JOINT STOCK COMPANY (AB)
LIETUVOS ELEKTRINĖ

Company code 110870933, Elektrinės g. 21, Elektrėnai LT-26108, tel. 8528-39533, fax 8528-39733

Financial Statements
for the year ended 31 December 2009

ENDORSEMENT BY PERSONS RESPONSIBLE

Pursuant to the Rules for the Preparation and Submission of Regular and Supplementary Information adopted by the Securities Commission of the Republic of Lithuania and Article 22 of the Law on Securities of the Republic of Lithuania, we, Pranas Noreika, chief executive officer of AB Lietuvos Elektrinė, and Rolandas Jankauskas, chief financial officer, hereby confirm that to the best of our knowledge the financial statements for the year 2009 of AB Lietuvos Elektrinė have been prepared in accordance with the valid International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial status, and profit of the Company.

Pranas Noreika
Chief Executive Officer

Rolandas Jankauskas
Chief Financial Officer

26 March 2010

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Deloitte.

UAB „Deloitte Lietuva"
Jogailos g. 4
LT-01116 Vilnius
Lietuva

Įmonės k.: 111525235
PVM mok. k.: LT115252314
Duomenys kaupiami ir saugomi
Juridinių asmenų registre

Tel.: +370 5 255 3000
Faks.: +370 5 212 6844
www.deloitte.lt

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Lietuvos Elektrinė AB:

Report on the Financial Statements

We have audited the accompanying financial statements (pages 18 to 46) of Lietuvos Elektrinė AB (thereafter – "the Company"), which comprise the statement of financial position as of 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the Basis for Qualified Opinion paragraph, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for the Qualified Opinion
As of 31 December 2009 and 2008 the Company has accounted for property, plant and equipment in the amount of LTL 1,872,977,740 and LTL 1,485,759,205 respectively, based on the estimated useful lives disclosed in Note 3.4 to the accompanying financial statements. The Company is engaged in an industry experiencing rapid technological change, therefore we believe that the estimated useful lives has to be reviewed annually. The last review of the estimated useful lives of property, plant and equipment was performed by the Company in 2004. Accordingly, we have not been able to obtain sufficient and appropriate audit evidence in respect of the Company's property, plant and equipment carried at LTL 1,872,977,740 as of 31 December 2009.

Qualified opinion
In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

„Deloitte" yra vadinamos asociacijos (Swiss Verein) „Deloitte Touche Tohmatsu" narės, šiai asociacijai pavaldžios bendrovės ir filialai, kurių kiekviena yra atskiras ir nepriklausomas juridinis asmuo. Daugiau informacijos apie oficialią „Deloitte Touche Tohmatsu" struktūrą rasite www.deloitte.com/lt/apie.

Member of Deloitte Touche Tohmatsu

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the accompanying Annual Report for the year ended 31 December 2009 (pages 5 to 17) and have not noted any material inconsistencies between the historical financial information included in it and the financial statements for the year ended 31 December 2009.

Torben Pedersen
Partner

Auditor Simonas Rimašauskas
Auditor's Certificate No 000466

Deloitte Lietuva UAB
Vilnius, Lithuania
31 March 2010

ANNUAL REPORT OF LIETUVOS ELEKTRINĖ AB
FOR THE YEAR ENDED 31 DECEMBER 2009

1. General information about Lietuvos Elektrinė AB

Name	Lietuvos Elektrinė AB, thereafter – "the Company"
Legal form	Joint stock company
Company's code	110870933
VAT code	LT108709314
Share capital	The Company's share capital LTL 145,800,689, divided to 145,800,689 ordinary shares of LTL 1 nominal value
The Company's address	Elektrinės str. 21, LT–26108 Elektrėnai
Telephone	(8~528) 39 066
Fax	(8~528) 39 733
E-mail	info@lelektrine.lt
Internet page	http://www.lelektrine.lt
Registration date and place	31 December 2001 at the Ministry of Energy of Lithuania
Register, in which information about a Company is held	The Register of Legal Persons
The main activities of the Company	The branch of industry – energy. The Company produces and exports electrical and thermal energy.

The Company is a member of Electric Energy Association of Lithuania and actively participates in its operations. This association is representing the common interests of European Electroenergetics (EUROELECTRIC).

Every 4 year period the Company's Supervisory Board is elected by the general Shareholders' Meeting. The Company's Supervisory Board consists of 5 members.

THE SUPERVISORY BOARD (elected 6 November 2006):

Name, Last name	Share capital owned / voting rigths, %
The Chairman Artūras Dainius	-
Marija Siniavska	-
Nijolė Bujauskienė	-
Janina Butkevičienė	-
Saulius Spėčius (resigned from 26 May 2008)	-

Every 4 years the Company's Supervisory Board elects members of the Management Board, consisting of 5 people. The Management Board elects its Chairman.

THE MANAGEMENT BOARD (re-elected 3 September 2009):

Name, Last name	Share capital owned / voting rights, %
The Chairman Henrikas Bernatavičius	-
Rolandas Jankauskas	-
Pranas Noreika	0.004
Vytautas Vazalinskas	-
Laimonas Lukočius	-

The Company's Management Board elects and revokes, determines salary, responsibilities, promotes and determines penalties to the Company's General Director.

ADMINISTRATION

Name, Last name	Share capital owned / voting rights, %
General Director Pranas Noreika	0.004
Chief Financial Officer Rolandas Jankauskas	-

Information about the Management Board's Chairman, General Director and Chief Financial Officer

Henrikas Bernatavičius – the Chairman of the Board, vice minister of Ministry of Energy of the Republic of Lithuania from April 2009, responsible for such sectors of Ministry of Energy as electricity, natural gas, heating and regenerating energy.

Pranas Noreika – the General Director. Education – university, profession – engineer. During the last 10 years has been working as the General Director of the Company.

Rolandas Jankauskas – the Chief Financial Officer. Education – university, profession – engineer. During the last 10 years was working as an expert at SEB bankas, AB, the Company's engineer, chief accountant's assistant, chief financial officer.

In 2009 and 2008 the average number of executive managers was 3. Remuneration paid to the managers was LTL 692,628 during 2009 (2008: LTL 793,174).

No loans, guarantees or warranties were granted to the Company's Supervisory Board, Management Board or administration members during 2009 and 2008.

The Company has an agreement with FMĮ Finasta AB (Maironio str. 11, Vilnius) for accounting the Company's issued securities, periodical statement preparation and dividend payments to the shareholders.

2. Objective Company's status, performance and development review, description of the Company's main risks and uncertainties

After the shutdown of the second block of Ignalina Nuclear Power Station in December 2009, the Company became the main producer of the electric energy in Lithuania.

During the last 10 years the Company spent approximately LTL 1 billion on plant modernization. In the future it is planned to use fully all four 300 MW energy blocks and build a new 400 MW gas turbine block, which will use one third gas less to produce the same amount of electric energy, than the old blocks. The main fuel for the Company's production is natural gas. After construction of smoke refining devices, it will be possible to burn fuel oil and less expensive emulsions.

The main risk factors:

Economic risk factors
After increase in prices of natural gas the Company's produced electric energy cannot compete with low energy prices.

If the Company had to produce more electric energy, it would have to buy CO2 Emission Rights for the market price of EUR 10 – 25, which would increase the cost of energy produced by cnt/kWh 4 – 8.5.

Political risk factors
Current, electric transmission lines from Russia Federation (RF) do not have enough capacity, there is no intention improve them by RF too. Due to the fact that currently European part of RF has electric energy deficit – the possibilities of electric energy import from Russia are quite limited. At the same time, the transmission lines to Poland and Sweden will be constructed in the future. In fact during the winter Scandinavian countries have to import electric energy themselves. Possibilities to import energy from Ukraine are also limited due to low throughput of transmission lines through Belarus and a possibility to import energy from Estonia is not clear.

After increase in gas prices the cost of electric energy has also risen. As for an insecure import of gas from one country – Russian Federation, the Company is looking for alternatives of natural gas and possibilities to decrease gas purchase price.

Social risk factors
During the past years the costs of personnel were increasing in Lithuania. This requires development of higher productivity of workforce in the Company. The Company pays great attention to enhancing of working conditions and employee training and qualifications.

Technical and technological risk factors
Based on the agreement of Republic of Lithuania joining the EU (Protocol No. 4, 2 article, part 8) and regulations of National Energetic Strategy, the Company is to became the main producer of the electricity in Lithuania after the shutdown of Ignalina Nuclear Power Station on 31 December 2009. In order to ensure a reliable electric energy supply, the Company needs to construct maneuverable approximately 400 MW combined cycle gas turbine (KCDT) block.

The Assembly of Donors approved construction of the new block and passed certain decisions. A competition for building contractor was announced in 2008. The block construction has started in 2009. As the gas turbine block allows to decrease gas expenses by 30%, the environment pollution decreases accordingly. Due to the block's efficiency, it will be able to function after construction of the new nuclear power-plant. In accordance with Baltic's energetic strategy, after the shutdown of Ignalina Nuclear Power Station in 31 December 2009, the main production of electric energy was produced by the current power-stations (the renovated Company's station and renewed Estonian power-stations). At the same time generated power for the region will be sufficient only till 2015, including the currently planned modern thermoelectric power station construction and power-stations in the central heating supply systems. The power of the new Nuclear Power Plant will be not enough to meet the electricity demand in Lithuania, as during 10 years it will increase. The analysis of electric energy demand shows there is no assurance that the new 400 MW KCDT block, starting in 2012, will fully meet the electric energy demand in Lithuania.

Ecological risk factors
The Company will be able to avoid fines for environment pollution. Two out of eight power-station blocks are constructed to burn fuel, which generates more pollution, but is easily bought and delivered from any country in the world – fuel oil and emulsions. Due to smoke refining devices, the polluting substances will not get into environment and the Company will meet the EU environmental requirements.

Financial risk factors
Financial risk control policies are defined in the Company's financial statements for the year 2009 (Note 29).

