

**AKCINĖ BENDROVĖ
LIETUVOS ELEKTRINĖ**

code 110870933, Elektrinės g. 21, Elektrėnai LT-26108, Lithuania, tel. +370-528-39533, fax. +370-528-39733

To: Lithuanian Securities Commission

20 August, 2008

CONFIRMATION OF THE MANAGEMENT

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Drawing Up and Submission of Periodic and Additional Information approved by the Lithuanian Securities Commission, we, General Director of AB Lietuvos elektrine Pranas Noreika and Chief Financier Rolandas Jankauskas, hereby confirm that to the best of our knowledge this Interim Report of AB Lietuvos elektrinė for the first half-year of 2008 contains correct business development and activity survey.

INCLOSURE: AB Lietuvos elektrinė Interim Report for the first half-year of 2008 (9 pages).

Director General

Pranas Noreika

Chief Financier

Rolandas Jankauskas

PUBLIC COMPANY LIETUVOS ELEKTRINĖ

Interim Report for the first half-year of 2008

CONTENTS

1. Reporting period covered by this Interim Report	3
2. Main data about the issuer	3
3. Type of the issuer's principal activities	3
4. Agreements with intermediaries of public trading in securities	3
5. Composition of the authorised capital.	3
5.1. <i>Composition of the authorised capital of AB Lietuvos elektrinė.</i>	3
5.2. <i>Rights and Duties of Shareholders</i>	3
6. Shareholders	4
7. Trading in the issuer's securities on the VSE and other organized markets	4
8. Staff	5
9. The procedure for the amending the Statutes of the issuer.....	6
10. Members of the managing bodies	6
11. Issuer's activity review.....	7
12. Material events in the issuer's activities.....	8
13. Transactions with relates parties	9

1. Reporting period covered by this Interim Report

Report has been drawn up for the first half-year 2008.

2. Main data about the issuer

Name of the Company	Public Company (AB) Lietuvos Elektrinė
Code	110870933
Office address	Elektrinės St. 21, LT- 26108, Elektrėnai, Lithuania
Telephone	(+370~528) 39 066
Fax	(+370~528) 39 733
E-mail address	info@lelektrine.lt
Internet website	www.lelektrine.lt
Authorized capital	LTL 145 800 689, divided into 145 800 689 ordinary registered shares of LTL 1 nominal value
Legal form	public company
Date and place of registration	31 December 2001; Ministry of Economy of the Republic of Lithuania
Register, in which data about the Company are stored	Register of Legal Entities

3. Type of the issuer's principal activities

AB Lietuvos Elektrinė operates in the energy sector. The Company produces and sells electricity and thermal energy.

4. Agreements with intermediaries of public trading in securities

AB Lietuvos elektrinė has signed an agreement with the financial brokerage firm AB "Finasta" (Konstitucijos St. 23, Vilnius; tel. (+370~5) 278 68 33) concerning management of securities accounting and payment of dividends to the shareholders for the financial years 2002-2007.

5. Composition of the authorised capital.

5.1. Composition of the authorised capital of AB Lietuvos elektrinė.

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Portion in the authorised capital, %
Ordinary registered shares	145 800 689	1	145 800 689	100.00

All shares of AB Lietuvos elektrinė are fully paid up. There have been any restrictions of the disposing of shares.

5.2. Rights and Duties of Shareholders

The Shareholders of the Company shall have the following property rights:

- 1) to receive a part of the Company's profit (dividends);
- 2) to receive a part of assets of the Company in liquidation;
- 3) to receive the company funds if the statutory capital is reduced to pay the company funds to the shareholders;
- 4) to receive shares without payment if the statutory capital is increased out of the company funds;

- 5) to have the pre-emption right in acquiring shares or convertible debentures issued by the company, except in cases when the General Meeting decides to withdraw the pre-emption right in acquiring the company's newly issued shares or convertible debentures for all the shareholders;
- 6) to sell or transfer all or a portion of shares into the ownership of other persons according to the procedure laid down in the legal acts of the Republic of Lithuania;
- 7) to lend to the company in the manner prescribed by law; however, when borrowing of its shareholders, the company may not pledge its assets to the shareholders;
- 8) other property rights established by the laws and the Statutes of the company.

Shareholders shall have the following non-property rights:

- 1) to attend the General Meetings and to vote according to voting rights carried by their shares;
- 2) to receive the information on the company specified in the Law of the Republic of Lithuania on Companies;
- 3) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed the laws and the Statutes of the company as well as in other cases laid down by laws;
- 4) other non-property rights established by the laws and the Statutes of the company.

The shareholders shall have no property obligations to the company save for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

If the General Meeting takes the decision to cover the losses of the company from additional contributions made by the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

6. Shareholders

Total number of shareholders on 30 June, 2008: 4 547.

Shareholders who held title to more than 5 percent of the issuer's authorized capital or votes on 30 June, 2008.

