholders. No changes were made in the objectives, policies or processes of capital management during the years ended 30 June 2011 and 31 December 2010, except for increase in share capital paid by contributions in kind as disclosed in Note 1.

The Group and the Company is obliged to upkeep its equity of not less than 50% of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Group and the Company complies with equity requirements imposed by the Law on Companies of Republic of Lithuania. There were no other externally imposed capital requirements on the Group and the Company.

The Group and the Company monitor capital using debt to equity ratio. Capital includes ordinary shares, reserves and retained earnings attributable to the equity holders of the parent. There is no specific debt to equity ratio target set out by the Group's and the Company's management, however current ratios presented below are treated as sustainable performance indicators:

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Non-current liabilities (including deferred tax and grants (deferred income))	59,375	56,165	60,034	56,824
Current liabilities	29,176	93,455	28,829	93,132
Liabilities	88,551	149,620	88,863	149,956
Equity	278,849	257,142	282,287	260,585
Debt* to equity ratio (%)	31.76	58.19	31.47	57.55

* Debt contains all non-current (including deferred income tax liability and grants (deferred revenues)) and current liabilities.

Market risk

External risk factors that make influence the Group's and the Company's main activity:

- Economical crisis,
- Increase of fuel prices,
- Unfavourable law and legal acts of Government and other institutions, decisions of local municipality,
- The politics of selling production prices,
- Inflation and common economical recession that reduces the income of heat consumers,
- The cycle of activity,
- Environmental requirements.

22. Commitments and contingencies

On 30 June 2003 the Investment agreement between the Company and KTE was signed. As KTE fails to fulfil obligations assumed with regard to the amount of investments in due time and according to this agreement KTE is committed to pay to the Company a fine of LTL 17,7 million of the amount of unimplemented investments, the parties initiated negotiations with the purpose of amending the investment agreement and the term of investments. As at 31 of December, 2009 an agreement acceptable to both parties regarding the amendment of the investment agreement was not reached. The dispute over the amount of LTL 17.7 million is being solved in the Arbitration Court at the Association International Chamber of Commerce – Lithuania. The decision adopted in these proceedings is described in Note 2.24.

23. 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 2011 and 2010 the Group and the Company did not have any significant transactions with the other companies controlled by Kaunas city municipality except for the purchases or sales of the utility services. The services provided to the Kaunas city municipality and the entities controlled by the Kaunas city municipality were executed at market prices.

In 2011 and 2010 the Group's and the Company's transactions with Jurbarkas city municipality, Kaunas city municipality and the entities, financed and controlled by Kaunas city municipality and the balances at the end of the year were as follows:

	Purchases	Sales	Receivables	Payables
2011 I half				
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	834	12,801	14,599	276
Jurbarkas city municipality		2		
2010				
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	974	30,383	20,231	185
Jurbarkas city municipality	4	2,168	716	-

In 2011 and 2010 the Company's transactions with the subsidiary and the balances at the end of the year were as follows:

	Purchases	Sales	Receivables	Payables
2011 I half				
"Pastatų priežiūros paslaugos" UAB	448	57	271	85
2010				
"Pastatų priežiūros paslaugos" UAB	1,247	133	308	80

Remuneration of the management and other payments

As at 30 June 2011 and 2010 the Group's and the Company's management team comprised 6 and 4 persons respectively.

	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Key management remuneration	291	450	233	350
	Group		Company	
	As of 30 June 2011	As of 31 December 2010	As of 30 June 2011	As of 31 December 2010
Calculated post-employment benefits	53	53	53	53

In 2011 and 2010 the management of the Group and the Company did not receive any loans or guarantees; no other payments or property transfers were made or accrued.

24. Post balance sheet events

On 3 of November 2010 the Company have placed a second claim to VCAC due to the adjudgement of additional forfeit in amount LTL 12,352 from KTE for inappropriate implementation of liabilities according to Investments agreement. Additional written explanations were presented to the court on 1 of July 2011. The next session of the court is appointed to the 22 of August 2011.

On 14 of July 2011 Kaunas City Council approved the corrected investment plan for the years 2008 – 2011 and investment plan for the years 2012 – 2015, according to which the investments to the Company's assets in amount of LTL 257,74 million are planned during the period of the years 2012 – 2015.

On 21 of July 2011 the Group and the Company signed an agreement on the financing and administration of the project "The modernisation of Dainava main of Kaunas integrated network (1T)" according to which the Company will be provided with financing from the European Regional Development Fund in amount of LTL 1,560 thousand after terms and conditions of the agreement will be fulfilled.

On 21 of July 2011 the Group and the Company signed an agreement on the financing and administration of the project "The modernisation of Aukštieji Šančiai main of Kaunas integrated network (2Ž)" according to which the Company will be provided with financing from the European Regional Development Fund in amount of LTL 1,618 thousand after terms and conditions of the agreement will be fulfilled.

On 21 of July 2011 the Group and the Company signed an agreement on the financing and administration of the project "The modernisation of Viljampolė main of Kaunas integrated network (9K)" according to which the Company will be provided with financing from the European Regional Development Fund in amount of LTL 595 thousand after terms and conditions of the agreement will be fulfilled.

On 21 of July 2011 the Group and the Company signed an agreement on the financing and administration of the project "The modernisation of Pramonės distr. main of Kaunas integrated network (1Ž)" according to which the Company will be provided with financing from the European Regional Development Fund in amount of LTL 2,000 thousand after terms and conditions of the agreement will be fulfilled.

**KAUNO ENERGIJA AB CONSOLIDATED INTERIM REPORT
FOR 6 MONTHS PERIOD OF THE YEAR 2011**



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1. Reporting period of the Consolidated Interim Report

Reporting period, for which the Consolidated Interim Report of Kauno Energija AB has been prepared, is the 6 months period, 2011.

2. Companies composing the group of companies and their contact data

Kauno Energija AB (hereinafter – the Company or the Issuer) prepares both the Company's and the consolidated financial statements. The group (hereinafter – the Group) consists of the Company and its subsidiary undertaking Pastatų Priežiūros Paslaugos UAB, in which the Issuer directly controls 100 % of shares.

The main data about the Company:

Name of the company:	Kauno Energija AB
Legal-organizational form:	Public company
Address:	Raudondvario rd. 84, 47179 Kaunas
Code of the legal person:	235014830
Telephone number:	(+370 37) 305 650
E mail:	info@kaunoenergija.lt
Webpage:	www.kaunoenergija.lt
Fax number:	(+370 37) 305 622
Registration date and place:	22 August 1997, Kaunas, Order No. 513
Register manager:	Kaunas Branch of State Enterprise Register Centre
VAT payer code:	LT350148314

The main data about the subsidiary:

Name of the company:	UAB Pastatų Priežiūros Paslaugos
Legal - organizational form:	Private company
Address:	Savanorių ave. 347, 49423 Kaunas
Telephone number:	(+370 37) 305 959
E-mail:	info@kaunoenergija.lt
Webpage:	www.p-p-p.lt
Fax number:	(+370 37) 311 877
Registration date and place:	1 July 2006, Kaunas
Code of the legal person:	300580563
Register manager:	Kaunas Branch of State Enterprise Register Centre
VAT payer code:	LT100002506015

3. The nature of core activities of the companies composing the group of companies

The nature of core activities of the Group – production and services. Kauno Energija AB is the parent Company of the Group. The Company produces and sells heat energy to consumers in Kaunas and Jurbarkas cities and in part of Kaunas administrative districts. In addition, in small quantities it produces electric energy in Kaunas city and Kaunas district. Since 1 May 2010 the Company supplies hot water (carry out hot domestic water supplier activities) for part of multifamily residential buildings in Kaunas and Jurbarkas cities and Kaunas region (in June 2011 the number of houses reached 143, including – 3 in Kaunas region and 5 in Jurbarkas). The Group and the Company carry out supervision of indoor heat and (or) hot water supply systems, maintenance of heating substation facilities, repairs of buildings and constructions, repairs of heating substations and other heating facilities, provides rental services of transport and premises,



and other services to individuals and legal entities in relation to the supervision and maintenance of heat economy. The Group and the Company are engaged in licensed activity in accordance with the licenses held.

4. The Issuer's agreements with finance broker companies and (or) credit institutions

On 1 April 2003 the Issuer signed Service Agreement with SEB Bankas AB (company code 11202123, Gedimino ave. 12, Vilnius), represented by the Finance Markets Department.