3. Financial and non-financial operating result analysis, information related to environment and personnel questions

3.1. The Company's ratios, describing its operations, during the years 2007 – 2009

	2009	2008	2007
Gross profit, LTL	75,043,266	20,790,473	17,367,686
Operating profit, LTL	60,423,594	1,744,916	41,849,147
Profit before taxes, LTL	62,975,027	6,473,655	42,467,779
Net profit (loss) for the year, LTL	90,550,639	(34,316,170)	33,916,710
Assets, LTL	2,130,564,997	1,685,041,772	1,569,500,120
Equity, LTL	1,034,758,850	944,090,692	980,406,862
Lowest price per share	2.5	3.01	4.00
Highest price	6.32	7.15	7.38
Close price	5.1	3.85	6.10
Capitalization (millions LTL)	743.58	561.33	889.38

3.2. Operations

3.2.1. Operating activity plan performance for the year 2009
In the year 2009 860,301 MWh of electricity were sold, 799,566 MWh out of it were subsidised. The price of the Company's sold electricity is regulated by National Control Commission for Prices and Energy. The Commission has set electricity prices for electricity produced by the Company and which has to be purchased providing services to the public sector as 37.35 ct/kW, net of value added tax, for first half a year of 2009 and 32.00 ct/kWh, net of value added tax, for second half a year of 2009.

In 2009, the Company's profit from operating activities before income tax was LTL'000 62,975. The budgeted net profit for the year LTL'000 59,088, was reached and made up 106.6%.

Activity plan performance results for the year 2009

	Indicators	Measure units	2009 plan	Actual results	%
I.	**TECHNICAL INDICATORS:**				
1.	Electricity energy supplied	t.kWh	849,463	860,291	1.27
1.1.	Lietuvos Energija AB	-"-	-	859,737	-
1.1.1.	From the above as per VIAP quota	-"-	-	799,566	-
1.2.	To other customers	-"-	-	554	-
2.	Power sold	MW*h	-	5,882,416	-
2.1.	Operating reserve	-"-	-	401,941	-
2.2.	Cold reserve	-"-	-	5,480,475	-
3.	Thermal energy sold	Gcal	-	122,008	-
4.	Agreed fuel expenses for electric energy production	g/kWh	-	400,7	-
5.	Agreed fuel expenses for thermal energy production	kg/Gcal	-	128,9	-
II.	**REVENUE – gross:**	**LTL'000**	**421,824**	**421,104**	**(0.17)**
1.	Electric energy	-"-	293,745	289,916	(1.30)
2.	Power reserve	-"-	115,272	115,269	0.00
3.	Thermal reserve	-"-	10,028	9,726	(3.01)
4.	Other activity income	-"-	2,463	2,418	(1.83)
5.	Financing and investing activity income	-"-	316	3,775	1,094.62
III.	**EXPENSES – gross:**	**LTL'000**	**362,736**	**358,129**	**(1.27)**
1.	**Variable**	**-"-**	**257,391**	**259,130**	**0.68**
1.1.	Electric energy	-"-	246,432	247,936	0.61
1.2.	Thermal energy	-"-	10,959	11,194	2.14
2.	**Conditionally fixed**	**-"-**	**102,117**	**88,366**	**(13.47)**
2.1.	Amortisation	-"-	29,000	26,892	(7.27)
2.2.	Payroll	-"-	31,766	31,830	0.20
2.3.	Social security	-"-	10,165	10,239	0.73
2.4.	Taxes	-"-	3,223	2,386	(25.97)
2.5.	Tangible expenses	-"-	18,763	21,137	12.65
2.6.	Interest	-"-	8,300	768	(90.75)
2.7.	Cost of sold low value inventory	-"-	-	385	-
2.8.	Provisions for doubtful accounts receivable	-"-	-	133	-
2.9.	Payments according to the collective agreement	-"-	900	1,121	24.56
2.10.	Reversal of provisions for Lietuvos Energija AB trade receivable for the year 2008	-"-	-	(6,525)	-
3.	Other activity	-"-	2,837	10,072	255.02
4.	Financing and investing activity	-"-	391	561	43.48
IV.	**PROFIT – GROSS:**	**LTL'000**	**59,088**	**62,975**	**6.58**

3.2.2. The Company's environment pollution during 2009

Polluting material	Polluting material quantity, t
1. Air pollution from boiler smoke:	
SO_2	98,954
NO_x	761,773
CO	135,832
Fuel oil and orimulsion ashes	3,238
V_2O_5 in fuel oil and orimulsion ashes	0.610
2. Hydrocarbons vapoured:	**0.010**
3. Air pollution from small pollution sources:	
NO_x	0.023
CO	0.065
K.d.	0.034
Iron compounds	0.048
Manganese compounds	0.007
Sulfur anhydrides	0.026
LOJ	0.016
Sulfuric acid	0.003

3.2.3. Personnel

3.2.3.1. The Company's average number of employees and payroll expenses for 2009 and 2008:

	Actual	
	2009	**2008**
Total employees:	**553**	**606**
Consisted of:		
- supervisors	197	207
- workers	356	399
Average monthly salary, LTL:	4,656	3,997

After the shutdown of the second block of Ignalina Nuclear Power Plant the Company became the main producer of the electric energy in the country, at the same time planed production volumes are much lower than actual power plant capacity. As a result considerably more employees were reduced.

3.2.3.2. The Company's employees' education:

University	166 employees
Non-university	105 employees
High-school	270 employees
Non finished high school	11 employees
Primary	1 employee

There is no information about material agreements between the Company, its management, employees and other parties.

4. References and additional information about the data in the financial statements

Financial statements and accomplying notes to them contain complete and sufficient information. No further explanation is needed.

5. Information on compliance with the corporate governance code

Information on compliance with the corporate governance code is provided in the annex to annual report (pages 47 to 69).

6. The amount of Company's owned shares, their nominal value and part of equity they comprise. Acquired and transferred shares during the reporting period, their nominal value and part of equity they comprise. Information regarding payment for treasury shares, if they were acquired or transferred for fees. Reasons for acquisition of the treasury shares during the reporting period

6.1. Information about secondary turnover of the Company's publicly held shares

6.1.1. Shares traded in the stock exchanges
The Company's shares are listed on the Vilnius Stock Exchange AB (hereinafter – "VVPB") since 1 February 2002.

6.1. Table. Main characteristics of the Company's shares

Type of shares	Share ISIN code	Index	Number of shares (in units)	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares	LT0000126351	LEL1L	145,800,689	1	145,800,689

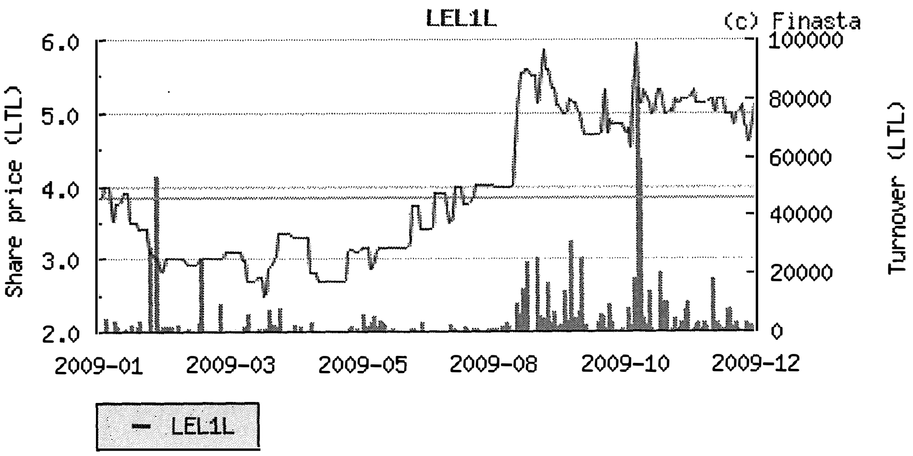
6.2. Trading with the Company's shares in stock exchanges and other organised markets

6.2.1. Trading on Vilnius stock exchange

6.2. Table. Security trading history

Indicator	2006	2007	2008	2009
Opening price	4.02	4.49	6.41	3.85
Highest price	4.54	7.38	7.15	6.32
Lowest price	2.80	4.00	3.01	2.5
Close price	4.49	6.10	3.85	5.1
Turnover units	817,722	466,291	189,440	180,208
Turnover millions	3.13	2.57	1.16	0.79
Capitalization millions	654.65	889.38	561.33	743.58

6.1. Picture. Trading of the Company's shares
Currency: LTL



6.2.2. Trading in other stock exchange
The Company does not trade its shares in other stock exchanges.

6.2.3. Trading in other organised markets
The Company does not trade its shares in other organized markets.

6.3. Trading with the Company's shares outside of stock exchange

As the Company's shares are listed on Vilnius stock exchange, the purchase – sales transactions could only take place through VVPB during 2004 – 2009.

Outside of the stock exchange, only gift, heritage, payment for debt, repurchase (REPO) transactions could be made. On 8 February 2007, after Financial instrument stock law of Republic of Lithuania was passed, the requirement to make purchase – sales operations of the secondary turnovers was cancelled. The operations can be made on both – VVPB and outside VVPB.

Information about off-stock exchange operations (LT0000126351 LIETUVOS ELEKTRINĖ AB PVA, Baltic additional trade list):

Payment in cash			Payment in other than cash		
Number of shares (units)	Amount (LTL)	Transaction number	Number of shares (units)	Transaction number	Total number of shares (in units)
-	-	-	9,634	8	9,634

6.4. All the Company's shares are intangible. All the Company's shares are ordinary shares with same rights of their owners (shareholders)

6.4.1. Shareholders

As of 31 December 2009 total number of Company shareholders – 4,600.

The main features of shares, issued on the stock exchange:
On 22 December 2001 Securities Commission of Republic of Lithuania registered 150,743,012 ordinary shares of the Company, which had nominal value of LTL 1 (Securities Commission registration act No. AB-5018, securities registration No. A01011524). The shares were issued during the establishment of the Company in order to form its capital, when reorganizing special purpose company Lietuvos Energija AB. The Company was registered on 31 December 2001. During 2003 the Company's share capital was decreased by LTL 4,942,323 (amount of assets transferred to the Municipality of Elektrėnai by reducing the shares owned by the Government). Changes of Statutes were registered on 9 May 2003. After the decrease, the Company's share capital is LTL 145,800,689. It is divided into 145,800,689 ordinary shares with par value of LTL 1 each.