Name of the shareholder (type, address of registered office and code of the enterprise)	Number of ordinary registered shares the shareholder holds by the right of ownership, units	Portion of the authorised capital, %	Portion of the votes, %
The state, represented by the Ministry of Economy of the Republic of Lithuania 38/2 Gedimino St., Vilnius 188621919	140 552 224	96.40	96.40

There have been any shareholders with the special rights of control.

There have been any restrictions of shareholder's right to vote.

The agreements between the shareholders that may restrict the disposal of securities and (or) the right to vote is not yet known.

7. Trading in the issuer's securities on the VSE and other organized markets

All ordinary registered shares of AB Lietuvos Elektrinė are on the Current List of the Vilnius Stock Exchange (hereinafter – VSE) (admitted to the List on 1 February 2002).

Main characteristics of the shares of AB Lietuvos Elektrinė.

Type of shares	ISIN code	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000126351	145 800 689	1	145 800 689

Trading in the Company's shares

Reporting period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	Highest	Lowest	Last session	Highest	Lowest	Last session		Units	LTL
2008, 1 st quarter	7.15	5.50	6.21	122 134	0	0	2008-03-31	49 020	293 964
2008, 2 nd quarter	7.10	5.10	6.80	109 452	0	27 320	2008-06-30	88 286	598 412



Fig. 7.1. Trading in the Company's shares (3 years)

Capitalization of ordinary registered shares of AB Lietuvos Elektrinė

Date of the last session	Capitalization (LTL)
31.03.2008	905 422 279
30.06.2008	991 444 685

8. Staff

Table 8.1. Number of employees

	2005	2006	2007	2008, 1 st H
Number of employees	744	706	673	652
Managers	3	3	3	3
Specialists	203	194	215	217
Workers	538	509	455	432

Table 8.2. Average monthly wages by employee groups

	Average wages 2005, LTL	Average wages 2006, LTL	Average wages 2007, LTL	Average wages 2008, 1 st H, LTL
Managers	11 907	14 342	16 919	20 161
Specialists	2 487	2 941	3 676	4 562
Workers	1 939	2 382	2 836	3 437
Total	2 137	2 592	3 179	3 597

Table 8.3. Breakdown of the staff by education

Number of employees with:	2005	2006	2007	2008, 1st H
Higher education	174	171	163	162
Vocational education	163	151	146	141
Secondary school education	346	316	299	290
Unfinished secondary school education	38	45	65	59

9. Procedure for amendment of the Issuer's Statutes

To amend the Statutes of the Company may only the General Meeting by a qualified majority vote that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting. The General Meeting decision to amend the Statutes of the company shall be adopted according to the procedure laid down in Article 27 or 30 of the Law of Republic of Lithuania on Companies.

10. Members of the managing bodies

The Company is managed through the general shareholders' meeting; it has a single person managing body, Director General, a collegial supervisory body, the Supervisory Board, and a collegial managing body, the Board.

The Company's General Meeting elects the Supervisory Board of 5 members for a term of four years. The Supervisory Board elects and removes from office members of the Board. The Company's Board consists of 5 members. The Board elects and removes from office the Company's Director General, sets its salary and other terms of the Employment Contract, approves job descriptions, gives incentives and imposes penalties.

More detailed information about the order of composing the Supervisory Board and the Board, the obligations, responsibility and work regulations is provided in the Activity Report of AB "Lietuvos Elektrinė" in the notice about compliance with the Corporate Governance Code of the companies listed on the Vilnius Stock Exchange (Annex 1. Auditor's report on the financial statements for 2006).

Table 10.1. Members of the Company's Supervisory Board, the Board and the Administration

Name, surname	Share of the capital/ votes held, %
THE SUPERVISORY BOARD	
Artūras Dainius, Chairman	-
Marija Siniavska	-
Nijolė Bujauskienė	-
Saulius Spėčius	-
Janina Butkevičienė	-
THE BOARD	
Pranas Noreika, Chairman	0.004
Arvydas Galinis	-
Domininkas Pečiulis	-
Rolandas Jankauskas	-
Vida Dzermeikienė	-
ADMINISTRATION	
Pranas Noreika, Director General	0.004
Rolandas Jankauskas, Chief Financier	-

Table 10.2. Data about the beginning and end of the term of office of the Company's Supervisory Board and the Board

Name, surname	Beginning of the term of office	End of the term of office
Artūras Dainius	06.11.2006	2010
Marija Siniavska	06.11.2006	2010
Nijolė Bujauskienė	06.11.2006	2010
Saulius Spėčius	06.11.2006	2010
Janina Butkevičienė	26.04.2007	2010
Pranas Noreika	06.11.2006	2010
Arvydas Galinis	06.11.2006	2010
Domininkas Pečiulis	06.11.2006	2010
Rolandas Jankauskas	06.11.2006	2010
Vida Dzermeikienė	06.11.2006	2010

Table 10.3. Information about payments and loans extended to members of the managing bodies

	Salaries, LTL	Tantiemes (for the year 2007), LTL	Other payments from profit, LTL
Members of the Supervisory Board	-	-	-
Members of the Board	-	65 533	-
Administration (3 persons)	373 922	-	-
Each member of the Administration (average)	124 641	-	-

No loans were granted, guarantees and warranties given to members of the Supervisory Board, the Board and the Administration of AB Lietuvos Elektrinė during 1st H 2008.