5. Trade in securities of companies composing the group of companies in regulated markets (the name of regulated market, the amount of securities in trade)

As at 31 December 2010, the Issuer's 20,031,977 ordinary registered shares (twenty million thirty one thousand nine hundred seventy seven) (VP ISIN code LT0000123010) with total nominal value equal to LTL 120,191,862 (one hundred and twenty million one hundred ninety one thousand eight hundred sixty two LTL) were included into NASDAQ OMX Vilnius Stock Exchange Baltic secondary trade list.

6. Objective overview of the state, performance and development of the group of companies, and description of exposure to key risks and uncertainties

Information on the Kauno Energija AB about heat distribution by the number of consumer groups and the significant market size, as well as information on the external risk factors, economic factors, political factors, social factors, the technical - technological factors, ecological factors, remained unchanged from the description of the information published in Kauno Energija AB the consolidated annual report prepared for the 2010.

Detailed information about the 2011, I half of the Company's heat sales income of the consolidated companies is presented in 2011 I half-yearly financial reports explanatory note 16, and information about the tangible and intangible asset acquisitions is presented in the cash flow statement of investment activity in the cash flow.

The bank loans repayment. The Company repays loans in the determined time. Detailed information is presented in Company's consolidated and the Company's financial statements for the 6 months period, 2011, Note 11 in the explanatory notes.

7. The analysis of financial and non-financial performance results of the group of companies, information related to environmental and personnel issues

The I half of 2011 financial performance comparison with the 2010 is presented in Table 1.

Table 1					
No.	Financial ratios	Company 2010	Group 2010	Company 2011 I half	Group 2011 I half
1	2	3	4	5	6
1.	Net profitability, % (net profit /sales and services)*100	1.2	1.4	12.3	12.2
2.	Return on tangible assets, % (net profit/average value of tangible assets)*100	1.2	1.3	6.7	6.8



1	2	3	4	5	6
3.	Debt ratio (liabilities / assets)	0.37	0.37	0.24	0.24
4.	Debt-to-equity ratio (liabilities / equity)	0.6	0.6	0.3	0.3
5.	General liquidity ratio (short-term assets / short-term liabilities)	0.93	0.93	1.53	1.52
6.	Asset turnover ratio (sales and services/ assets)	0.74	0.75	0.48	0.48
7.	EBITDA (earnings before interest, taxes, depreciation and amortization) LTL thousand	25,974	26,577	30,785	30,871
8.	Operating margin (operating profit/sales and services)*100	2.3	2.4	8.5	8.5
9.	Return on equity (ROE) % (net profit/average equity)*100	1.4	1.6	8,0	8,1
10.	Return on assets (ROA) % (net profit/ average assets)*100	0.9	1.1	5.6	5.6
11.	Quick ratio((short-term assets- inventory)/short-term liabilities)	0.88	0.88	1.35	1.34
12.	Cash ratio (cash in hand and at bank / short-term liabilities)	0.04	0.04	0.24	0.24
13.	Net earnings per share (net profit/average weighted number of shares in issue)	0.09	0.10	0.51	0.51
14.	Net profit, LTL thousand	3.737	4.167	21.702	21.707
15.	Assets, LTL thousand	410,541	406,762	371,150	367,400
16.	Equity, LTL thousand	260,585	257,142	282,287	278,849
17.	Equity per share, LTL	6.1	6.0	6.6	6.5
18.	Revenue from sales and services, LTL thousand	305,441	306,856	176,674	177,323
18.1.	Heat energy	302,602	302,546	173,890	173,859
18.2.	Electric energy	349	349	250	250
18.3.	Supervision of indoor heating and hot water supply systems, heating substation facilities	566	2,037	259	939
18.4.	Income from emission permits and maintenance of collectors	439	439	464	464
18.5.	Hot water supply	1,485	1,485	1,801	1,801
18.6.	Income from Emission Allowances trading	-	-	10	10
19.	P/E ratio (the last share market price of the year /(net profit/number of shares at year-end)	23.69	21.25	4.05	4.05
22.	Share capital, LTL thousand	256,392	25,392	256,392	256,392

The comparison of non-financial data for the year 2011 with the first half of 2010 is presented in Table 2.

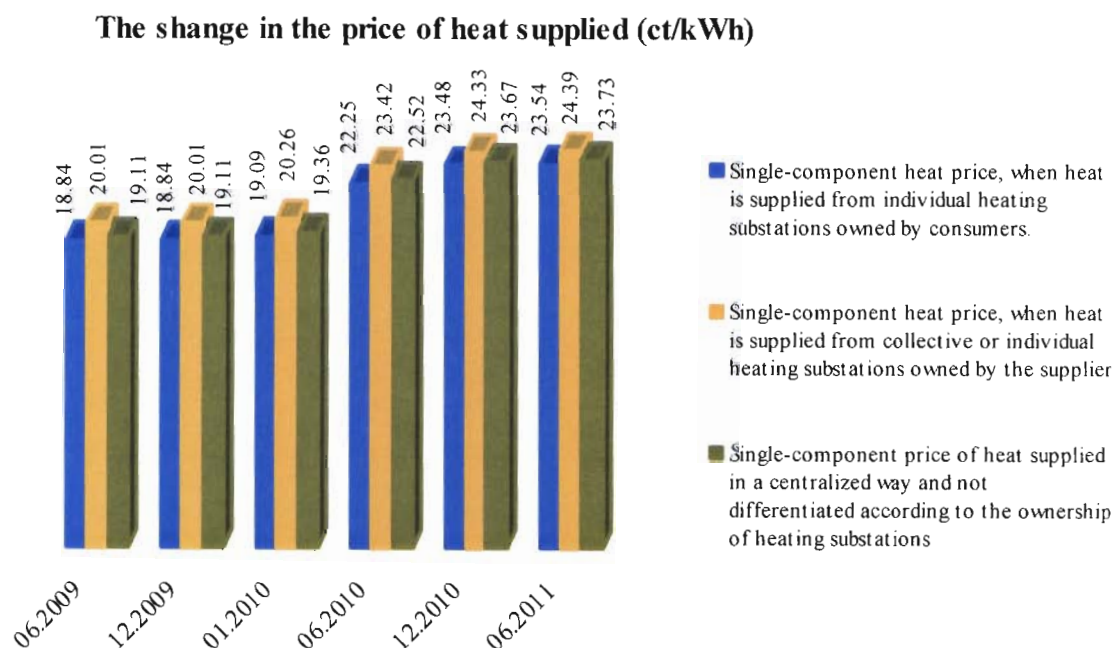


Table 2

No.	Non-financial indicators	Measure units	Company 2010	Group 2010	Company 2011 I half	Group 2011 I half
1.	Energy produced and purchased: from which supplied to the network	thousand MWh	1,698.0	1,698.0	915.3	915.3
1.1.	heat energy	thousand MWh	1,696.7	1,696.7	914.5	914.5
1.2.	electric energy	thousand MWh	1.3	1.3	0.834	0.834
2.	Energy sold	thousand MWh	1,383.2	1,382.9	750.5	750.37
2.1.	heat energy	thousand MWh	1,381.9	1,381.6	749.7	749.57
2.2.	electric energy	thousand MWh	1.3	1.3	0.834	0.834
3.	Heat supply networks reconstructed	m	6,030	6,030	2,69	2,69
4.	Heat supply networks newly constructed	m	2,470	2,470	540	540
5.	Maintenance of indoor heating and hot water supply systems (area maintained)	m2	235,796	870,780	213,323	838,415

The change in the prices of heat supplied by the Company during June 2009 to June 2011 is demonstrated in Chart 1.