Shareholders have the following property rights:
1) receive part of the Company's profit (dividends). Dividends are a proportional part of the profit, based on the nominal value of shares owned by shareholder. If a share is not fully paid, the dividend is reduced proportionally based on the unpaid share price, and if the payment term lapses – dividends are not paid. Dividends declared by the Shareholder meeting is the Company's liability. The Company has to pay them no later than during 1 month after the draft distribution of profit is approved. A shareholder has a right to request dividends as the Company's creditor;
2) receive the Company's part of assets under liquidation;
3) receive shares with no payment, when share capital is increased from the Company's earnings, except for the circumstances written in the Joint Stock Company Law, 42 Article, 3 part;
4) to have a primary right to acquire the Company's newly issued shares, except when this right is revoked for all shareholders during the Shareholders' Meeting, based on the rules written in the Joint Stock Company Law 57 Article, 5 – 7 parts;
5) sell or dispose part or all of its shares to other parties based on the rules indicated in the Joint Stock Company Law and Civil Code;
6) require other shareholders to sell or purchase their shares under the circumstances and rules indicated in the Securities Exchange Law;
7) lend to the Company under law requirements, however the Company cannot pledge its assets to the shareholders. When the Company takes a loan from a shareholder, the interest rate cannot be higher than average interest rate of commercial banks, effective at the beginning of the loan. It is forbidden to agree to a higher interest rate.

Shareholders have the following non-property rights:
1) participate in the Shareholder Meetings;
2) vote in the Shareholder Meetings, based on the acquired share rights;
3) obtain information about the Company based on the rules indicated in the Joint Stock Company Law 18 Article 1 part;
4) start a legal proceeding in order to request to compensate damages done to the Company, when the director or Management Board does not perform its duties, required by laws, statutes, and other instances indicated;
5) under the circumstances noted in the Civil Code 2.82 paragraph 4 part start a legal proceeding in order to cancel the Company's board decisions no later than in 30 days after the moment when the complainant becomes aware or should have become aware about the decision;
6) delegate another party to vote during the Shareholders' Meeting or perform other legal actions.

6.4.2. Shares
All the shares of the Company belong to the same class of ordinary shares, granting the same rights to their owners (shareholders). A shareholder cannot transfer shares if they are not fully paid or the self-signed shares, if the Company's statute changes regarding increase in the share capital as not registered based on the requirements indicated in the Joint Stock Company Law of the Republic of Lithuania and the Company's statutes. If a shareholder plans to transfer part or all of the owned shares, the Company's director has to be notified in written about the number of shares to be transferred, type of transfer and price, if the shares are to be sold.

6.3. Table. Shareholders the Company's as of 31 December 2009

	Shares owned	
Shareholders	**LTL**	**%**
State represented by the Ministry of Energy of the Republic of Lithuania	139,320,481	95.56
Other	6,480,208	4.44
Total	**145,800,689**	**100.00**

6.4. Table. Shareholders, who owned more than 5% of the issuers share capital as of 31 December 2009

Name of shareholder, address, code	**Number of shares owned, in units**	**Part of share capital, %**	**Part of votes, granted by the owned shares, %**	**Part of votes, granted to the shareholder together with other parties, %**
State represented by the Ministry of Energy of the Republic of Lithuania, address: Gediminas ave. 38/2, Vilnius, code: 188621919	139,320,481	95.56	95.56	-

6.4.3. There are no shareholders, who have special control rights.

6.4.4. Right to vote at the Shareholders' Meeting can be bound or limited based on the circumstances indicated in the Joint Stock Company Law and other laws, also the voting right could be disputed. Right to vote is granted when the owned shares are fully paid. All the Company's shares with voting rights have the same nominal value, therefore each share grants one vote during the Shareholders' Meeting. Except when a shareholder owns all the shares, a shareholder does not have a right to vote during the process of decision for primary right to acquire the Company's shares, cancellation of convertible bonds, if a right to acquire these investments is assigned to the shareholder, shareholder's relative, spouse or legal partner, shareholder's spouse's relative, when the shareholder is a physical person, also shareholder's parent company or subsidiary, when the shareholder is a legal person.

6.4.5. The Company is not aware of any agreements between shareholders, which could limit investment transfer and (or) voting rights.

7. Information about the Company's branches and representative offices

The Company does not have any branches or representative offices. During 2009 the Company did not participate in operations of other companies.

8. Significant events since the end of prior financial period

March
On April 28, 2009 at 11 a.m. the General Meeting of Shareholders of the Company (code 110870933, registered address Elektrinės str. 21, Elektrėnai, Lithuania) was held on the initiative and decision of the Board of the Company. The meeting will take place at Company's adress, Elektrines str. 21, Elektrenai, Lithuania. Registration started at 9 a.m. The accounting day of the General Meeting of Shareholders is April 21, 2009.
Agenda:
1. Annual report of the Company for the year 2008;
2. Auditors' Report on the Company's financial statements for the year 2008;
3. Approval of the Company's annual financial statements for the year 2008;
4. Approval of the distribution of profit (loss) of the year 2008.

April
On 23 April 2009 the Company and IBERDROLA Ingenieria y Construccion, S.A.U signed a contract for combined cycle gas turbine unit construction, which cost is EUR'000 328,000. A new block will be 445 MW of power, beginning date of use in operations is in 2012.
On 28 April 2009, during the shareholders' meeting, the following decisions were made:
The Company's financial statements for the year 2008.
To distribute of Company's profit (loss) of the year 2008 as follows:

Undistributed profit of previous years at the beginning of the financial year	LTL 0
Net profit (loss) of the financial year	LTL (34,316,170)
Profit not recognized in the income statement during the financial period	LTL 0
Transfers from reserves	LTL 34,316,170
Shareholders' contribution to cover loss	LTL 0
Distributable profit (loss)	LTL 0
Profit distribution:	
- part of profit, distributed to legal reserve	LTL 0
- part of profit, distributed to reserve of treasury share acquisition	LTL 0
- part of profit, distributed to other reserves	LTL 0
- part of profit, distributed for dividend payment	LTL 0
- part of profit, distributed for the annual payments, employees bonuses and other purposes	LTL 0
Undistributed profit (loss) at the end of the financial year	LTL 0

July
The Company has started the preparatory works for the construction of the new 445 MW capacity Combined Cycle Gas Turbine unit. The total cost of the unit construction is about MEUR'000 328 (MLTL'000 1,136), MEUR'000 165 (MLTL'000 570) will be financed from EU funds, MEUR'000 28 (MLTL'000 100) own funds, MEUR'000 81 (MLTL'000 280) is planned to be borrowed from Lithuanian banks and MEUR'000 54 (MLTL'000 186) from European Bank for Reconstruction and Development.

September
At the meeting held on 3 September 2009 the Supervisory Board of the Company re-elected the Management Board. The newly elected Management Board Members are:
1. Henrikas Bernatavičius,
2. Pranas Noreika,
3. Rolandas Jankauskas,
4. Vytautas Vazalinskas,
5. Laimonas Lukočius.

The Company announces a tender for purchasing 500,000 tons of sulphurous heavy fuel oil.

The Board of the Company at its meeting has elected Mr. Henrikas Bernatavičius to the position of Chairman of the Board.

November
The National Control Commission of Price and Energy at its session on 20 November 2009 has confirmed the price for electricity production for 2010. For the Company the price was set at 29.31 ct/kWh. The previous price for the year 2009 – 32.00 ct./kWh.

December
An agreement for the year 2010 to buy and sell natural gas, electricity, balancing and regulating of electricity and system services was singed.

Post balance sheet events
On 18 February 2010 Lietuvos elektrinė AB has signed the agreement with European Bank for Reconstruction and Development for 71 million EUR to finance the new Combined Cycle Gas Turbine (CCGT) unit development.

More information is available at:
http://www.baltic.omxnordicexchange.com

9. Information about the Company's research and development

9.1. Projected investing activities for the year 2009

	Project	2009	Funds from the Company	International Ignalina Nuclear Power Plant closure fund	Total
			Financing source		
I.	**Continued work**				
1.1.	Sulfur oxides reduction from smoke and hard particles capture equipment	51,654,176	-	32,746,391	32,746,391
1.2.	Low nitrogen oxides output burners and heating surface overblown devices	8,538,682	5,283,257	-	5,283,257
1.3.	Modernisation of the control systems in blocks No.5,7,8	14,204,189	6,279,607	-	6,279,607
1.4.	Supervision of the environmental and modernisation projects	2,463,525	3,716,348	4,387,822	8,104,170
1.5.	Equipment which does not need installation	2,500,000	805,471	-	805,471
II.	**New projects**				
2.1.	Construction of 400 MW combined cycle gas turbine	310,752,000	-	348,639,611	348,639,611
2.2.	300 MW generator replacement	36,000,000	-	-	-
	Total I and II	**426,112,572**	**16,084,683**	**385,773,824**	**401,858,507**

10. Operating activity plans and forecasts of the Company

10.1. The Company's operating activity plans for the year 2010

The State Committee for the price control for energy confirmed the price for electricity production for 2010, excluding value added tax, for Lietuvos Elektrinė AB, which electricity supply is essential for the security and for support of energy reserve, at 29.31 ct/kWh.