11. Issuer's activity review

AB Lietuvos Elektrinė produces and sells electricity and thermal energy.

Table 11.1. General sales volume in kind

	2005	2006	2007	2008, 1 st H
Electricity sold, thousand kWh	972 110	885 062	868 182	310 120
Thermal energy produced, Gcal	150 024	148 904	126 764	98 096
Cold capacity reserve, MWh	4 852 150	7 167 158	8 478 836	4 762 172
Warm capacity reserve, MWh	470 226	472 148	673 546	349 840

Table 11.2. General sales volume in terms of value

	2005		2006		2007		2008, 1 st H	
	LTL thousand	%	LTL thousand	%	LTL thousand	%	LTL thousand	%
Electricity	118 347	58.31	119 796	62.80	170 189	64.90	101 688	64.44
Thermal energy	8 498	4.19	9 056	4.75	10 128	3.86	7 806	4.95
Cold capacity reserve	69 589	34.29	53 939	28.28	73 939	28.20	43 613	27.64
Warm capacity reserve	6 524	3.21	7 972	4.18	7 972	3.04	4 699	2.98
Total	202 958	100.00	190 762	100.00	262 228	100.00	157 807	100.00

Table 11.4. Financial indicators characterizing the issuer's activity

Indicator	2008, 1 st H	2007	2006
Profit before taxes, LTL	(2 804 843)	42 467 779	31 173 600
Net annual profit, LTL	(1 440 793)	33 916 710	25 007 221
EBITDA, LTL	11 479 454	69 865 507	58 093 421
Assets, LTL	1 682 063 043	1 569 500 120	1 410 906 882
Equity, LTL	986 023 532	980 406 862	946 490 152
Grants and subsidies, LTL	345 074 484	270 244 320	206 953 596
Liabilities, LTL	350 965 027	318 848 937	257 463 134

Number of shares, LTL	145 800 689	145 800689	145 800 689
Dividend (for the previous reporting period)	2 000 000	-	4 983 508
Gross profit margin, %	3.3	6.6	(13.7)
Operating profit margin, %	(1.4)	16.7	16.8
Net profit margin, %	(0.9)	12.9	13.1
EBITDA margin, %	7.3	26.6	30.5
ROA, %	(0.1)	2.2	1.8
ROE, %	(0.1)	3.5	2.6
Debt ratio	0.2	0.2	0.2
Debt/Equity ratio	0.4	0.3	0.3
Asset turnover	0.1	0.2	0.1
Current ratio	1.7	1.9	1.4
Quick ratio	1.4	1.6	1.0
Book value per share, LTL	6.8	6.7	6.5
Net profit per share, LTL	0.0	0.2	0.2
Dividend per share (for the previous period), LTL	0.0	0.0	0.0
Dividend / net profit (for the previous period), LTL	(1.4)	0.0	0.2
Last price, LTL	6.80	6.10	4.49
Highest price (for the reporting period), LTL	7.15	7.38	4.54
Lowest price (for the reporting period), LTL	5.10	4.00	2.80
Turnover, LTL	892 375	2 573 148	3 133 886
Capitalisation, LTL	991 444 685	889 384 203	654 645 094

12. Important event during the reporting period

The following material events that occur during the first six month of 2008:

- The meeting of the Board held on 15 March 2007 approved the Corporate Action Plan for 2007 and the Instructions for the purchase of the audit services.
- The General Meeting of Shareholders of Lietuvos elektrinė AB held on 21 April 2008. The General Meeting decisions are:

1. Approval of the Company's annual financial statements.

Resolution: To approve Companies financial statements for the year 2007.

2. Approval of profit (loss) distribution.

Resolution: To approve the appropriation of profit of the year 2007 as follows:

- I. The unappropriated profit/loss of the preceding year at the end of the accounting financial year - LTL 0 (EUR 0).
- II. The net profit/loss of the financial year - LTL 33916710 (EUR 9822958).
- III. The profit/loss of the accounting financial year not recognised in the profit/loss account - LTL 0 (EUR 0).
- IV. The transfers from the reserves - LTL 47967855 (EUR 13892451).
- V. The shareholders contributions to cover the losses of the company - LTL 0 (EUR 0).
- VI. Total profit/loss available for appropriation - LTL 81884565 (EUR 23715409).
- VII. Distribution:
 - VII.1. the share of profit allocated to the legal reserve - LTL 4094228 (EUR 1185770);
 - VII.2. the share of profit of a public limited liability company allocated to the reserve for acquiring own shares - LTL 0 (EUR 0);
 - VII.3. the share of profit allocated to other reserves - LTL 72735337 (EUR 21065610);
 - VII.3. the share of profit for the payment of dividends - LTL 2000000 (EUR 579240);
 - VII.4. the share of profit for the payment of annual bonuses to Board and Supervisory Board members, payment of incentives to workers and other allocations:
 - support - LTL 500000 (EUR 144810);
 - bonuses of employees and other purpose - LTL 2500000 (EUR 724050);
 - annual bonuses to Board members - LTL 55000 (EUR 15929).
- VIII. The unappropriated profit/loss at the end of the financial year - LTL 0 (EUR 0).