Chart 1

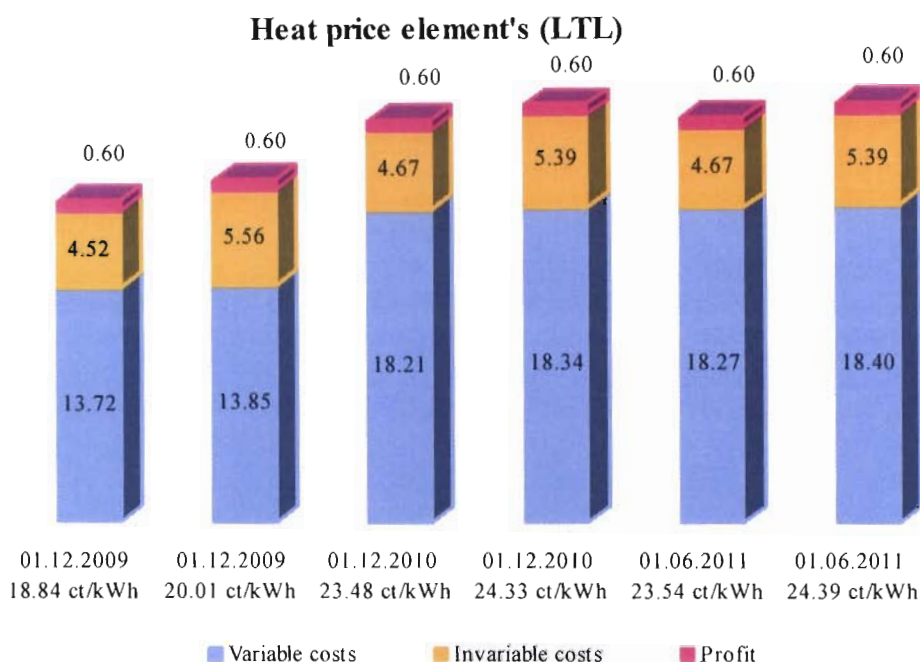


The Company's purchased average heat price in 2011 compared with 2010 decreased by 0.41 ct LTL (3.3 percent) and was 12.16 ct/kWh.

The elements of heat price sold during 2010 to 2011 with the first half are given in Chart 2.



Chart 2



With environmental and personnel matters related information remained unchanged from the information published in Kauno Energija AB consolidated annual report prepared for the 2010.

8. References to and additional explanations of data presented in the annual financial statements, and key features of internal control and risk management systems relating to the preparation of the consolidated financial statements

All main financial data are presented in the 6 months intermediate financial accountability and its explanation letter.

Information on the consolidated internal control remained unchanged from the information published in Kauno Energija AB consolidated annual report prepared for the 2010.

9. Significant events after the end of the financial year

In July, 2011 the Company signed four financing and administration agreements with Lithuanian Business Support Agency which provides financial 5.8 million LTL support from European Union Structural Funds in accordance with Economic Growth Operational Programme. In accordance with newly signed agreements the projects will be financed: reconstruction of the main heat supply network (1T) in Dainava district, the main heat supply network (2Ž) in Aukštieji Šančiai district, the main heat supply network (1Ž) in Industry district and heat supply network (9K) in Vilijampolė district from Inkaro boiler-house to Šilainiai District.

Other detailed information about the main events after the end of period are presented in paragraph 27 of this report and in the 24'th note of Consolidated and Company's I half of the year 2011 financial statements explanatory note.



10. Plans and forecasts of the activities of the group of companies

In their future activity plans, the Group and the Company intend to further increase the efficiency of activity and to improve consumer service. In 2011, there are plans to continue with the optimization and efficiency improvement of the Company's performance, carry out supervision of buildings heating and hot water supply systems, maintenance of heating substations and underground collectors - manifolds.

Investments create a strong potential for the sustained business development and profitability. The aim of the Group's and the Company's investment programme for the year 2011 is to further develop the Company's heat production, transmission and distribution through increase of heat supply reliability, expansion of maintenance services of engineering systems and improvement of services quality.

The major part of investments in 2011 is planned for the reconstruction and repair of heat supply networks, building of new networks. In 2010 the Company signed agreements on financial support from structural funds, and the following projects will be implemented during 2011: (i) Complex reconstruction of Kaunas main heat supply networks 6T (unique No.1998-4014-3019), located at Kuršių str. 49C, Jonavos str. between NA-7 and NA-9, and of the networks under the bridge over the Neris laid through the highway Vilnius–Klaipėda beside Kaunas, for the purpose of improving reliability by implementing modern technologies second stage. Amount of investments is LTL 1.298 million, the EU's Structural Funds financial support contracted for LTL 0.78 million; (ii) Reconstruction of Kaunas city integrated network Centre main (4T). The project value amounts to LTL 12.25 million, the EU's Structural Funds financial support contracted for LTL 5.98 million; (iii) Reconstruction of Kaunas city integrated network Žaliakalnis main (4Ž). The project value amounts to LTL 5.69 million, financial support expected from the EU's Structural Funds financial support contracted for LTL 2.78 million.

The implementation of investment plans in 2011 will involve: further modernisation of boiler-houses owned by the Company, by the way of making the production process automated and mounting condensing economizers; reconstruction of heat networks; replacement of heat meters; repairs of underground collectors and other important works. Besides it is planned to implement solar heating project - in amount of 50 thousand LTL. The implementation of these measures will allow to reduce heat production, transmission losses and to perform optimization of heat supply to the consumers.

There is prepared Partial investment plan and its financing sources of Kauno Energija AB for the period 2012-2015, implementing the National Renewable Energy Development Strategy action plan provisions, key objectives of the company and attitudes of National Energy Strategy related with heat sources and heat supply network security technical requirements, which guarantee the quality of heat supply to consumers. Kaunas city municipal council approved the projects "Installation of biofuel cogeneration power plants in Noreikiškės and Inkaras boiler houses", "Biomass burning boiler with up to 44 MW heat with 16 MW power steam turbine projection and reconstruction in Petrašiūnai Power Plant" and intended them in mentioned investment plan in amount 168,72 million LTL.

However, it is important to note that the large flow of investment funds targeting acquisition the heat using bio-fuels sources, could lead to ambiguous results (especially if investments are financed with borrowed funds) because there is a real possibility in future increases in demand for biofuel and rising prices. Otherwise it may cause fossil fuel prices growth scenarios. It is clear that the



increasingly expensive fossil fuels will increase the heat production costs (currently in the futures markets prices increase of crude oil and natural gas is observed), and at the same time increase the price for purchased heat. In order to maintain an optimal balance in planning and implementing investment projects the Group pays a great attention to political and market trend forecasting and analysis.

It is planned that the Group's quantity of heat sold to consumers in 2011 will be lower compared to 2010. The Group's revenue and expenses will be mostly affected by changes in fuel price and heat purchase price, since the heat price is recalculated every month as prescribed by relevant regulatory legislation. The Group's profit is expected to be in the same level as in 2010. However, such forecasts may be affected by changes in heat demand, i.e. consumption level, which depends mostly on the average outdoor temperature, the scope of investments by consumers into the renovation of the blocks of flats, heat saving and rational consumption, as well as the changes of economic situation in Lithuania.

11. Information on research and development activities of the group of companies

The information on Companies' group research and development activity has not changed since the information declared in Kauno Energija AB Consolidated annual report for the year 2010.

12. Information on own shares acquired and held by the Issuer

(number and nominal value of the patronized company shares, belonging to the company, it's daughter companies or by their assignment, but by their name acting persons)

The Company did not acquire its own shares. Daughter company also did not acquire the Company shares. The Company and it's daughter company during the reporting period did not buy or sell their shares.

13. Information on financial risk management aims, hedging instruments in use that are subject to hedging accounting, and the scope of exposure of the group of companies to price risk, credit risk, liquidity risk and cash flow risk, provided the group of companies uses financial instruments and it is important for the assessment of assets, equity, liabilities, financial position and performance results of the group of companies

All information on this subject is presented by the consolidated companies in 2011 I half-yearly financial reports for Explanatory Memorandum 21 notes.

14. Information on the Issuer's branch office and subsidiary undertakings

By the decision of the Company's Board, the Company's branch office Jurbarko Šilumos Tinklai was established and registered on 9 September 1997 at address: V. Kudirkos str. 11, 74138 Jurbarkas. Heat produced in the branch of the Company is sold to the consumers in Jurbarkas city.

On 17 October 2007 Lietuvos Dujos AB implemented the provisions of the Agreement signed in 2006 by Lietuvos Dujos AB, Jurbarkas district municipality and the Company for the Performance of Gas-fitting Works in Jurbarkas City, and the adaptation of boiler-house of the Company's branch office Jurbarko Šilumos Tinklai for burning natural gas was finished, which enabled to improve heat production and supply reliability. The Company avoided the need to burn heavy fuel oil with



high content of sulphur at the same time avoiding emission of pollutants in excess of permitted emission levels. In 2009 the construction of condensing economizer was completed in the boiler-house of the Company's branch office Jurbarko Šilumos Tinklai.

As at 30 June 2011, the Company's subsidiary had 35 employees.

On 1 July 2006, the Company's subsidiary undertaking Pastatų Priežiūros Paslaugos UAB was registered at address: Savanorių ave. 347, 49423 Kaunas, company code 300580563. Its authorised share capital amounts to LTL 6,518,000 and it is divided into 65,180 ordinary registered shares of LTL 100 per value each. Company owns 65,180 ordinary registered shares of Pastatų Priežiūros Paslaugos UAB.