The Company has planned the following budget ratios:

		Out of which, by quarter			
Indicators	**2010 plan**	**I Q plan**	**II Q plan**	**III Q plan**	**IV Q plan**
REVENUE:					
From electricity sold (in the span of subsidiesed production)	387,500	120,761	101,215	101,990	63,534
Revenues from services related to public interest	345,250	86,313	86,313	86,312	86,312
Cold reserve	39,329	9,832	9,832	9,832	9,833
Operating reserve	-	-	-	-	-
Thermal energy	10,500	3,726	1,553	932	4,289
Other activity	800	200	200	200	200
Financial and investing activity	-	-	-	-	-
TOTAL REVENUE	**783,379**	**220,832**	**199,113**	**199,266**	**164,168**
EXPENSES:					
Electricity variable	615,641	185,710	161,898	164,476	103,557
Regents for sulphur extraction from smoke	312	312	-	-	-
Acquisition of CO2 emission rights	48,331	12,085	12,085	12,085	12,076
Heating variables	8,400	3,540	1,475	885	2,500
Total variable	*672,684*	*201,647*	*175,458*	*177,446*	*118,133*
Conditionally fixed:	*107,193*	*27,827*	*26,811*	*27,043*	*25,512*
Depreciation and amortisation	43,097	10,775	10,774	10,774	10,774
Payroll	26,311	6,943	6,712	6,481	6,175
Social security	8,183	2,161	2,089	2,018	1,915
Taxes	4,013	1,094	1,027	1,033	859
Interest	8,701	2,175	2,175	2,175	2,176
Tangible expenses	*16,138*	*4,491*	*3,846*	*4,374*	*3,427*
out of which for repairs by subcontractors	2,552	1,859	373	155	165
out of which maintenance expenses	8,480	1,356	2,197	2,942	1,985
out of which expenses for other supplies	5,106	1,276	1,276	1,277	1,277
Payments under collective agreement	750	188	188	188	186
Other activity	800	200	200	200	200
Financial and investing activity	-	-	-	-	-
TOTAL EXPENSES	**780,677**	**229,674**	**202,469**	**204,689**	**143,845**
PROFIT	***2,702***	***(8,842)***	***(3,356)***	***(5,423)***	***20,323***

Planned air pollution in 2010, in thousands of units

1. Expected air pollution from boiler smoke:

SO_2	12,642.000
NO_x	9,518.176
CO	2,179.119
Fuel oil and orimulsion ashes	297.748
V_2O_5 in fuel oil and orimulsion ashes	51.097

2. Hydrocarbons vapoured (LOJ): **1.898**

3. Air pollution from small pollution sources:

NO_x	0.023
CO	0.065
K.d.	0.034
Iron compounds	0.048
Manganese compounds	0.007
Sulfur anhydride	0.026
Sulfuric acid	0.003
LOJ	0.020

4. Exhaust pollutions planned, g/kWh:

SO_2	0.219
NO_x	1.175
CO	0.188
Fuel oil and orimulsion ashes	0.006
V_2O_5 in fuel oil and orimulsion ashes	0.001

Ashes in boilers will be secured in the electrostatic filter, grained, and packed into hermetic plastic bags and sent for processing abroad.

10.2. The Company's investing plan implementation description for 2010

Under the agreement of Republic of Lithuania's joining the EU (Protocol No. 4, 2 article, part 8) and the regulation of National energetic strategy, after the shutdown of Ignalina Nuclear Power Station on 31 December 2009, the Company became the main producer of electricity in Lithuania. In order to ensure power plant reliability, maneurability, economy and a steady electric energy supply for Lithuania, with the lower prices, the Company started to construct 455 MW combined cycle gas turbine block.

Main indicators of Combined Cycle Gas Turbine unit:
- Capacity – 455 MW, not counting heating removal;
- efficiency – 58.45%.

On 23 April 2009 the Company and IBERDROLA Ingenieria y Construccion, S.A.U (Spain) signed a construction agreement for gas turbine unit. The agreement amount is EUR 275,916,939 and USD 68,640,460.

The combined cycle gas turbine unit construction is financed through:

	Total payments, EUR	International Ingnalina Nuclear Power Plant discontinuing operations financing fund (administrated by ERPB)	Loan from commerial banks	EBRD loan	Lietuvos Elektrinė AB own funds
2009	101,000,000	101,000,000	-	-	-
Currency Exchange effect till 2009 12 31	*1,300,472*	*1,300,472*	-	-	-
2010	142,786,887	30,520,000	56,628,067	37,566,531	18,072,289
2011	71,200,621	33,480,000	19,717,004	13,080,076	4,923,540
2012	12,427,201	-	5,054,929	3,353,393	4,018,879
Total in 2009 - 2012	**328,715,181**	**165,000,000**	**81,400,000**	**54,000,000**	**27,014,708**

Investment plan for the year 2010

	Project name	Total value	Completed so far	2010
1.	**Construction of the 9th unit**			
1.1.	455 MW Combined Cycle Gas Turbine unit construction	1,134,987,776	348,732,800	493,014,563
1.2.	Project management (PMU)	21,991,156	4,416,263	7,613,949
1.3.	Elektrėnų gas distribution station reconstruction	3,000,000	-	2,000,000
1.4.	Additional chemical cleaning of condensate	4,500,000	-	2,500,000
1.5.	Underground communications removal	50,000	-	50,000
1.6.	Demolition of buildings	50,000	-	50,000
		1,164,578,932	**353,149,063**	**505,228,512**
2.	**Other projects**			
2.1.	Installment of electricity technical accounting system 300 MW turbine	100,000	-	100,000
2.2.	Renewal of turbine supply pump, unit No 7	2,059,000	-	2,059,000
2.3.	Emission controlling system renewal and installment on unit No 5 and 6 K-8B	800,000	-	800,000
2.4.	Clean-out of ashes according to the new environmental requirements	10,000,000	-	300,000
2.5.	Equipment not requiring installation:			
2.5.1.	*Acquisition of sodium measuring equipment (4 devices)*	*229,600*	-	*229,600*
2.5.2.	*Acquisition of rust prevention*	*150,000*	-	*150,000*
2.6.	Changes to unit 8 systems	1,800,000	-	200,000
2.7.	Supervision of the environmental projects	16,362,080	16,980,309	752,451
2.8.	Research for construction of underground natural gas storage	13,800,000	-	11,040,000
		45,300,680	**16,980,309**	**15,631,051**
	Total	**1,209,879,612**	**370,129,372**	**520,859,563**

11. When the Company has derivative instruments and when it is important for valuation of the Company's assets, equity, liabilities, financial status and financial results, the Company discloses objectives of financial risk control, prospective future transactions of the main instrument group, for which insurance transaction accounting applied, and the scope of the Company's price, credit, liquidity and cash-flow risks

The Company does not use derivative instruments, which would affect the valuation of the Company's assets, liabilities, financial status and operating activity results. The detail information on the Company's risks is presented in financial statements.

12. The Company's statute change procedures

12.1. The shareholders have to be informed about the change of the Company's statute by an advertisement on the newspaper "Lietuvos Rytas" or by other way, as written in the existing statutes.
12.2. The Company's statutes can be changed only during a Shareholders' Meeting, in which the shareholders, who have at least 2/3 of voting rights, participate.
12.3. During the shareholders' meeting, a decision to change the statutes could be made if the shareholders who have 1/2 of the voting rights participate in it. After a quorum is formed, it is considered to be active during the whole meeting. If the quorum is not met, the shareholders' meeting is cancelled and another shareholders' meeting is formed, during which the shareholders have a right to change the statutes based on the cancelled meeting's protocol. The second shareholders' meeting does not have to meet the quorum requirement.
12.4. The decision to change statutes made during the shareholders' meeting is determined in the Joint Stock Company's Law, paragraphs 27 or 30.
12.5. The Company's statutes are changed when:
1) the Company's share capital is increased or decreased;
2) possibility to change the Company's preferred shares into common shares is changed;
3) decided to form employee with common share acquisition status and it is not foreseen by the statutes;
4) the rights, acquired from different share classes, are changed;
5) the Company's operation report discloses more requirements than it is required by the Joint Stock Company Law, 36 paragraph's 1 part;
6) the number of the Management's Board members is increased or decreased;
7) the number of the Company's Supervisory Board members is changed;
8) a decision to issue the Company's bonds is accepted.

General director
Lietuvos Elektrinė AB
31 March 2010
Elektrėnai, Lithuania

Pranas Noreika

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2009
(All amounts are in LTL, unless otherwise stated)

	Notes	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,872,977,740	1,485,759,205
Intangible assets	6	27,261,268	29,039,519
Deferred tax assets	25	288,581	427,192
Non-current receivables	7	836,654	948,812
Other non-current assets	8	933,633	1,655,959
Total non-current assets		**1,902,297,876**	**1,517,830,687**
Current assets			
Inventories	9	42,278,016	72,098,950
Accounts receivable and other assets	10	43,785,745	35,557,830
Cash and cash equivalents	11	142,203,360	59,554,305
Total current assets		**228,267,121**	**167,211,085**
TOTAL ASSETS		**2,130,564,997**	**1,685,041,772**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	145,800,689	145,800,689
Legal reserve	13	13,709,665	13,709,665
Other reserves	13	781,645,195	815,843,846
Retained earnings (accumulated losses)		93,603,301	(31,263,508)
Total equity		**1,034,758,850**	**944,090,692**
Non-current liabilities			
Grants and subsidies	15	718,704,846	333,310,340
Borrowings	16	111,985,650	129,953,034
Deferred tax liabilities	25	113,653,625	155,359,371
Total non-current liabilities		**944,344,121**	**618,622,745**
Current liabilities			
Borrowings	16	17,967,384	14,253,158
Trade and other payables	17	101,269,584	75,945,284
Payroll related liabilities	18	2,929,963	3,617,690
Current tax liabilities		2,385,744	-
Provisions for emission rights used		26,909,351	28,512,203
Total current liabilities		**151,462,026**	**122,328,335**
Total liabillties		**1,095,806,147**	**740,951,080**
TOTAL EQUITY AND LIABILITIES		**2,130,564,997**	**1,685,041,772**

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

These financial statements were approved on 31 March 2010 and signed by:

Pranas Noreika
General Director

Rolandas Jankauskas
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(All amounts are in LTL, unless otherwise stated)