3. Mortgage the Company's assets.

Resolution: Securing loan amounted to EUR 81400000 repayment and the satisfaction of other liabilities under the credit agreement signed on 12 December, 2007, to pledge to AB bankas "Hansabankas", AB SEB bankas, Nordea Bank Finland Plc, AB DnB NORD bankas and AB Sampo bankas all assets (the plots

of land, the buildings and other property, plant and equipment) containing the financing project (the construction of a combined cycle turbo generator of 400 MW capacity), also all current and future funds of AB Lietuvos elektrine in the Bank's accounts.

4. Election of the firm of auditor.

Resolution: To elect Deloitte Lietuva UAB to conduct audit of financial statements of Lietuvos elektrine AB for 2008 and 2009, and to approve the price for the services for 2008 - LTL 66000 (without VAT), and for 2009 - LTL 70000 (without VAT).

- Not audited Company activity result of the accounting period - I quarter period, 2008 (31 March, 2008) according to the International accounting standards is loss (before taxes) LTL 3.72 million (EUR 1.08 million) (at the first quarter of 2007 - profit (before taxes) LTL 28.80 million (EUR 8.34 million)). Income from the sales of the Company per 3 months period, 2008 - LTL 81.74 million (EUR 23.67 million). The income for the first quarter of 2007 amounted to LTL 91.04 million (EUR 26.37 million).

13. Transactions with relates parties

Transaction whit state-controlled enterprises were concluded in first half-year 2008 under the same terms as with other unrelates parties.

Table 13.1. Transactions concluded with the state-owned enterprises and balances as of 30 June 2008, LTL

State-controlled enterprises	Accounts payable	Accounts receivable	Revenue	Costs
AB „Lietuvos energija“	974 050	30 214 608	150 023 220	1 393 944
UAB „Elektrėnų komunalinis ūkis“	79 811	205 299	2 709 373	508 094
VĮ Lietuvos naftos produk. agentūra	-	-	674 068	-
VŠĮ Abromiškių reabilitacinė ligoninė	9 668	8 236	130 393	67 123
AB Rytų skirstomieji tinklų Vilniaus fil.	4 512	-	-	50 855
Total	1 068 041	30 428 143	153 517 054	2 020 016

Pranas Noreika, General Director

Rolandas Jankauskas, Chief Financier

**AKCINĖ BENDROVĖ
LIETUVOS ELEKTRINĖ**

code 110870933, Elektrinės St. 21, Elektrėnai LT-26108, Lithuania, tel. (+370)528-39533, fax. (+370)528-39733

To: Lithuanian Securities Commission

20 August, 2008

CONFIRMATION OF THE MANAGEMENT

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Drawing Up and Submission of Periodic and Additional Information approved by the Lithuanian Securities Commission, we, General Director of AB Lietuvos elektrine Pranas Noreika and Chief Financier Rolandas Jankauskas, hereby confirm that to the best of our knowledge this Interim Financial Statement for the six months ended 30 June 2008 is made in accordance with International Financial Reporting Standards, gives a true and fair view of the financial position, property, liability, profit of the Company.

INCLOSURE: AB Lietuvos elektrinė Interim Financial Statements for the six months ended 30 June 2008 (14 pages)

Director General

Pranas Noreika

Chief Financier

Rolandas Jankauskas

PUBLIC COMPANY LIETUVOS ELEKTRINĖ
Interim Financial Statements for the first half-year of 2008

CONTENTS

BALANCE SHEET	3
INCOME STATEMENT	4
CASH FLOWS STATEMENT	5
STATEMENT OF CHANGES IN EQUITY	6
NOTES TO THE FINANCIAL STATEMENTS	7