The Company's subsidiary Pastatų Priežiūros Paslaugos UAB has no shareholdings directly or indirectly managed in other companies.

The subsidiary Pastatų Priežiūros Paslaugos UAB is engaged in the following activities: maintenance of indoor heating and (or) hot water supply systems and facilities of heating substations, repairs of buildings and constructions, repairs of heating substations and other heating facilities, provision of transport services, rent of premises.

As at 30 June 2011, the Company's subsidiary had 63 employees.

15. Structure of authorised share capital

On 30 June 2011 the registered authorized capital is LTL 256,391,862 (Two hundred and fifty six million three hundred and one thousand eight hundred sixty-two litas).

The Issuer's share capital structure by type of shares is presented in Table 3.

Table 3

Type of shares	Number of shares, units	Par value, LTL	Total nominal value, LTL	Ownership interest of municipalities, %	Ownership interest of individual shareholders, %
Ordinary registered shares	42.731.977	6	256,391,862	98.33	1.67
Total:	42.731.977	6	256,391,862	98.33	1.67

16. Data on shares issued by the Issuer

On 26 March 2010 the registered authorized capital is LTL 256,391,862 (Two hundred and fifty six million three hundred and one thousand eight hundred sixty-two litas) and is divided into 42,731,977 (forty-two million seven hundred thirty one thousand nine hundred and seventy seven) ordinary registered shares of LTL 6 nominal value.

No restrictions exist in respect of transfer of securities.

16.1. The main characteristics of shares issued for public traded securities (30 June 2011).

Securities registration NO. A01031430
VP ISIN code LT0000123010



Number of shares	20,031,977 ordinary registered shares
Nominal value	LTL 6
Total nominal value of shares	LTL 120,191,862

16.2. The main characteristics of shares distributed and registered for circulation privately (30 June 2011).

VP ISIN code	LT0000128407
Number of shares	22,700,000 PVA
Nominal value	LTL 6
Total nominal value of shares	LTL 136,200,000

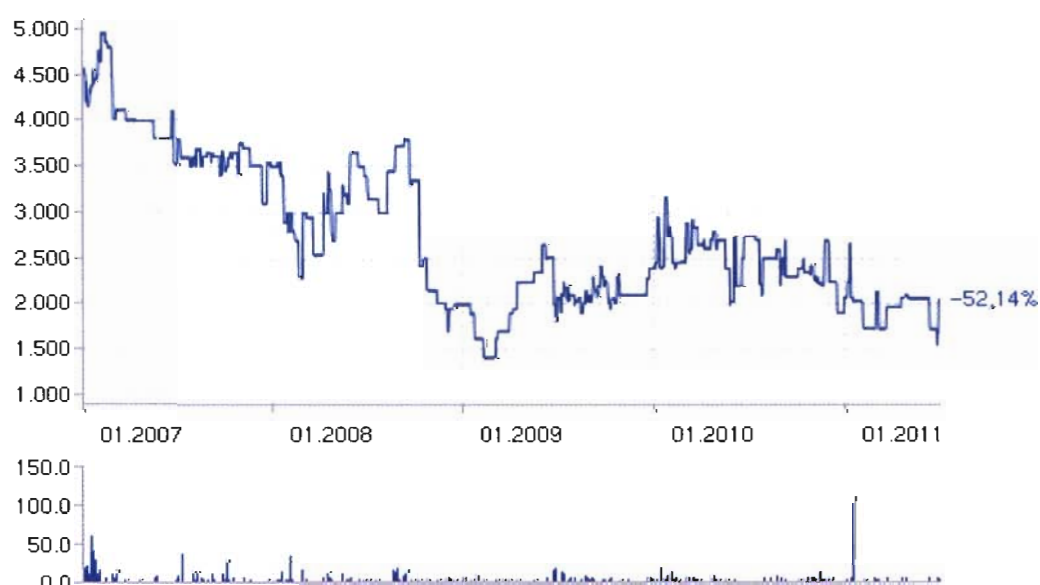
Trading history of the Company's securities is presented in Table 4.

Table 4

Trading history data	2007	2008	2009	2010	2011
Open (LTL/EU)	4.58/1.327	3.50/1.014	2.00/0.579	2.45/0.710	2.072/0.600
Highest (LTL/EU)	4.95/1.434	3.80/1.101	2.65/0.768	3.18/0.921	2.659/0.770
Lowest (LTL/EU)	3.10/0.898	1.70/0.492	1.41/0.408	1.903/0.551	1.554/0.450
Last (LTL/EU)	3.50/1.014	2.00/0.579	2.40/0.695	2.072/0.600	2.058/0.596
Traded , units	138,163	82,775	92,418	77,729	78,061
Turnover (LTL/EU million)	0.55/0.16	0.26/0.08	0.19/0.05	0.2/0.06	0.16/0.05
Capitalization (LTL/EU million)	66.39/19.23	37.94/10.90	102.28/29.62	41.5/12.02	41.22/11.94

Historical data on share prices and turnovers during 2007 to 2011 is illustrated in Chart 3.

Chart 3



Comparison of Kauno Energija AB share price with OMX Vilnius index in the sector



Chart 4

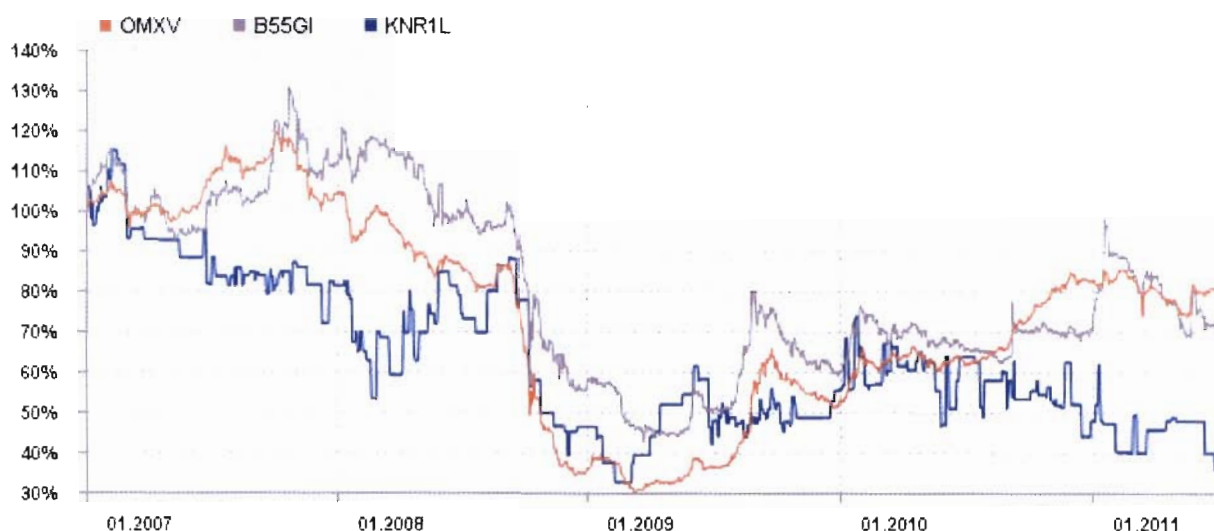


Chart 4 data:

Indeksas/Akcijos	01.01.2007	30.06.2011	+/-%
OMX Vilnius	492.65	396.35	-19.55 ↓
OMX Baltic Utilities GI	1,014.75	717.18	-29.32 ↓
KNR1L	1.25 EUR	0.60 EUR	-52.14 ↓

17. Information on the Issuer's shareholders

As of 30 June 2011, the total number of shareholders of Kauno Energija AB was 381

The Issuer's shareholders, whose ownership interest as at 30 June 2011 exceeded 5 % of the Company's authorized share capital (42,731,977 ordinary registered shares) registered on 26 March 2010, are listed in Table 5 with additional data illustrated in Chart 3.