	Notes	2009	2008
Sales	**19**	414,911,513	387,735,876
Cost of sales	**20**	(339,868,247)	(366,945,403)
GROSS PROFIT		**75,043,266**	**20,790,473**
Operating expenses	**22**	(6,964,696)	(25,120,392)
Other operating (expenses) income	**23**	(7,654,976)	6,074,835
OPERATING PROFIT		**60,423,594**	**1,744,916**
Interest income		291,064	1,139,917
Finance costs	**24**	(962,124)	(1,109,977)
Foreign currency exchange gain		3,222,493	4,698,799
PROFIT BEFORE INCOME TAX		**62,975,027**	**6,473,655**
Income tax benefit (expense)	**25**	27,575,612	(40,789,825)
NET PROFIT (LOSS)		**90,550,639**	**(34,316,170)**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		117,519	-
TOTAL COMPREHENSIVE INCOME		**90,668,158**	**(34,316,170)**
Basic and diluted earnings (loss) per share	**26**	0.62	(0.24)

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

These financial statements were approved on 31 March 2010 and signed by:

Pranas Noreika
Deneral Director

Rolandas Jankauskas
Chief Financial Officer

LIETUVOS ELEKTRINĖ AB
Company's code 110870933, Elektrinės str. 21, LT-26108 Elektrėnai

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(All amounts are in LTL, unless otherwise stated)

	Share capital	Legal reserve	Other reserves	Retained earnings (accumulated losses)	Total
Balance as of 31 December 2007	**145,800,689**	**9,615,437**	**743,106,171**	**81,884,565**	**980,406,862**
Net loss	-	-	-	(34,316,170)	(34,316,170)
Total comprehensive income	-	-	-	*(34,316,170)*	*(34,316,170)*
Transfers to reserves	-	4,094,228	75,790,337	(79,884,565)	-
Reserves used	-	-	(3,052,662)	3,052,662	-
Dividends declared	-	-	-	(2,000,000)	(2,000,000)
Balance as of 31 December 2008	**145,800,689**	**13,709,665**	**815,843,846**	**(31,263,508)**	**944,090,692**
Net profit	-	-	-	90,550,639	90,550,639
Other comprehensive income	-	-	117,519	-	117,519
Total comprehensive income	-	-	*117,519*	*90,550,639*	*90,668,158*
Transfer of reserves to cover year 2008 losses	-	-	(34,316,170)	34,316,170	-
Balance as of 31 December 2009	**145,800,689**	**13,709,665**	**781,645,195**	**93,603,301**	**1,034,758,850**

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

These financial statements were approved on 31 March 2010 and signed by:

Pranas Noreika
General Director

Rolandas Jankauskas
Chief Financial Officer

LIETUVOS ELEKTRINĖ AB
Company's code 110870933, Elektrinės str. 21, LT-26108 Elektrėnai

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(All amounts are in LTL, unless otherwise stated)

	2009	2008
Cash flows from operating activities		
Cash flows from clients	406,986,044	392,465,025
Other cash inflows	62,746	3,575,500
Cash paid to suppliers and employees	(277,120,443)	(412,911,372)
Other cash payments	(28,321,895)	(14,343,413)
Cash generated by / (used in) operations	101,606,452	(31,214,260)
Income tax paid	(7,998,652)	(6,119,238)
Interest paid	(4,660,692)	(7,887,260)
Net cash generated by / (used in) operating activities	**88,947,108**	**(45,220,758)**
Cash flows from investing activities		
Payments from non-current assets	(378,215,080)	(55,969,960)
Proceeds from disposals of non-current assets	550	777
Repayments of loans granted	112,158	146,950
Interest received	291,064	1,139,917
Net cash used in investing activities	**(377,811,308)**	**(54,682,316)**
Cash flows from financing activities		
Proceeds of borrowings	-	31,099,760
Repayments of borrowings	(14,253,158)	(6,696)
Dividends paid	(1,710)	(2,008,164)
Grants and subsidies received	385,768,123	14,920,000
Net cash generated by financing activities	**371,513,255**	**44,004,900**
Net increase (decrease) in cash and cash equivalents	**82,649,055**	**(55,898,174)**
Cash and cash equivalents at the beginning of the period	**59,554,305**	**115,452,479**
Cash and cash equivalents at the end of the period	**142,203,360**	**59,554,305**

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

These financial statements were approved on 31 March 2010 and signed by:

Pranas Noreika
General Director

Rolandas Jankauskas
Chief Financial Officer

1. General information

On 18 May 2000 Lietuvos Energija AB was reorganized in accordance with the Joint-stock company reorganization law of Republic of Lithuania No. VIII-1693. After the reorganization this special purpose joint-stock company continued its operations without special operation purpose status and its assets and liabilities were divided to newly organized companies: Lietuvos Elektrinė AB, Mažeikių Elektrinė AB, Rytų Skirstomieji Tinklai AB and Vakarų Skirstomieji Tinklai AB.

According to the Company's register law of Republic of Lithuania, Lietuvos Elektrinė AB (thereafter – "the Company") was registered on 31 December 2001 in the Ministry of Economy:

- the Company's register's no. – BĮ 01-249;
- the Company's code – 110870933;
- VAT code – 108709314;
- social security assurer registration no. 853488;
- location: Elektrinės str. 21, Elektrėnai, Republic of Lithuania;
- the Company's authorized capital LTL 145,800,689;
- the Company's main objectives are credibly and efficiently produce electricity and heating energy of high quality.

The Company is a thermo power plant producing electricity and heat (by-product). During 2009 the Company was operating at 5.5% (2008: 5.6%) of the installed capacity of turbines. The Company has eight power turbines: 4 turbines with 150 MW of capacity and 4 turbines with 300 MW of capacity. All the turbines are condensational made for electricity production.

The Company's prices of electric energy production are regulated by the National Control Commission of Prices and Energy. The Commission determined electric energy, produced by the Company, price of 37.35 ct/kWh without VAT for the first half of 2009, for the second half – 32.00 ct/kWh without VAT (2008: 34.04 ct/kWh without VAT).

The Company has long-term heating energy sales contracts with Kietaviškių Gausa AB and Elektrėnų Komunalinis Ūkis UAB.

Licensed activities are activities requiring licenses or permits. Since 5 August 2003 the Company had a license for independent energy transmission, which is valid for an unlimited period (unless it is suspended or cancelled). The Company has a right to perform delivery of electric energy.

The Company has to sign gas supply contracts with the gas suppliers for each calendar year. The gas prices are variable and are denominated in Euro or Litas.

The Company is a member of Lithuanian Electric Energy Association, actively participates in the association's operations, which represents common interests of the Europe electro-energetics (EUROELECTRIC).

As of 31 December 2009 the Company had 548 employees (31 December 2008: 636).

As of 31 December shareholders of the Company were as follows:

	Shares owned			
	2009		**2008**	
Shareholders	**LTL**	**%**	**LTL**	**%**
State, represented by the Ministry of Energy of the Republic of Lithuania	139,320,481	95.56	140,524,554	96.4
Other	6,480,208	4.44	5,276,135	3.6
Total	**145,800,689**	**100.00**	**145,800,689**	**100.00**

2. Adoption of new and revised International Financial Reporting Standards

The following amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period.

a) Standards, amendments and interpretations effective in current period, but not relevant to the Company's accounting policies

- IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009);
- Amendments to IFRS 1 "First-time Adoption of IFRS" and IAS 27 "Consolidated and Separate Financial Statements" – Cost of investment in a subsidiary, jointly-controlled entity or associate (effective for annual periods beginning on or after 1 January 2009);
- Amendments to IFRS 4 "Insurance contracts" and IFRS 7 "Financial Instruments: Disclosures" - Improving disclosures about financial instruments (effective for annual periods beginning on or after 1 January 2009);
- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 22 May 2008 (IAS 1, IFRS 5, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be applied for annual periods beginning on or after 1 January 2009);
- Amendments to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" – Puttable financial instruments and obligations arising on liquidation (effective for annual periods beginning on or after 1 January 2009);
- IAS 1 (revised) "Presentation of Financial Statements" – A revised presentation (effective for annual periods beginning on or after 1 January 2009);
- IAS 23 (revised) "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009),
- Amendments to IFRS 2 "Share-based Payment" – Vesting conditions and cancellations (effective for annual periods beginning on or after 1 January 2009);
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" – Embedded Derivatives (effective for annual periods ending on or after 30 June 2009);
- IFRIC 13 "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008),
- IFRIC 15 "Agreements for the Construction of Real Estate" (effective for annual periods beginning on or after 1 January 2009);
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 October 2008).

The adoption of these amendments to the existing standards and interpretations has not led to material changes in the Company's accounting policies.

b) Standards, amendments and interpretations that are issued, but not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 3 (revised) "Business combinations" (effective 1 July 2009);
- IFRS 1 (revised) "First-time Adoption of IFRS" (effective for annual periods beginning on or after 1 July 2009);
- Amendments to IFRS 1 "First-time Adoption of IFRS"- Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010);
- Amendments to IFRS 2 "Share-based Payment" - Group cash-settled share-based payment transactions (effective for annual periods beginning on or after 1 January 2010);
- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after 1 January 2011);
- Amendments to IAS 27 "Consolidated and separate financial statements" (effective for period 1 July 2009);
- Amendments to IAS 32 "Financial Instruments: Presentation" – Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010);
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009);
- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 16 April 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording, (most amendments are to be applied for annual periods beginning on or after 1 January 2010);
- Amendments to IFRIC 14 "IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction" - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011);

- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after 1 July 2009);
- IFRIC 18 "Transfers of Assets from Customers" (effective for transfer of assets from customers received on or after 1 July 2009);
- IFRIC 19 "Extinguishing Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The management anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

3. Significant accounting policies

3.1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for property, plant and equipment acquired before 1 January 2004, which is stated at deemed cost less any subsequent accumulated depreciation and accumulated impairment loss (Note 3.4), emission rights and financial instruments, which are stated at fair value.

The Company's financial year is the same as calendar year. Business period is considered unlimited.

The financial statements are prepared in national currency of Lithuania – Litas (LTL).