BALANCE SHEET

	Notes	30-06-2008 (LTL)	31-12-2007 (LTL)
ASSETS			
Non-current assets:			
Non-current tangible assets	3	1 437 858 279	1 395 642 451
Intangible assets	4	64 685 889	8 317 388
Non-current accounts receivable		1 010 037	1 095 762
Deferred taxes		243 736	243 736
Total non-current assets		1 503 797 941	1 405 299 337
Current assets:			
Inventories		25 029 280	21 749 315
Accounts receivable and prepayments		35 430 791	26 998 989
Cash and cash equivalents		117 805 030	115 452 479
Total current assets		178 265 101	164 200 783
TOTAL ASSETS		1 682 063 043	1 569 500 120
EQUITY AND LIABILITIES			
Equity:			
Share capital		145 800 689	145 800 689
Revaluation reserve		657 291 814	664 668 688
Legal reserve		13 709 665	9 615 437
Other reserves		151 636 625	78 437 483
Revaluation reserve of unused CO2 emission rights	5	9 057 463	-
Retained earnings		8 527 277	81 844 565
Total equity		986 023 532	980 406 862
Grants and subsidies	6	345 074 484	270 244 320
Non-current liabilities:			
Bank loans	7	125 957 989	113 106 432
Deferred profit tax		117 884 118	119 248 168
Total non-current liabilities		243 842 107	232 354 601
Current liabilities:			
Trade and other debts payable	8	103 564 167	80 032 810
Labour related liabilities		3 558 752	2 477 506
Current year profit tax		-	3 702 598
Pollution quota liabilities	5	-	274 726
Financial lease liabilities		-	6 696
Total current assets		107 122 920	86 494 337
TOTAL EQUITIES AND LIABILITIES		1 682 063 043	1 569 500 120

Pranas Noreika
Director General

Rolandas Jankauskas
Chief Financier

AB LIETUVOS ELEKTRINĖ

Financial statements, first half-year of 2008

INCOME STATEMENT

	Notes	6 months period ended 30 June 2008 (LTL)	6 months period ended 30 June 2007 (LTL)	3 months period ended 30 June 2008 (LTL)	3 months period ended 30 June 2007 (LTL)
Income from sales	9, 11	157 806 561	114 888 067	76 646 671	45 497 280
Costs of sales	10, 11	(152 528 043)	(102 529 475)	(70 421 104)	(43 652 905)
Gross profit (loss)		5 278 518	12 358 591	6 225 566	1 844 375
Operating costs	12	(8 523 837)	(9 564 611)	(5 788 259)	(6 374 116)
Other operating income	13	1 346 738	41 767 354	765 722	20 118 772
Other operating costs	13	(943 218)	(666 234)	(480 261)	(343 766)
Interest income		709 794	530 821	368 043	347 505
Operating profit (loss)		(2 132 006)	44 425 922	1 090 812	15 592 770
Financing costs	14	(361 057)	(7 281)	(178 481)	(3 579)
Effect of change in the currency exchange rate		(311 780)	293 217	5 042	325 663
Profit (loss) before taxes		(2 804 843)	44 711 857	917 373	15 914 854
Profit tax expenses		1 364 050	(6 677 569)	684 542	(2 099 523)
NET PROFIT (LOSS)		(1 440 793)	38 034 288	1 601 914	13 815 331
Profit (loss) per share		(0.01)	0.26	0.01	0.09

Pranas Noreika
Director GeneralRolandas Jankauskas
Chief Financier

CASH FLOWS STATEMENT

	30-06-2008 (LTL)	30-06-2007 (LTL)
OPERATING ACTIVITIES		
Cash receipt from customers	181 018 503	163 161 522
Other income	11 945	19 321 973
Cash paid to supplier and employees	(153 900 317)	(123 612 245)
Other payments	(3 850 179)	(5 622 396)
Cash generated from operations	23 279 951	53 248 853
Income tax paid	(3 821 818)	(1 969 706)
Interest paid	(361 057)	(2 122)
Net cash from operating activities	19 097 077	51 277 026
INVESTING ACTIVITIES		
Acquisition of plant, property and equipment	(43 316 734)	(39 440 242)
Repayment of loans granted	85 725	75 258
Interest received	709 794	530 821
Term deposits	-	(37 098 482)
Net cash used in investing activities	(42 521 216)	(75 932 644)
FINANCING ACTIVITIES		
Proceeds from borrowings	21 851 556	40 514 544
Repayment of borrowings	(6 696)	(19 452)
Dividends paid	(1 988 170)	-
Grants received	14 920 000	-
Net cash from financial activities	25 776 690	40 495 092
Effect of foreign exchange rate changes	-	-
Net increase (decrease) in cash and cash equivalents	2 352 551	15 839 474
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	115 452 479	61 383 567
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	117 805 030	77 223 041