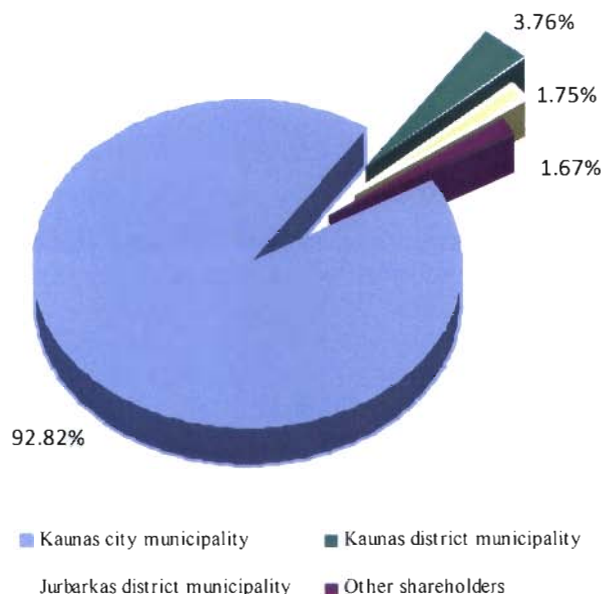
Table 5

Full name of shareholder (company name, type, registered address, code)	Number of ordinary registered shares owned by the shareholder, units	Ownership interest, %	Share of votes attributed to the shares owned, %	The share of votes owned by shareholders and jointly acting persons, %
Kaunas city municipality Laisvės Ave. 96, 44251 Kaunas Company code 111106319	39,665,892	92.82	92.82	—
Other minority shareholders	3,066,085	7.18	7.18	—
Total	42,731,977	100	100	—



Chart 5

Shareholders structure as at 30 June 2011



17.1. The shareholders, whose ownership interest as 30 June 2011 exceeded 5 % of the Company's shares (20,031,977 ordinary registered shares) issued for public trading (registration No. A01031430; VP ISIN code – LT0000123010), are listed in Table 6.

Table 6

Name	Type of shares	Number of shares, units	Total nominal value of shares, LTL	Portion of shares (%) as a percentage of shares issued for public trading	Ownership interest (%)
Kaunas city municipality Laisvės 96, 3000 Kaunas Company code 111106319	Ordinary registered shares	16,965,892	101,795,352	84.69	39.70
Kaunas district municipality Savanorių Ave. 371, 49500 Kaunas Company code 111100622	Ordinary registered shares	1,606,168	9,637,008	8.02	3.76
Other minority shareholders	Ordinary registered shares	1,459,917	8,759,502	7.29	3.42

17.2. The shareholders, whose ownership interest as 30 June 2011 exceeded 5 % of the Company's shares (22 700 000 ordinary registered shares) issued for non-public trading (VP ISIN code – LT0000128407), are listed in Table 7.

Table 7

Name	Type of shares	Number of shares, units	Total nominal value of shares, LTL	Portion of shares (%) as a percentage of shares issued for public trading	Ownership interest (%)
Kaunas city municipality Laisvės Ave. 96, 44251 Kaunas Company code 111106319	Ordinary registered shares	22,700,000	136,200,000	100	53.12



None of the Issuer's shareholders have any special control rights. Rights of all shareholders are equal, and they are defined in Article 4 of the Lithuanian Law on Companies. The number of shares, which grant votes during the general meeting of shareholders of the Company, is 42,731,977.

The Company is not aware of any restrictions on voting rights or any other arrangements among the shareholders that could result in restriction of transfer of securities and (or) voting rights.

The Company is not aware of the restrictions on voting rights and of any agreements between shareholders which may restrict the transfer of securities and (or) voting rights.

In 2010 Issuer's shareholders received dividends. Earnings per share (dividend rate) – 0.084 LTL, total dividends – 3,589,486 LTL (three million five hundred eighty nine thousand four hundred eighty six LTL).

18. Employees

As of 30 June 2011, the Group had 649 employees. The change in the number of employees during 2011 is illustrated in Table 8.

Table 8

The actual number of employees	Company 31 12 2010	Group 31 12 2010	Company 30 06 2011	Group 30 06 2011
Total:	582	647	586	649
managers	4	6	4	6
specialists	300	323	302	324
workers	278	318	280	319

In 2010 Company's administrative structure approved by the Company's Board in 2009 and the list of positions was specified. In this structure new departments which will carry out the hot water meter installation and maintenance works are foreseen.

The level of education of the Group's and the Company's employees as at the end of the period

Table 9

No.	Education level	Company 31 12 2010	Group 31 12 2010	Company 30 06 2011	Group 30 06 2011
1	Secondary (unfinished)	10	12	8	12
2	Secondary	229	264	222	257
3	Post-secondary	93	97	95	5
4	Higher	250	269	261	280
	Total:	582	642	586	649

Average relative number of employees and average monthly salary (without deducting taxes, at the end of period)



Table 10

No.	Employees	Company	Group
1.	Average relative number of managers	4	6
1.1.	Average monthly salary of managers	7,420.7	6,326.7
2.	Average relative number of specialists	286	304,8
2.1.	Average monthly salary of specialists	2,689.6	2,642.2
3.	Average relative number of workers	263	298,6
3.1.	Average monthly salary of workers	1,912.8	1,868.1

The salaries of the Issuer's employees consist of invariable part, variable part, extra pays and bonuses paid in accordance with the provisions of the Lithuanian Labour Code and other laws. Bonuses are paid from net profit, provided the general shareholders meeting decides to allot a part of profit for the payment of bonuses to the Company's employees. Until 2010 the general shareholders meeting has not allotted any part of profit for the payment of bonuses to the Issuer's employees.

Special rights and duties of employees of the Issuer or their part are set forth in collective employment agreement.

Based on the collective employment agreement currently effective in the Company:

1. For continuous record of service in the Company employees are granted with additional paid vacations:
 - for 5 years of service - 1 calendar day;
 - for 6 to 10 years of service - 2 calendar days;
 - for over 10 years of service - 3 calendar days;
 - for each subsequent 5 years of service - 1 calendar day;
 - Record of service is treated as continuous (in which case additional paid vacation days are granted at the Company), provided the employees used to work for the Lithuanian energy system companies and were transferred to work for the Company on the basis of mutual agreement of employers, i.e. when transfer was carried out in accordance with the Lithuanian Labour Code and the Lithuanian Law on Employment Agreement in effect.
2. The Company's employees have a right to receive additional paid vacation days in the following cases:
 - establishment of family relations (marriage) - 3 calendar days;
 - death of a close person (one of the parents or one of the spouse's parents, spouse, brother, sister, daughter, son or lawful foster-child) - 3 calendar days;
 - childbirth by wife - 1 calendar day;
 - marriage of the employee's daughter, son or lawful foster-child - 3 calendar days.
3. Employer's obligations:
 - to ensure conditions for preventive medical examination of employees and, if necessary, for rehabilitation treatment, to provide free-of-charge services at the health centre of the Company;
 - in case of death of employee, to pay allowance equal to two last month's average monthly salaries at the Company or its branch office, to provide with free-of-charge transport or to cover transportation expenses. The allowance is to be paid to the person who was responsible for the burial;



- in case of death of employee's close person (father, mother, husband or wife), to pay allowance equal to one last month's average monthly salary at the Company or its branch office, to provide with free-of-charge transport or to cover transportation expenses;
- in case of birth of one or more children, to pay allowance equal to 25 per cent of last month's average monthly salary at the Company or its branch office for each child;
- in case of marriage, to pay allowance equal to 25 per cent of last month's average monthly salary at the Company or its branch office;
- for employees who raise three or more children under 16 years of age, widowers (widows) or single parents who raise one or more children under 19 years of age (provided they attend secondary school) and under 21 years of age (provided they are full-time students at post-secondary or higher education institutions), and for employees who take care of other family members with heavy or medium level of disability or work capacity lower than 55 % and family members who reached retirement age and in respect of whom high or average level of special needs was established in accordance with relative laws, once a year to pay allowance equal to 50 per cent of last month's average monthly salary at the Company or its branch office as at the date, on which the request for such allowance was submitted;
- for employees who reached 50 and 60 years of age with continuous record of service at the Company more than 20 years and good performance of duties, based on the order of top manager to award with monetary gift equal to 50 per cent of last month's average salary at the Company or its branch office;
- on the occasions of celebrating the Day of Energy Specialists in Lithuania or the Company's operation anniversaries, the employees who are honored and worthy to be praised receive a monetary gift of LTL 500;
- in all other cases when material support is required (in case of damages incurred as a result of natural disasters or other reasons that are beyond the employee's control), to pay allowance up to LTL 2,000 based on mutual agreement of authorized representatives who signed the Collective Employment Agreement;
- in case of serious illness of employee or a heavy accident, to pay allowance equal to up to 5 last month's average monthly salaries at the Company or its branch office, based on mutual agreement of authorised representatives who signed the Collective Employment Agreement.