The main accounting policies adopted in preparing the Company's financial statements for the year ended 31 December 2009 are as follows:

3.3. Intangible assets

Expenses are recognised as non-current intangible assets if they meet these criteria: it is reasonably expected to gain economic benefit from the assets in the future periods; it is possible to measure the cost of the acquisition of asset and to separate it from the value of other assets; the Company has the right to dispose, control, or restrict the right for third parties to use it.

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses.

Amortisation is computed using the straight-line method. Liquidation value is not established. Amortisation costs are recognised in the profit or loss.

Intangible assets amortisation periods:

Groups of intangible assets	Average useful life (years)
Software	3
Other intangible assets	4

The impairment and gains and losses on disposal of intangible non-current assets are recognised in the profit or loss.

3.4. Emission rights

The EU Emission Allowance Trading Scheme was established by Directive 2003/87/EC and commenced on 1 January 2005. The first phase runs for the three year period from 2005 to 2007; the second phase for five years from 2008 - 2012 to coincide with the first Kyoto Commitment Period. The scheme works on a "Cap and Trade" basis. EU Member States' governments are required to set an emission cap for each phase for all "installations" covered by the Scheme. This cap is established in the National Allocation Plan (NAP), which is issued by the relevant authority in each Member State. The NAP describes the amount of yearly emissions (measured in tones of carbon dioxide equivalents) permitted per installation for each phase for which allowances will be allocated on an annual basis.

Member States are required to allocate allowances to installations by 28 February each year according to the NAP (a certain number of allowances are kept in reserve for new installations).

Member States must ensure that by 30 April of the following year at the latest, the operator of each installation surrenders a number of allowances equal to the total emissions from that installation during the preceding calendar year. Thus, installations will surrender allowances by 30 April 2010 equal to their emissions during the 2009 calendar year.

Intangible asset
EU emission rights represent an intangible asset received as a non-monetary government grant free of charge and is recognised initially at fair value when issued.

After initial recognition the intangible assets is re-measured at fair value by reference to an active market. Re-measurements related to not used emission rights are recognised in other comprehensive income, exept to the extent that it reverses a revaluation decrease previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. On the subsequent realization of a revalued emissions rights, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Government grant
The Company has received EU emission allowances for free, which represent a non-monetary government grant, which initially is recognised in the statement of financial position at fair value of the related asset at the date of issue or allocation. Subsequently the government grant is recognised as income on a systematic basis over the compliance period for which the allowances were issued or recognized income, if sold.

Emission rights provisions
As emissions are made, a liability is recognised for the obligation to deliver allowances equal to emissions that have been made. This liability is a provision. It is measured at the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. This is present market price of the number of allowances required to cover emissions made up to the statement of financial position date. The obligation can only be settled by surrendering allowances to the appropriate authority. The revaluation of the emission liability to fair value is recognised in the profit or loss.

3.5. Property, plant and equipment

Property, plant and equipment are carried at a deemed cost less any subsequent accumulated depreciation and impairment loss. The property, plant and equipment at the date of transition to IFRS were stated at their fair value and the fair value was considered to be their deemed cost at the date of transition.

Property, plant and equipment acquired or constructed by the Company subsequent to the date of transition to IFRS (1 January 2004) are stated at acquisition cost less any subsequent accumulated depreciation and accumulated impairment losses.

Construction-in-progress represents property, plant and equipment under construction. Such assets are carried at acquisition cost less any recognized impairment losses. Cost includes design, construction works, plant and equipment being mounted and other directly attributable costs. The Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

Depreciation of property, plant and equipment other than construction-in-progress is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method. Average useful lives of the core business property, plant and equipment asset items are as follows:

Groups of tangible assets	Average useful life (years)
Buildings	30-105
Structures	10-105
Manifolds, pipelines	10-90
Heat equipments	10-70
Electric equipments	10-70
Measurement devices and gears	5-30
Computer equipment, operating and communication tools	5-20
Other equipment	5-40
Vehicles	6-50
Tools	5-15
Stock items and other assets	4-15

The Company capitalizes property, plant and equipment purchases with useful life over one year and an acquisition cost above LTL 2,000.

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

The gain or losses arising on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 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 recognised in profit or loss in the period in which they are incurred.

3.6. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, 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 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, corporate 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 annualy, 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 recognised 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 recognised 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.

3.7. Financial assets

All financial assets are recognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are recognized at fair value. Later these financial assets are measured at amortized cost using the effective interest method less any impairment, reflecting doubtful accounts. Interest income is recognised by applying the effective interest rate, except for short-term receivables where 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 impaired where 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 impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Cash and cash equivalents
Cash and cash equivalents comprise cash in banks, demand deposits and other short-term highly liquid investments with original maturities of three months or less those are readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

3.8. Inventory

Inventories are initially measured at cost and are subsequently measured at the acquisition cost or net realisable value depending on which of them is lower. Costs comprise direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition (except for those that will be reimbursed). Cost is determined by the FIFO (first-in, first-out) method and average pricing for fuel oil. Net realisable value represents the estimated selling price less all estimated impairment, damage, and other factors.

3.9. Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, a contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable, or a derivative or non-derivative contract that will or may be settled in the Company's own 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.

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 Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method
The effective interest method is a method of calculating the amortised cost of financial asset and financial liability and of allocating interest income/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 asset and financial liability, or, where appropriate, a shorter period.

3.10. Grants

Grants are accounted for on an accrual basis of accounting, i.e. grants are credited to profit or loss in the periods when related expenses, which they are intended to compensate, incur.

Grants related to assets
Grants related to assets include asset acquisition financing and non-monetary grants. Initially such grants are recorded at the fair value of the corresponding assets and subsequently credited to profit or loss over the useful lives of related non-current assets offset with depreciation expenses of the corresponding assets.

3.11. Dividends

Dividends are recognized in the Company's financial statements when they are declared by the shareholders.

3.12. Lease

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.

<u>The Company as the lessor</u>
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

<u>The Company as the lessee</u>
Assets held under finance leases are recognized as assets 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 balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are recognized in profit or loss on a straight-line basis over the term of the relevant lease.

3.13. Borrowing costs

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 as the assets are substantially ready for their intended use or sale.

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

3.14. Revenue and expenses recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown net of value-added tax, estimated rebates, discounts and other similar allowances.

The Company recognizes revenue on an accrual basis. Revenues are recognized in the financial statements irrespective of cash inflows, i.e. when they are earned.

Revenue from the electric and heat energy production, as well as electric energy reserve is recognized monthly, when substantially all risks and rewards related to the object of sale have been passed to the buyer.

Interest income is recognized on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. Received interest is recorded in the cash flow statement as cash flows from investing activities.

Expenses are recognised in profit or loss when incurred.

3.15. Foreign currency transactions

Transactions denominated in a foreign currency other than Litas (LTL) are 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 the date of the financial statements. Gains and losses arising on exchange are included in the profit or loss.

As of 31 December the following foreign currency rates were used:

2009			2008		
EUR 1	=	LTL 3.4528	EUR 1	=	LTL 3.4528
SEK 10	=	LTL 3.3449	SEK 10	=	LTL 3.1505
USD 1	=	LTL 2.4052	USD 1	=	LTL 2.4507

3.16. Taxes

Income tax charge is based on profit for the year and considers deferred taxation.

Income tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Income tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date. From 1 January 2009 the income tax applied to the companies in the Republic of Lithuania is 20% (2008: 15%), from 2010 – 15%.

Deferred income tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in hich the Company expects, at the end of the reporting period, to cover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income tax for the period
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

3.17. Earnings per share

The weighted average number of shares based on which earnings per share are calculated for 2009 and 2008 were 145,800,689. As of 31 December 2009 and 2008 and for the year 2009 and 2008 the Company had no dilutive options outstanding.

3.18. Operating segments

The Company has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. Following the adoption of IFRS 8, the identification of the Company's reportable segments has not changed.

3.19. Related parties

Related parties are defined as shareholders, employees, members of the management board, their close relatives, and companies that directly or indirectly through one or more intermediaries control or are controlled by, or are under common control with the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3.20. Subsequent events

Post balance sheet events that provide additional information about the Company's financial position at the statement of financial position 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.

4. Critical judgments and uncertainty in applying the Company's accounting policies

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of these financial statements relate to depreciation of assets, net realisable value of inventories, amount of deferred income and realisable value of doubtful accounts receivable and prepayments. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

In the application of accounting policies, management is required to make judgments, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position 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.

Depreciation rates of property, plant and equipment
In making its judgment for the remaining useful life of property, plant and equipment, management considered the conclusions from the employees responsible for technical maintenance of assets.

In the year 2004 the Company has changed the estimated useful lives of property plant and equipment. The effect of a change in an accounting estimate was recognised prospectively by including it in the profit or loss in the period of change, as it is required by IAS 8 "Accounting policies, Change in Accounting Estimates and Errors".

Impairment of property, plant and equipment
The Company makes an assessment at least annually whether there are any indications that property, plant and equipment have suffered any impairment, based on assets impairment policy described in note 3.5. The recoverable amount of cash-generating units is determined based on value-in-use calculations. As of 31 December 2009 and 2008 there were no indications that property, plant and equipment was impaired. The Company has assumed that there is no impairment of property, plant and equipment on the basis of an evaluation of the potential resolutions of significant uncertainties related with the future electricity tariffs. Therefore, adjustment for impairment may be required in the future as uncertainties are resolved.