Pranas Noreika
Director General

Rolandas Jankauskas
Chief Financier

AB LIETUVOS ELEKTRINĖ

Financial statements, first half-year of 2008

STATEMENT OF CHANGES IN EQUITY

	Paid up authorised capital (LTL)	Revaluation reserve of non-current tangible assets (LTL)	Legal reserve (LTL)	Other reserves (LTL)	Revaluation reserve of unused CO2 rights	Retained earnings (LTL)	TOTAL (LTL)
Balance of 31 December 2006	145 800 689	678 996 602	8 363 997	57 736 702	-	55 592 163	946 490 152
Net profit (loss) of the period (30 June 2007)	-	-	-	-	-	38 034 288	38 034 288
Used reserves	-	-	-	(3 046 598)	-	3 046 598	-
Formed legal reserve	-	-	1 251 440	-	-	(1 251 440)	-
Formed other reserves	-	-	-	23 755 781	-	(23 755 781)	-
Decrease in the revaluation reserve due to depreciation or writing off of the revaluated assets	-	(7 122 973)	-	-	-	7 122 973	-
Balance of 30 June 2007	145 800 689	671 873 628	9 615 437	78 445 885	-	78 788 801	984 524 440
Net profit (loss) of the reporting period (31 December 2007)	-	-	-	-	-	(4 117 578)	(4 117 578)
Used reserve	-	-	-	(8 402)	-	8 402	-
Decrease in the revaluation reserve due to depreciation and writing off of the revaluated assets	-	(7 204 940)	-	-	-	7 204 940	-
Balance as of 31 December 2007	145 800 689	664 668 688	9 615 437	78 437 483	-	81 884 565	980 406 862
Net profit (loss) of the reporting period (30 June 2008)	-	-	-	-	-	(1 440 793)	(1 440 793)
Dividends	-	-	-	-	-	(2 000 000)	(2 000 000)
Used reserves	-	-	-	(2 591 195)	-	2 591 195	-
Formed legal reserve	-	-	4 094 228	-	-	(4 094 228)	-
Formed other reserves	-	-	-	75 790 337	-	(75 790 337)	-
Increase in revaluation reserve of unused CO2 rights	-	-	-	-	9 057 463	-	9 057 463
Decrease in the revaluation reserve due to depreciation or writing off of the revaluated assets	-	(7 376 874)	-	-	-	7 376 874	-
Balance as of 30 June 2008	145 800 689	657 291 814	13 709 665	151 636 625	9 057 463	8 527 277	986 023 532

Pranas Noreika
Director GeneralRolandas Janauskas
Chief Financier

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Acting in accordance with the Law on Reorganization of the Public Special-Purpose Company "Lietuvos Energija" No VIII – 1693 of 18 May 2000, "Lietuvos Energija" underwent reorganization by way of company splitting, i.e. a portion of assets, rights and obligations was separated from "Lietuvos Energija" and new companies were established on that basis, including public company "Lietuvos elektrinė", public company "Mažeikių Elektrinė", public company "Rytų Skirstomieji Tinklai" and public company "Vakarų Skirstomieji Tinklai".

The public company "Lietuvos elektrinė" was registered with the Ministry of Economy on 31 December 2001 in accordance with the Law on Register of Enterprises of the Republic of Lithuania:

- Company registration No. – BĮ 01-249;
- Company code – 110870933;
- VAT payer's code – LT108709314;
- Policyholder registration in the Social Insurance Fund–No. 853488;
- Registered office: Elektrinės St. 21, Elektrėnai, Republic of Lithuania;
- The authorized capital of the Company is LTL 145 800 689;
- The company aims to ensure reliable and efficient supply, transmission and distribution of electricity and thermal energy of high quality.

The prices of the power energy supplied by the Company are regulated by the State Price and Energy Control Commission. For 2007 the Commission established the purchase price for the electric energy generated by the Company in which the production of electric energy is required to ensure the reserves of the energy system at 22.93 ct/kWh (excl. VAT).

The financial year of the Company is the calendar year. The anticipated duration of the commercial - economic activity is unlimited.

The Company is a member of the Lithuanian Electricity Association and an active participant in the activities of the Association representing the common interest of the European electricity sector (EUROELECTRIC).

As of 30 June 2008 the Company had 653 employees (on 31 December 2007 – 673 employees).

The financial statements presented have been drawn up in the national Lithuanian currency – litas (LTL).

2. Accounting policy

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), approved by the International Accounting Standards Board (IASB) and the and the International Reporting interpretations Committee of the International Accounting Standards Board (IFRIC) that are related to the operations of the Company and are effective starting from the accounting period that commenced on 1 January 2005.

These financial statements have been prepared on the basis of the modified principle of the acquisition value (due to revaluation of non-current assets, greenhouse gas emissions permits, and the related State grants, and the measurement of certain financial instruments at fair value). Starting from 1 January 2004 (transition to IFRS) the fair value of non-current assets is considered to represent deemed cost.

Accounting policy was not changed during the interim accounting period. Interim financial accountability is prepared in accordance the same accounting policy as annual financial accountability. Accounting policy is more described in the notes to the financial statements for the year ended 31 December 2007.