19. Procedure for amending the Issuer's Articles of Association

Articles of Association of Kauno Energija AB provide for that the general meeting of shareholders of the Company has an exceptional right to make amendments to the Company's Articles of Association with exceptions set forth in the Lithuanian Law on Companies. When making a decision in relation to amendment of Articles of Association, the majority of 2/3 of votes of all the shareholders participating in general meeting of shareholders is required.

On 26 October 2010 Extraordinary General Meeting of Shareholders decided to change Company's statute evaluating the changes in legislation. On 11 November 2010 it was registered in Lithuanian Register of Legal Persons. It available to the Company's website at: www.kaunoenergija.lt.

20. Issuer's bodies

According to the Company's Articles of Association, the Company's managerial bodies are as follows: General Meeting of Shareholders, collegiate supervisory body – Supervisory Board, collegiate managerial body – Management Board and one-man managerial body – General Manager.



The decisions of the general meeting of shareholders made in relation to issues that fall within the competence of the general meeting of shareholders as set forth in the Articles of Association, are binding upon the shareholders, Supervisory Board, Management Board and General Manager, as well as upon other employees of the Company.

Individuals, who at the end of the reporting day of the general meeting of shareholders were the Company's shareholders, have the right to participate and vote at the General Meeting of Shareholders or at the repeatedly held General Meeting of Shareholders in person, with the exceptions set forth in relevant laws, or their authorized persons, or persons with whom the agreement on transfer of voting right was signed. The reporting day of the Company's meeting is considered to be the fifth business day before the General Meeting of Shareholders or the fifth business day before the repeatedly held General Meeting of Shareholders. The person participating at the general meeting of shareholders and having the right to vote is required to provide a document testifying his/her identity. The person, who is not the shareholder, beside the document testifying his/her identity is required to provide the document confirming his/her right to vote at the general meeting of shareholders.

The collegiate supervisory body – the Supervisory Board - is elected by the General Meeting of Shareholders in compliance with the procedure set forth in the Lithuanian Law on Companies. The Supervisory Board consists of 7 (seven) Supervisory Board members. The Supervisory Board members are elected for the period of 4 (four) years. The Supervisory Board elects the Chairman of the Supervisory Board from its members. The General Meeting of Shareholders has the right to recall the entire Supervisory Board or its individual members prior to the expiry of their term of office. If the individual members of the Supervisory Board are elected, they are elected only for the current Supervisory Board's term of office.

The Supervisory Board elects and recalls from their duties the members of the Management Board, supervises the activity of the Management Board and the General Manager, presents to the General Meeting of Shareholders various opinions and suggestions on the Company's activity strategy, annual financial statements, profit (loss) distribution project and the Company's annual report, also on the activity of the Management Board and General Manager, provides suggestions to the Management Board and the General Manager to recall their decisions which contradict with the laws and other legal acts, the Company's Articles of Association or decisions of the General Meeting of Shareholders, decides on other issues relating to supervision of activities of the Company and its managerial bodies that are attributed by the General Meeting of Shareholders to the competence of the Supervisory Board. The Supervisory Board has no right to delegate or transfer its functions set forth in the Lithuanian Law on Companies to other bodies of the Company.

The Supervisory Board approves the rules for the establishment and operation of the audit committee, and elects the members of this committee. Based on the decision of the collegiate supervisory body (the Supervisory Board) dated 31 March 2009, the rules for the establishment and operation of the audit committee of Kauno Energija AB were approved and the following audit committee members were elected: Mrs. Daiva – Birutė Ramanauskienė, Delta Tours UAB chief financier, Mrs. Loreta Miliauskienė, head of the company's Economy and Planning Unit, Mrs. Nijolė Sakalauskienė, Kauno energija AB senior economist of the Economy Group). On 13 April 2010 The Board of Supervisors elected a new audit committee members - Valerija Stankūnienė, Deputy Chief Accountant of Kauno Energija AB and Edita Gudišauskienė, then Kaunas City Mayor adviser, member of the Board of Supervisors of Kauno Energija AB instead of Kauno Energija AB audit committee members Loreta Miliauskienė and Nijolė Sakalauskienė. The Board of Supervisors of Kauno Energija AB stated that elected members of audit committee start their job on 14 April



2010. On 16 June 2010 a resignation of audit committee member Daiva Birutė Ramanauskienė was adopted by the decision of the Supervisory Board of Kauno Energija AB. In 2010 the Audit Committee met three times. The audit committee carries out the functions set forth in Article 52 of the Lithuanian Law on Audit.

The Management Board is a collegiate managerial body of the Company, which consists of 7 Management Board members. The Management Board is elected by the Supervisory Board for the term of 4 (four) years. The Supervisory Board has the right to recall the entire Management Board or its individual members prior to the expiry of its term of office. If the individual members are elected, they are elected only for the current Management Board's term of office. The Management Board elects the Chairman of the Board from its members.

The Management Board elects and recalls the General Manager of the Company, determines his/her salary, other employment terms and conditions, confirms his/her job description, motivates or assigns penalties, meets other the decisions related with LR Law on Companies, the Company's statutes or the shareholders meeting decisions, with the competence of the Board.

The General Manager is the manager of the Company. The manager of the Company is a one-man managerial body of the Company who organises the Company's activity. The authority and responsibilities of the Company's administration members are determined by the order of the General Manager.

21. Members of the collegiate bodies, the company's manager, chief financier

(job position, full name, data on ownership interest in the issuer's authorised share capital and the beginning and end dates of the term of office of every person, information about cash amounts estimated, assets transferred and guarantees issued to these persons by the issuer during the reporting period in total, and average amounts per each member of the collegiate body, manager of the company, and chief financier)

21.1. Data about the members of the Company's Supervisory Board:

As at 29 April 2011, the members of the Company's Supervisory Board were as follows:

Full name	Job position	Beginning of the term of office	End of the term of office
Mr. Jonas Koryzna	Supervisory Board chairman	30 July 2007	29 April 2011
Mrs. Jadžė Bartašienė	Supervisory Board member	30 July 2007	29 April 2011
Mr. Stasys Žirgulis	Supervisory Board member	30 July 2007	29 April 2011
Mr. Gediminas Žukauskas	Supervisory Board member	30 July 2007	29 April 2011
Mrs. Edita Gudišauskienė	Supervisory Board member	28 April 2009	29 April 2011
Mr. Arvydas Padegimas	Supervisory Board member	28 April 2009	29 April 2011
Mr. Vytautas Vasilenko	Supervisory Board member	26 October 2010	29 April 2011



Mr. Jonas Koryzna. Doctor of Engineering. Member of Kaunas City Municipality Council. Member of City Economy and Energy Committee, Chairman of Privatisation Commission. Chairman of the Company's Supervisory Board. Vice-president of Kaunas Chamber of Commerce, Industry and Crafts, Member of Kaunas Rotary Club. Mr. Koryzna has no shares of the Company. As at 31 December 2010, he had 70 shares with voting rights in Baltijos Paslaugų Brokeris UAB, and 70 shares with



voting rights in RINKA PLIUS UAB. These shareholdings in the above-mentioned companies represent 70 per cent of their share capital and votes.

Mrs. Jadzė Bartašienė. J. Urbšys Secondary School teacher-expert in physics, independent expert under the Ministry of Education and Science, Member of the Council of Kaunas City Schools. Mrs. Bartašienė has no shares of the Company and she has no ownership interests in other companies.



Mrs. Edita Gudišauskienė. Director of Administration of Kaunas City Municipality, Member of the Management Board of Kauno Laisvosios Ekonominės Zonos Valdymas, Chairman of Kaunas City Non-governmental Organisations Support Council, Member of the Management Board of Lampėdžių Community Centre. Mrs. Gudišauskienė has no shares of the Company, nor any ownership interest in other companies.

Mr. Arvydas Padegimas. Member of Kaunas City Municipality Council, Member of City Economic and Energy Committee, the Standing Member of the counting of votes Commission, odontologist at Garliava PSPC UAB Maksvilė. Mr. Padegimas has no shares of the Company, nor any ownership interest in other companies.



Mr. Stasys Žirgulis. Member of Kaunas City Municipality Council, Chairman of the Commission for Conception of Names and Commemoration, Member of the Committee, for Development of Culture, community and municipality, Teacher at Vilnius Art Academy, Kaunas Faculty, Member of the Lithuanian Association of Artists, Member of the Lithuanian Artist Union. Mr. Žirgulis has no shares of the Company, nor any ownership interest in other companies.