5. Property, plant and equipment

As of 31 December property, plant and equipment consisted of the following:

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment tools and devices	Construction in progress	Total
Acquisition (deemed) cost						
As of 31 December 2007	**217,407,888**	**1,320,192,360**	**2,695,254**	**240,997,695**	**3,159,458**	**1,784,452,655**
- additions	-	-	34,184	12,052,722	92,299,884	104,386,790
- transfer from other balance sheet items	-	-	-	-	12,949,593	12,949,593
- disposals (-)	(14,412)	-	(1,741)	(38,225)	-	(54,378)
- reclassifications +/(-)*	-	(431,126,258)	-	-	431,126,258	-
As of 31 December 2008	**217,393,476**	**889,066,102**	**2,727,697**	**253,012,192**	**539,535,193**	**1,901,734,660**
- additions	64,752	13,185,853	284,900	22,864,608	380,300,535	416,700,648
- disposals (-)	(540,371)	(11,263,421)	(49,080)	(3,171,874)	-	(15,024,746)
As of 31 December 2009	**216,917,857**	**890,988,534**	**2,963,517**	**272,704,926**	**919,835,728**	**2,303,410,562**
Accumulated depreciation						
As of 31 December 2007	**53,474,836**	**281,324,255**	**1,794,227**	**52,216,886**	**-**	**388,810,204**
- depreciation	3,034,536	18,492,790	142,274	5,519,964	-	27,189,564
- disposals (-)	(13,651)	-	(1,740)	(36,862)	-	(52,253)
- reclassifications +/(-)	-	27,935	-	5	-	27,940
As of 31 December 2008	**56,495,721**	**299,844,980**	**1,934,761**	**57,699,993**	**-**	**415,975,455**
- depreciation	3,048,696	18,289,505	125,904	5,750,950	-	27,215,055
- disposals (-)	(337,227)	(9,581,470)	(49,076)	(2,789,915)	-	(12,757,688)
As of 31 December 2009	**59,207,190**	**308,553,015**	**2,011,589**	**60,661,028**	**-**	**430,432,822**
Carrying amount						
31 December 2008	**160,897,755**	**589,221,122**	**792,936**	**195,312,199**	**539,535,193**	**1,485,759,205**
31 December 2009	**157,710,667**	**582,435,519**	**951,928**	**212,043,898**	**919,835,728**	**1,872,977,740**

*In 2008 the Company's management made a decision to transfer assets under construction from "Machinery and Equipment" to "Construction in progress" group.

All the Company's property, plant and equipment is used in the Company's activity. Depreciation expenses, decreased by the amount of subsidy used, are accounted in the cost of sales.

According to the syndicated loan agreement with bank Swedbank, AB, SEB Bankas AB, Nordea Bank Finland Plc Lithuanian affiliate, and DnB NORD bank AB, the Company has pledged as collateral its property, plant and equipment worth LTL 1,837,977,757 as of 31 December 2009 and 2008 (Note 16).

As of 31 December acquisition cost of fully depreciated assets used in the Company's operations were as follows:

	2009	2008
Buildings	471,504	471,504
Structures	52,548,492	41,033,536
Machinery	9,451,552	2,848,588
Measuring tools and equipment	3,227,503	3,332,994
Vehicles	728,132	588,010
Other tools	45,975	32,210
Furniture and other stock items	538,157	435,276
Total	**67,011,315**	**48,742,118**

During 2009 the Company has capitalized LTL 3,892,769 of interest arising from loans, related to development of property, plant and equipment (2008: LTL 6,777,283) (Note 24).

In 2009 the Company completed the following major investment projects:

	Value
Boiler air worming system modernisation	29,482,502
Railway line reconstruction	3,159,458
Electrolysis equipment	1,244,136
Change of turbo supply pump	934,210
Fancing of the Company's territory	254,727
Road construction by workshops	150,569
Fancing around sales department	98,799
Warehouse video monitoring system	91,370
Boiler BI-7 antiexplosion protection	77,040
Installment of security post	64,752
Repair of BVP 12 Power supply	19,000
Cite for nitrogen reservoir	18,078
Total	**35,594,641**

6. Intangible assets

As of 31 December intangible assets consisted of following:

	Software	Emission rights	Certified emission reduction	Other intangible assets	Total
Acquisition cost/fair value					
As of 31 December 2007	**411,796**	**327,715**	**-**	**7,927,178**	**8,666,689**
- additions	88,470	45,287,422	5,008,030	5,022,415	55,406,337
- disposals and write-offs (-)	-	(4,594,040)	-	-	(4,594,040)
- decrease in value	-	(17,102,935)	-	-	(17,102,935)
- transfer to other balance sheet items	-	-	-	(12,949,593)	(12,949,593)
As of 31 December 2008	**500,266**	**23,918,162**	**5,008,030**	**-**	**29,426,458**
- additions	-	24,239,481	4,166,435	-	28,405,916
- disposals and write-offs (-)	(87,403)	-	-	-	(87,403)
- used emission rights and certified commission reduction	-	(25,242,807)	(5,008,030)	-	(30,250,837)
- increase in value of unused certified emission reduction	-	117,519	-	-	117,519
As of 31 December 2009	**412,863**	**23,032,355**	**4,166,435**	**-**	**27,611,653**
Accumulated amortisation					
As of 31 December 2007	**349,301**	**-**	**-**	**-**	**349,301**
- amortisation	37,638	-	-	-	37,638
As of 31 December 2008	**386,939**	**-**	**-**	**-**	**386,939**
- amortisation	50,849	-	-	-	50,849
- disposals and write offs(-)	(87,403)	-	-	-	(87,403)
As of 31 December 2009	**350,385**	**-**	**-**	**-**	**350,385**
Carrying amount					
As of 31 December 2008	**113,327**	**23,918,162**	**5,008,030**	**-**	**29,039,519**
As of 31 December 2009	**62,478**	**23,032,355**	**4,166,435**	**-**	**27,261,268**

Amortization expenses are charged to cost of sales.

The Company has no internally generated intangible assets.

7. Non-current receivables

As of 31 December the Company's non-current accounts receivable consisted of the following:

	2009	2008
Receivables from the apartments sold	872,628	983,667
Less: Current portion of the receivable	(35,974)	(34,855)
Total	**836,654**	**948,812**

Annual interest for the apartments sold is 0.1 – 1%, due dates – up to 24 years, currency - LTL.

8. Other non-current assets

On 4 July 2008 the Company signed agreement with GAZPROM Marketing & Trading Ltd regarding emission rights exchange to certified emission reduction till the year 2012. As of 31 December gain from emission right exchange derivative was as follows (the Company had no derivative instruments in 2008):

	Emission rights	Certified emission reduction
2010	(3,855,224)	4,166,435
2011	(3,855,224)	4,166,435
2012	(3,855,224)	4,166,435
As of 31 December 2009	**(11,565,672)**	**12,499,305**
As of 31 December 2009 (change)		**933,633**

	Emission rights	Certified emission reduction
2009	(4,594,040)	5,008,030
2010	(4,594,040)	5,008,030
2011	(4,594,040)	5,008,030
2012	(4,594,040)	5,008,029
As of 31 December 2008	**(18,376,160)**	**20,032,119**
As of 31 December 2008 (change)		**1,655,959**

According to the agreement signed with GAZPROM Marketing & Trading Ltd. on 4 July 2008, 88,056 emission right units were exchanged for 109,301 certified emission rights during 2009. Due to this exchange the Company incurred a loss in the amount of LTL 1,136,315 (Note 23) (2008: profit in the amount of LTL 413,990).

9. Inventories

As of December 31 the Company's inventories consisted of the following:

	2009	2008
Fuel	23,556,914	54,907,968
Spare parts	14,681,968	13,738,784
Materials	3,708,237	3,260,540
Other	330,897	191,658
Total	**42,278,016**	**72,098,950**

According to the credit agreement signed with DnB NORD bank AB, as of 31 December 2009 and 2008 the Company had part of its fuel with carrying value LTL 19,000,001 pledged as collateral (Note 16).

10. Accounts receivable and other assets

As of 31 December the Company's accounts receivable and other asstes consisted of the following:

	2009	2008
Trade receivables	40,175,888	30,730,256
VAT receivable	2,264,481	7,881,402
Prepaid expenses	395,906	398,059
Advances paid	888,933	3,437,123
Other receivables	201,881	37,527
	43,927,089	42,484,367
Less: allowances for doubtful trade receivables	(141,344)	(6,926,537)
Total	**43,785,745**	**35,557,830**

For the years ended 31 December the movement of allowances for doubtful accounts receivable was as follows:

	2009	2008
As of 1 January	**6,926,537**	**644,129**
Reversal of allowances for doubtful trade receivables (Note 22)	(6,918,238)	(244,849)
Allowances for bad debts (Note 22)	133,045	6,527,257
As of 31 December	**141,344**	**6,926,537**

11. Cash and cash equivalents

As of December 31 the Company's cash and cash equivalents consisted of the following:

	2009	2008
Cash on the bank accounts	2,533,685	50,572,458
Restricted cash*	10,960,496	-
Term deposit	68,124,467	-
Overnight deposit (Swedbank, AB)	60,584,712	8,981,847
Total	**142,203,360**	**59,554,305**

* As of 31 December 2009 cash on the Company's bank account in the amunt of USD 4,557,000 is restricted under letter of credit till1 January 2010.

According to the credit agreement with DnB NORD bank AB, the Company had its current and future funds on its bank account pledged as collateral. As of 31 December 2009 cash in DnB NORD bank AB amounted to LTL 2,138,700 (31 December 2008: LTL 9,580,096).

As of 31 December 2009 and 2008 according to the syndicated loan agreement with bank Swedbank, AB, SEB bankas AB, Nordea Bank Finland Plc Lithuanian affiliate, and DnB NORD bank AB, the Company had all its current and future funds in these banks pledged as collateral.

As of 31 December 2009 the Company had term deposits at Swedbank, AB of LTL 30,028,167 and LTL 38,096,300. The repayment terms of the deposits are set until 11 January 2010 and 29 January 2010. Fixed interest charged on term deposits is 1.3% and 2.5%.

The carrying amount of term deposit approximates its fair value.

12. Share capital

As of 31 December 2009 and 2008, the Company's share capital consisted of 145,800,689 ordinary registered shares with LTL 1 nominal value each. All shares are fully paid.

As of 31 December the Company's shareholders were as follows:

	2009		2008	
	Shares value	**Shares owned, %**	**Shares value**	**Shares owned, %**
State represented by the Ministry of Energy of the Republic of Lithuania	139,320,481	95.56	140,524,554	96.38
Others	6,480,208	4.44	5,276,135	3.62
Total	**145,800,689**	**100.00**	**145,800,689**	**100.00**

During the year 2009 and 2008 the Company's share capital has not changed.