3. Tangible assets

	Buildings and constructions (LTL)	Machinery and equipment (LTL)	Vehicles (LTL)	Other property, plant and equipment (LTL)	Construction in progress (LTL)	Total (LTL)
Deemed cost						
31 December 2007	217 407 887	1 320 192 360	2 695 254	240 997 695	3 159 458	1 784 452 655
Change of the financial year:						
- acquisitions	-	53 767 311	34 184	2 010 858	-	55 812 354
- disposals and write-offs (-)	-	-	(1 741)	(20 810)	-	(22 551)
30 June 2008	217 407 887	1 373 959 672	2 727 697	242 987 744	3 159 458	1 840 242 458
Depreciation						
31 December 2007	53 474 836	281 324 255	1 794 227	52 216 886	-	388 810 204
Change of the financial year:						
- depreciation in the financial year	1 517 308	9 252 371	79 604	2 746 348	-	13 595 631
- depreciation of transferred and written—off assets (-)	-	-	(1 740)	(19 916)	-	(21 656)
30 June 2008	54 992 144	290 576 627	1 872 091	54 943 317	-	402 384 179
Residual value						
31 December 2007	163 933 052	1 038 868 105	901 027	188 780 809	3 159 458	1 395 642 451
Residual value						
30 June 2008	162 415 744	1 083 383 045	855 606	188 044 427	3 159 458	1 437 858 279

All non-current assets of the Company are held for own use. The depreciation costs adjusted for the used part of the grant are accounted as cost and other operating costs (Notes 6, 10).

4. Intangible assets

	Software (LTL)	Greenhouse gas emissions permits (Note 5) (LTL)	Other intangible assets (LTL)	Total (LTL)
Acquisition cost				
31 December 2007	411 797	327 715	7 927 178	8 666 689
Change in the financial year:				
- acquisition of assets	-	45 287 422	2 367 160	47 654 582
- transferred and written-off (-)	-	(327 715)	-	(327 715)
- increment of greenhouse gas emission allowances	-	9 057 463	-	9 057 463
30 June 2008	411 797	54 344 885	10 294 338	65 051 019
Amortization				
31 December 2007	349 301	-	-	349 301
Change in the financial year:				
- amortization in the financial year	15 829	-	-	15 829
- amortization of transferred and written-off assets (-)	-	-	-	-
30 June 2008	365 130	-	-	365 130
Residual value				
31 December 2007	62 495	327 715	7 927 178	8 317 388
Residual value				
30 June 2008	46 667	54 344 885	10 294 338	64 685 889

Amortization costs are accounted as cost.

5. Greenhouse gas emission permits

On 30 June 2008 the greenhouse gas emission allowances were accounted as follows:

	Greenhouse gas emission allowances (Note 4) (LTL)	State grants (Note 6) (LTL)	Provisions for unused gas emission allowances (LTL)
31 December 2007	327 715	52 988	274 726
Approved emissions	(327 715)	-	(52 988)
State grant received at fair value	45 287 422	-	45 287 422
Increment of greenhouse gas emission allowances	9 058 463	9 057 463	
30 June 2008	54 344 885	9 057 463	45 287 422

6. Grants and subsidies

Balance of grants as of 30 June 2008 and the use during the period:

	Assets-related grants (fuel incineration plant and other property) (LTL)	Assets-related grants (Renovation, environmental and safety standards enhancement project) (Lt)	Grants for greenhouse gas emission allowances (LTL)	Total (LTL)
Balance of grants as of 31 December 2006	2 505 181	148 062 951	56 385 464	206 953 596
Depreciation of non-current assets (Note 3)	(374 100)			(374 100)
Grants received	-	119 997 299	49 634 105	169 631 405
Impairment of greenhouse gas emission allowances	-	-	(105 747 364)	(105 747 364)
Greenhouse gas emission allowances used	-	-	(219 217)	(219 217)
Balance of grants as of 31 December 2007	2 131 081	268 060 251	52 988	270 244 320
Depreciation of non-current assets (Note 3)	(187 050)	-	-	(187 050)
Approved emissions	-	-	(52 988)	(52 988)
Grants received	-	29 782 780	45 287 422	75 070 202
Balance of grants as of 30 June 2008	1 944 031	297 843 031	45 287 422	345 074 484

During first six months 2008, the assets-related grants (fuel incineration plant and other assets) decreased by LTL 187 050, for the amount of the depreciation of non-current assets (2007 – LTL 374 100). This amount decreased the cost of depreciation of non-current assets in the income statement.

During first six months 2008 the Company from the State enterprise Ignalina Nuclear Power Plant decommissioning fund received grants of LTL 14 920 000 (2007 – none). The funds are intended for co-financing of the renovation, environmental and safety standards enhancement project. As of 30 June 2008, half of these funds were used.

Per first six months 2008 from the International Ignalina Decommissioning Support Fund received LTL 14 862 780 (2007 – LTL 119 997 299). The funds will be used for co-financing of the project of the removal of sulphuric oxides from smoke and the solid particles collection plant. As of 30 June 2008, all funds were used.