Mr. Gediminas Žukauskas. Member of Kaunas City Municipality Council, Chairman of the Committee of City Economy and Energy, Member of Privatisation Commission, Chief-engineer at Kauno Vandenys UAB, Chairman of Panemunė Community Center. Mr. Žukauskas has no shares of the Company, nor any ownership interest in other companies.



Mr. Vytautas Vasilenko. Member of Kaunas City Municipality Council, Deputy Director of Kaunas football school "Tauras", Member of Education, Sport and Ecology Community, Member of Non-motor vehicle Commission, Member of Traffic Safety Commission. Mr. Vasilenko has no shares of the Company, nor any ownership interest in other companies.

The positions of Supervisory Board, which cadence expired on 29 April, 2011, members positions are indicated as of 30 March, 2011.



By decision of Company's shareholder's general meeting on 29 April, 2011 new members of Supervisory Board was elected:

Full name	Job position	Beginning of the term of office	End of the term of office
Mr. Rytis Šatkauskas	Supervisory Board chairman	29 April 2011	30 April 2015
Mrs. Ona Balžekienė	Supervisory Board member	29 April 2011	30 April 2015
Mr. Stasys Buškevičius	Supervisory Board member	29 April 2011	30 April 2015
Mrs. Orinta Lieputė	Supervisory Board member	29 April 2011	30 April 2015
Mr. Kęstutis Mikėnas	Supervisory Board Deputy Chairman	29 April 2011	30 April 2015
Mr. Visvaldas Matijošaitis	Supervisory Board member	29 April 2011	30 April 2015
Mr. Artūras Orlauskas	Supervisory Board member	29 April 2011	30 April 2015



Mr. Rytis Šatkauskas. UAB „Sabelijos prekyba“, Director of Development Department. Member of Kaunas City Municipality Council. Chairman of the Committee of City Economy.

Mr. Rytis Šatkauskas has no shares of the Company. As of 30 June, 2011 he is shareholder of Sabelijos prekyba UAB.

Ms Ona Balžekienė. Prime Minister adviser for Kaunas Region Development, Chairman of Kaunas Region Development Council, Member of Kaunas City Municipality Council, Chairman of the Committee of City development, investment and tourism and Member of Control Committee, Member of Board of Kaunas Free Economic Zone Management Company, Deputy Chairman of the Liberals Movement of the Republic of Lithuania.

Ms Balžekienė has no shares of the Company, nor any ownership interest in other companies.



Mr. Stasys Buškevičius. Public institution Automobilių stovėjimo aikštelės, Supervisor. Member of Kaunas City Municipality Council, Chairman of Kaunas City Municipality Council Committee of Titles and Ideas, Member of Budget and Finance Committee, Member of Control Committee, Member of Anti-corruption Committee, Member of Vote Counting Committee, Member of Ethics Committee, Member of Kaunas Lithuanian Self-defense Association Board.

Mr. Buškevičius has no shares of the Company, nor any ownership interest in other companies.

Ms Orinta Lieputė. Assistant-secretary of the Lithuanian Parliamentary Ms. B. Vėsaitė, Assistant at the Lithuanian Academy of Physical Education, Member of Kaunas City Municipality Council, Chairman of Kaunas City Municipality Council Privatisation Commission and Deputy Chairman of Culture, Communities and Self-Government Development Committee, Member of the Lithuanian Society of Young Researchers, Lithuanian Union of Social Democratic Party - Member of the Council and Presidium, Chairman in Kaunas division, Deputy Chairman of Lithuanian Union of Social Democratic Women, Member of Kaunas Club of Women Politicians MILDA (Initiative by women to improve democracy in Lithuania), Member of the Board of Society *Lietuvos Sakaliukų Sąjunga* (children and youth organisation).

Ms Lieputė has no shares of the Company, nor any ownership interest in other companies.





Mr. Kęstutis Mikėnas. Member of Kaunas City Municipality Council, Deputy Chairman of Kaunas City Municipality Council City Economy Committee, Member of Vote Counting Committee, Member of Council Proceeding Regulation and Procedure Commission, Member Court Decision Control Commission.

Mr. Mikėnas has no shares of the Company, nor any ownership interest in other companies.

Mr. Visvaldas Matijošaitis, Vičiūnai UAB, Director, Vičiūnai ir Ko, Commerce consultant, Plungės kooperatinė prekyba UAB, Commerce consultant, Member of Kaunas City Municipality Council, Member of Kaunas City Municipality Council Anti-corruption Committee, Member of City Economy Committee, Member of Control Committee, Member of Boards of public organizations Vieningas Kaunas, Vieningas Vilnius, Vieninga Lietuva, Association Žalgirio Fondas, President, Vice-president of Board of Lithuanian Industrialist Confederation's Lithuanian Economical and Trade Cooperation with Russian Federation, Member of Board of Mentor Lietuva Association, Member of Directors Board of VICHUUNAI EUROPE, NV, Member of Board of Kauno saulėtekis UAB, Member of Board of VICHUUNAI BALTIC, OU, Chairman of Board of Vičiūnai ir partneriai UAB, Member of Board of PALJASSAARE KALATOOSTUS AS, Member of Board of VICI logistika UAB, Member of Board of Pabirys UAB, Member of Council of VICHUUNAI NORDIC, OU, Chairman of Board of Plungės kooperatinė prekyba UAB.



Mr. Matijošaitis has no shares of the Company. As of 30 June, 2011 Mr. Matijošaitis has VICHUUNAI EUROPE N.V. shares, Vičiūnai UAB shares, Vičiūnai ir Ko UAB shares, Graveda UAB shares, Plungės kooperatinė prekyba UAB shares, VIČIŪNŲ RESTORANŲ GRUPĖ, UAB shares, VICI Investments UAB shares, Kauno saulėtekis UAB shares.



Mr. Artūras Orlauskas. Public institution Socialinių projektų studija, Director. Member of Kaunas City Municipality Council, Chairman of Kaunas City Municipality Council Social, Health and Family Matters Committee, Deputy Chairman of Anti-corruption Committee, Member of Council Proceeding Regulation and Procedure Commission, Chairman of Board of Charity Foundation Vilties sala, President of Lithuanian water-polo Federation.

Mr. Orlauskas has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to the members of the Supervisory Board.

21.2. Data about the members of the Company's Management Board

As at 29 April 2011, the members of the Company's Management Board were as follows:

Full name	Job position	Beginning of the term of office	End of the term of office
Mr. Vytautas Mikaila	Management Board chairman	3 December 2008	29 April 2011
Mr. Ramūnas Gatautis	Management Board member	27 November 2007	29 April 2011
Mr. Algirdas Vaitiekūnas	Management Board Deputy Chairman	30 April 2004	29 April 2011
Mr. Vyktintas Šuksteris	Management Board member	27 November 2007	29 April 2011
Mr. Eugenijus Ušpuris	Management Board member	27 November 2007	29 April 2011
Mr. Juozas Marcalis	Management Board member	21 December 2007	29 April 2011
Mr. Kęstutis Miškinis	Management Board member	31 March 2009	29 April 2011



Mr. Vytautas Mikaila. Doctor of Engineering. MVE Group UAB. To 13 May 2011 Head of the Company's Development and Analysis Division. Mr. Mikaila has no shares of the Company, however, he has 55 % of shares in MVE Group UAB. During the reporting period, remuneration amounting to LTL 19 thousand (salary) was estimated to the member of the Management Board, however, no bonuses were estimated, nor any assets were transferred or guarantees issued



Mr. Ramūnas Gatautis. Kaunas City Municipality Administration, Deputy Director. Lithuanian Energy Institute, Laboratory of Energy Systems Research, Doctor of Engineering. Member of International Association of Energy Economists. Member of Management Board at Būsto Valda UAB and Panemunės Butų Ūkis. Mr. Gatautis has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to this member of the Management Board.

Mr. Algirdas Vaitiekūnas. Kaunas City Municipality Administration, City's Economy Department, head of Energy Division. Deputy Chairman of the Management Board of the Company. Mr. Vaitiekūnas has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to this member of the Management Board.



Mr. Vykintas Šuksteris. AF – Terma UAB, Director; Doctor of Engineering; Member of International Association for Energy Economists; Member of the Lithuanian Thermotechnical Engineer's Society; President of the Lithuanian Association of Energy Consultants. Mr. Šuksteris has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to this member of the Management Board.

Mr. Eugenijus Ušpuras. Lithuanian Energy Institute, Director. Kaunas University of Technology, Thermal and Nuclear Energy Department, professor; Lithuanian Academy of Sciences, Associate Member. Mr. Ušpuras has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to this member of the Management Board.



Mr. Kęstutis Miškinis. Senior specialist in Energetic branch of the Department of City property of Kaunas city municipality. Mr. Miškinis has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to this member of the Management Board.

Mr. Gedvydas Celiešius. Kaunas Region Municipality. Head of Ežerėlis village. Mr. Celiešius has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued to this member of the Management Board.



Full name	Job position	Beginning of the term of office	End of the term of office
Mr. Arvydas Augonis	Management Board chairman	3 May 2011	29 April 2011
Mr. Rimantas Bakas	Management Board member	3 May 2011	29 April 2011
Mr. Gintaras Čizikas	Management Board member	3 May 2011	29 April 2011
Mr. Ramūnas Gatautis	Management Board Deputy Chairman	3 May 2011	29 April 2011
Mr. Andrius Stankevičius	Management Board member	3 May 2011	29 April 2011
Mr. Mindaugas Šimkus	Management Board member	3 May 2011	29 April 2011
Mr. Zita Zalagėnaitė	Management Board member	3 May 2011	29 April 2011



Mr. Arvydas Augonis. Head of Development and Analysis Department in Kauno energija AB since 16 May, 2011. Deputy Chairman of Liberal and Centre Union Kaunas Branch, Member of public organization Vieningas Kaunas, President of Lithuanian Arvydas club.

Mr. Augonis has no shares of the Company, nor any ownership interest in other companies.

Mr. Rimantas Bakas. Doctor of Engineering. General Manager of Kauno Energija AB. Member of Lithuanian heating technique engineers association, Member of Board of Kaunas Regional Energy Agency, Member of Lithuanian District Heating Association Board, Member of Lithuanian Energy Institute's the Scientific Board, the Chairman of Master's qualification commission in Kaunas University of Technology Thermal and Nuclear Engineering department, the expert approved by World's Energy Council the PET Committee of Lithuania. Mr. Bakas has no shares of the Company, or ownership interest in of other companies.



During the 6 month of the year 2011 earnings before-tax amounted 123 thousand LTL., no bonus were estimated, nor any assets were transferred or guarantees issued.



Mr. Gintaras Čizikas. Lithuanian Labour Federation, Chairman of Kaunas County Department.

Mr. Čizikas has no shares of the Company, or ownership interest in of other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued.



Mr. Ramūnas Gatautis. Kaunas City Municipality Administration, Deputy Director. Lithuanian Energy Institute, Laboratory of Energy Systems Research, Doctor of Engineering. Member of International Association of Energy Economists. Member of Būsto Valda UAB Management Boards.

Mr. Gatautis has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued.



Mr. Andrius Stankevičius. Kaunas City Municipality Administration, Deputy Director. Member of the Board of Labour party, Chairman of Sports, Tourism and Recreation Committee. Since 9 June, 2011 Member of Board of Pastatų priežiūros paslaugos UAB and Kauno vandenys UAB.

Mr. Stankevičius has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued.

Mr. Mindaugas Šimkus. Plungės kooperatinė prekyba UAB (Vičiūnai group), Head of Department of Economics. Since 9 June, 2011 Chairman of Board of Pastatų priežiūros paslaugos UAB.

Mr. Šimkus has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued.



Ms Zita Zalagėnaitė. Kapitalinis turtas UAB, Director. Kaunas County football Support Foundation, Director.

Ms. Zalagėnaitė has no shares of the Company, nor any ownership interest in other companies.

During the reporting period, no remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued.

21.3. Data about the Company's manager and chief accountant

Mr. Rimantas Bakas. General Manager of the Company since 24 November 2008, Doctor of Engineering. Member of Lithuania heating technique engineers association, Member of Board of Kaunas Regional Energy Agency, Member of Lithuanian District Heating Association Board, Member of Lithuanian Energy Institute's the Scientific Board, the Chairman of Master's qualification commission in Kaunas University of Technology Thermal and Nuclear Engineering department, the expert approved by World's Energy Council the PET Committee of Lithuania. Till 9 March 2011 Member of Board or JSC „Pastatų priežiūros paslaugos“. Education: higher, university degree, graduated from Kaunas University of Technology in 1985, industry heat energy engineer. Work record during the last 10 years and job positions held: from October 2001 to February 2003, Lithuanian Bioenergetics and Energy Saving Association, vice-president and executive director; from 3 January 2001 to 21 November 2008, Head of Strategy Department at the Company. He has no shares of the Company, or ownership interest in of other companies



Mrs. Violeta Staškūnienė. Chief Financier of the Company since 27 July 2000, and chief accountant since 16 January 2003. Education: higher, university degree, graduated from Vilnius University in 1984, work economy, acquired the profession of economist. Work record during the last 10 years and job positions held: Chief Accountant of the Company's branch office Kauno Energijos Paslaugos (22 June 1998); special purpose public company Kauno Energija, Deputy Chief Financier (10 January 2000); Itvizija UAB, chief accountant (from 1998 to April 2004); Energijos Realizacijos Centras UAB, chief accountant (from January 2003 to June 2004). She holds 2,641 units of the Company's shares, which make less than 5% of the authorised share capital. She has no ownership interest in other companies.

As per I half 2011 a total sum of LTL 172 thousand was accounted for General manager of The Company's and for the Chief Accountant. An average sum accounted for the members is LTL 86 thousand And there was no transfers of any asset made or any guarantees provided.

22. All significant agreements, where the Issuer is one of the contractual parties, which would come into force, would be subject to amendments or termination in case of changes in controls of the Issuer, also their impact, except for those cases, when due to the nature of agreements, the disclosure of such agreements would cause significant damages to the Issuer

None.

23. All agreements of the Issuer and its managerial body members or employees, which provide for compensation in case of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in controls of the Issuer

None.

24. Information about larger related agreements of the sides

There have been no major separate agreements. The detailed information is presented in Item consolidated companies in 2011 I half-yearly financial reports for explanatory paragraph 23.

25. Important events, which have been during first six months of financial year and their influence on intermediate financial accountability, also information about main risks and unexpectedness to coming six month of financial year.

All main financial data are presented in the 6 months intermediate financial accountability and it's explanatory letter.

26. Information on the observance of the Governance code of the companies

Essentially AB "Kauno energija" follows the guidance management code of listed companies approved by the company Nasdaq OMX Vilnius stock exchange.

27. Data on publicly declared information

To comply with the obligation set forth in the applicable legislation regulating the market of securities, the Issuer during the last 6 months declared in public the following information through OMX news publication system, which is used to report announcements all over the European Union. This information was also placed on the Issuer's website. All information is available on



Vilnius Stock Exchange website at address <http://www.baltic.omxgroup.com/?id=3304>, and the Issuer's website at address: <http://www.kel.lt/lt/?id=348>.

Heading of announcement	Category of announcement	Language	Time
The activity results of the per I half, 2011	Notification on material event	En, Lt	28.07.2011 - 16:43
Information on the election of Kauno Energija AB management bodies	Notification on material event	En, Lt	03.05.2011 - 18:28
Activity results of the first quarter, 2011	Interim information	En, Lt	29.04.2011 - 16:31
Financial statements with the annual report	Annual information	En, Lt	29.04.2011 - 16:14
Activity results of the first quarter, 2011 and the decisions of the general shareholders meeting	Notification on material event	En, Lt	29.04.2011 - 16:00
General meeting of Kauno Energija AB shareholders and decisions' projects	Notification on material event	En, Lt	06.04.2011 - 17:21
The activity audited result of the year 2010	Notification on material event	En, Lt	06.04.2011 - 14:40
Due to the final decision of Lithuanian Supreme Court	Other information	En, Lt	14.03.2011 - 17:22
An intermediate unaudited financial statement of 12 months of the year 2010	Interim information	En, Lt	28.02.2011 - 16:36
Kauno Energija AB 2012 - 2015 year partial investment plan and its financing sources	Notification on material event	En, Lt	25.02.2011 - 13:32
The activity result of the 12 months, 2010	Notification on material event	En, Lt	24.01.2011 - 16:12
Prognoses for activity of the Kauno Energija AB at the 2010 year	Notification on material event	En, Lt	20.01.2011 - 10:41

Kauno Energija AB General Manager

Rimantas Bakas