7. Bank loans

As of 30 June 2008 the loans from banks were as follows:

	30-06-2008 (LTL)	31-12-2007 (LTL)
AB bankas "DnB Nord", EUR, repayable by 01-05-2013	12 999 792	12 999 792
Syndicated loan (AB bankas "Hansabankas", AB SEB, Nordea Bank Finland Plc Lithuanian branch, AB bankas "DnB Nord"), Lt, repayable by 09-11-2020	112 958 197	100 106 640
Total:	<u>125 957 989</u>	<u>113 106 432</u>

8. Trade and other payables

As of 30 June 2008, trade and other amounts payable were as follows:

	30-06-2008 (LTL)	31-12-2007 (LTL)
Debts to suppliers for construction works and investment	85 831 198	63 829 474
Debts to suppliers for fuel	12 618 075	13 036 968
Debts to suppliers for inventories	1 395 119	248 710
Other debts for services	1 240 771	684 838
Tax payable (except corporate income tax)	1 123 036	662 409
Outstanding dividends	994 510	986 541
Debts to suppliers for repair works	328 382	547 216
Other	33 077	36 655
Total:	<u>103 564 167</u>	<u>80 032 810</u>

9. Sales

Sales for the six months that ended on 30 June were:

	30-06-2008 (LTL)	30-06-2007 (LTL)
Production of electricity	101 688 300	72 234 354
Cold capacity reserve	43 612 560	30 969 390
Heat energy	7 806 260	8 198 523
Warm reserve	4 699 440	3 485 800
Total:	<u>157 806 561</u>	<u>114 888 067</u>

10. Costs

Costs for the six months that ended on 30 June were:

	30-06-2008 (LTL)	30-06-2007 (LTL)
Gas	118 356 162	66 399 514
Wages and social insurance	14 855 013	11 949 703
Depreciation and amortization costs	13 424 410	12 800 173
Materials	1 821 620	2 233 577
Balancing electric energy	1 353 336	1 472 124
Repair	1 290 274	3 363 640
Boiler oil	751 627	621 126
Orimulsion	-	2 961 988
Other	675 601	727 630
Total:	152 528 043	102 529 475

11. Business segments

The Company distinguishes the electric energy production and the heat energy production business segments. Information for the two business segments as of 30 June 2008 and for the period then ended is provided below:

30 June 2008	Electricity production (LTL)	Thermal energy production (LTL)	Other (LTL)	Total (LTL)
Sales	150 000 300	7 806 260	-	157 806 561
Costs	(139 870 743)	(12 657 300)	-	(152 528 043)
Segment gross profit	10 129 557	(4 851 040)	-	5 278 518
Operating costs				(8 523 837)
Other operating income				1 346 738
Other operating costs				(943 218)
Interest income				709 794
Financing costs				(361 057)
Effect of changes in the currency exchange rate				(311 780)
Profit tax expenses				1 364 050
Net profit				(1 440 793)
Other information				
Assets	942 057 896	7 747 355	553 992 690	1 503 797 941
Liabilities	-	-	350 965 027	350 965 027
Acquisitions of tangible and intangible assets	-	-	58 217 277	58 217 277
Depreciation and amortization	13 314 910	109 500	-	13 424 410

12. Operating costs

Operating costs for the six months that ended on 30 June were:

	30-06-2008 (LTL)	30-06-2007 (LTL)
Salaries and social insurance	4 876 375	4 615 342
Payouts according to collective agreement	613 999	471 052
Insurance costs	410 270	221 078
Land lease charge	381 000	378 000
Property security costs	361 979	302 049
Immovable property tax	268 292	250 632
Pollution tax	232 940	572 128
Business trips	169 298	290 152
Other taxes	150 632	439 282
Carriage costs	147 828	117 060
Communications and postal services	119 364	129 557
Check-ups and servicing	56 041	102 469
Public utilities	48 120	214 869
Consulting and translative services	37 114	133 292
Support	25 662	591 478
Provisions for amounts receivable	(122 192)	(122 580)
Other	747 117	858 753
Total:	8 523 837	9 564 611

13. Other operating income and costs

Other operating income and costs for the six months that ended on 30 June were:

	30-06-2008 (LTL)	30-06-2007 (LTL)
Other operating income		
Income from custody of material resources	936 696	678 891
Dispenser servicing income	183 911	78 941
Lease income	65 265	65 813
Profit from transfer of gas emissions permits	-	21 191 560
Other income	148 922	430 176
Fines and late interest	11 945	19 321 973
	1 346 738	41 767 354
Other operating costs		
Costs of custody of material resources	835 879	592 564
Dispenser servicing costs	88 863	39 669
Costs of sale of greenhouse gas emissions allowances	-	18 765
Other costs	18 475	15 236
	943 218	666 234

14. Financing costs

Financing costs for the six months that ended on 30 June were:

	30-06-2008 (LTL)	30-06-2007 (LTL)
Interest costs	3 457 648	1 323 910
Other financing costs	8 080	5 160
	<u>3 465 729</u>	<u>1 329 070</u>
Less: capitalized interest costs	<u>(3 104 672)</u>	<u>(1 321 788)</u>
Total:	<u>361 057</u>	<u>7 281</u>

Pranas Noreika
Director General

Rolandas Jankauskas
Chief Financier