13. Reserves

The legal reserve is a compulsory reserve under Lithuanian legislation. Annual contributions of minimum 5% of the net distributable profit are required until the legal reserve reaches 10% of the registered share capital. The appropriation is restricted to reduction of the accumulated deficit.

As of 31 December 2009 and 2008 the Company's legal reserve amounted to LTL 13,709,665.

As of 31 December the Company's other reserves were as follows:

	Investment reserve	Reserve for management and employee bonuses and sponsorship	Reserve related to fixed assets	Revaluation reserve	Total
Balance as of 31 December 2007	**78,483,412**	**(45,930)**	**664,668,689**	**-**	**743,106,171**
Made up reserve	72,735,337	3,055,000	-	-	75,790,337
Reserves used	-	(3,052,662)	-	-	(3,052,662)
Balance as of 31 December 2008	**151,218,749**	**(43,592)**	**664,668,689**	**-**	**815,843,846**
Other comprehensive income	-	-	-	117,519	117,519
Transfer to cover year 2008 losses	(34,316,170)	-	-	-	(34,316,170)
Balance as of 31 December 2009	**116,902,579**	**(43,592)**	**664,668,689**	**117,519**	**781,645,195**

After the first time adoption of IFRS at 1 January 2004 of the equity the Company increased by LTL 721,106,885. For the purpose of restriction the distribution of this profit, a reserve related to fixed assets was formed. As of 31 December 2009 and 2008 the reserve amounted to LTL 664,668,689.

As of 31 December 2009 the Company's reserve for investment amounted to LTL 116,902,579 (2008: LTL 151,218,749). This reserve was formed in order to accumulate funds for new investments in the development of machines and equipments, including the development of the new turbines. The use of this reserve is to be determined by the shareholders.

On 28 April 2009 the Shareholders of the Company made a decision to cover the net losses for the year 2008 by transfer of other reserves to retained earnings in the amount of LTL 34,316,170.

There are no legal or accounting restrictions to transfer these reserves to retained earnings.

14. Draft distribution of profit

As of 31 December draft distributions of profit were as follows:

Articles	**2009**
Undistributed result – profit – at the beginning of the financial year	-
Net result – profit - for the financial year	90,668,158
Distributable result – profit – at the end of the financial year	90,668,158
Transfers to reserves	-
Transfers from reserves	-
Dividends declared	-
Distributable profit	90,668,158
Profit distribution:	
State reserves	-
Other reserves	-
Dividends	-
Other	-
Undistributed result – profit – at the end of the reporting period	**90,668,158**

15. Grants and subsidies

As of 31 December 2009 and 2008 and for the years ended 31 December 2009 and 2008 the movement of grants was as follows:

	Grants related to assets			
	Fuel burning equipment and other assets	**Renewals, ecology norm improvement project**	**Grant related to emission rights**	**Total**
Carrying amount as of 31 December 2007	**2,131,081**	**268,060,251**	**52,988**	**270,244,320**
- depreciation of property, plant and equipment	(374,222)	-	-	(374,222)
- grants received	-	63,493,230	45,287,422	108,780,652
- emission right decrease in value	-	-	(16,775,220)	(16,775,220)
- emission rights used	-	-	(28,565,190)	(28,565,190)
Carrying amount as of 31 December 2008	**1,756,859**	**331,553,481**	**-**	**333,310,340**
-depreciation of property, plant and equipment	(373,616)	-	-	(373,616)
- grants received	-	385,773,825	22,509,428	408,283,253
- emission rights used	-	(5,701)	(22,509,428)	(22,515,129)
Carrying amount as of 31 December 2009	**1,383,243**	**717,321,605**	**-**	**718,704,848**

According to the agreement signed with GAZPROM Marketing & Trading Ltd. on 4 July 2008, 88,056 emission right units were exchanged for 109,301 certified emission rights during 2009, therefore emission rights acquisition cost is by LTL 522, 926 larger than government subsidies granted.

During 2009 grants related to assets (fuel burning equipment and other assets) decreased by LTL 373,618, i.e. property, plant and equipment depreciation amount (2008: LTL 374,222). This amount reduced depreciation expense of property, plant and equipment, recognised in the profit or loss.

During 2009 the Company received LTL 385,773,825 from Ignalina Nuclear Power Station Closing Fund (2008: LTL 63,493,230). LTL 33,923,733 of these funds was used for dioxide disposal from smoke and hard piece catching equipment construction and LTL 351,850,092 for a new gas turbine unit of 445 MW of power construction.

16. Borrowings

As of December 31 the Company's borrowings were as follows:

	2009	**2008**
Loan from DnB NORD bank, denominated in EUR, 12 months EUR LIBOR+0.84%, maturity date 1 May 2013	12,999,792	12,999,792
Syndicated loan (Swedbank, AB, SEB bankas AB, Nordea Bank Finland Plc Lithuanian affiliate, DnB NORD bank), denominated in EUR, 6 months EUR LIBOR+0.8% and 6 months EUR LIBOR+0.4%, last maturity date 9 November 2020	116,953,242	131,206,400
Total	**129,953,034**	**144,206,192**

All loan agreements are arranged at market terms. All the bank borrowings are arranged at floating interest rates.

Bank loans will be paid as follows:	**2009**	**2008**
Within first year	17,967,384	14,253,158
Within second year	17,967,384	17,967,384
Within third year	17,967,384	17,967,384
Within fourth year	16,110,275	17,967,384
Within fifth year	14,253,158	16,110,275
After five years	45,687,449	59,940,607
Total	**129,953,034**	**144,206,192**
Current portion of the long term loan	17,967,384	14,253,158
Long term loan	111,985,650	129,953,034
Total	**129,953,034**	**144,206,192**

The Company was in compliance with all loan covenants as of 31 December 2009.

According to the agreement signed with DnB NORD bank AB, the Company received a credit of EUR 3,765,000. Credit repayment dates are 2010-2013. As of 31 December 2009 according to this agreement the Company had current and future funds in this bank and part of fuel inventory pledged as collateral. According to this agreement, as of 31 December 2009 and 2008, the whole credit amount was fully used. Portion of the loan paid back until the date of financial statements is LTL 3,714,225.

On 9 November 2005 the Company signed a syndicated loan agreement with bank Swedbank, AB, SEB bankas AB, Nordea bank Finland Plc Lithuanian affiliate and DnB NORD bank AB. According to this agreement the Company received a loan of EUR 49,000,000. The last repayment date of this loan is 9 November 2020. According to this agreement, on 28 March 2006 the Company pledged part of its mechanisms as security. According to the agreement the Company is obligated to have its current and future funds pledged as collateral in all of these banks. As of 31 December 2008 EUR 38,000,000 was used. Loan's purpose – to finance the first investment program. Portion of the loan paid back in 2009 is – LTL 14,253,158.

On 12 December 2007 the Company signed a credit line agreement with bank Swedbank, AB, SEB bankas AB, DnB NORD bank AB, Sampo bank AB (now Danske Bank A/S) and Nordea bank Finland Plc Lithuanian affiliate for 400 MW gas turbine block construction financing. According to the agreement the Company may take a credit up to EUR 81,400,000. This agreement was canceled, the loan limit was not used.

The fair value of the borrowings approximates their carrying amount.

17. Trade and other payables

As of 31 December the Company's trade and other payables consisted of the following:

	2009	2008
Payables to suppliers for construction	72,486,257	64,663,961
Payables to suppliers for fuel	25,840,071	9,008,527
Dividends payable	976,667	978,377
Other payable for services	829,121	372,449
Payables to suppliers for inventories	458,015	343,454
Tax payable (except income tax)	435,469	487,137
Payables to suppliers for renovation works	167,634	-
Other	76,350	91,379
Total	**101,269,584**	**75,945,284**

18. Payroll related liabilities

As of 31 December payroll related liabilities consisted of the following:

	2009	2008
Vacation reserve	1,923,875	2,135,961
Taxes payable	1,006,088	1,481,729
Total	**2,929,963**	**3,617,690**

19. Sales

For the years ended 31 December the Company's sales were as follows:

	2009	2008
Electric energy production	289,915,803	279,187,652
Cold power reserve	115,269,336	87,225,120
Thermal power	9,726,374	11,924,224
Operating reserve	-	9,398,880
Total	**414,911,513**	**387,735,876**

As of 31 December 2009 the Company had the following agreements with market operator:

- "Agreement of purchase-sale and transfer services of electric energy and capacity reserve", based on which Lietuvos Energija AB is obliged (a) to buy in the auction and the Company is obliged to produce and sell 800 million kWh of the reimbursed electric energy (799.6 million kWh sold – 99.95%) and (b) to provide to the Company LTL'000 115,269 for maintenance of capacity reserves. The agreement was fully complied with. The amount of the operating and cold reserve is determined based on a schedule of the capacity requested by Lietuvos Energija AB. The amount covers the ordinary operational expenses incurred to maintain the reserves;

- "Agreement of public interest related services" signed with Lietuvos Energija AB, based on which Lietuvos Energija AB has to pay the Company LTL'000 232,978 to provide public interest related services. During 2009 LTL'000 232,978 was paid (100%) (2008: 160,181, 96.07%). The agreement was fully complied with.

20. Cost of sales

For the years ended 31 December the Company's cost of sales were as follows:

	2009	2008
Gas	193,566,434	266,975,564
Fuel oil	63,664,140	16,744,267
Payroll and social security	37,753,104	29,982,483
Depreciation and amortisation expenses	26,892,288	27,227,202
Materials	9,560,954	4,472,455
Renovation	5,168,829	1,756,949
Electricity energy for equilibration	1,898,924	2,988,720
Emulsion MSAR	-	15,655,021
Oriemulsion	-	317,132
Other	1,363,574	825,610
Total	**339,868,247**	**366,945,403**

21. Operating segments

The Company has separated electric energy production and thermal power production reportable segments (activities). During the years 2009 and 2008 all segment sales were to external customers. There were no inter-segment sales in the year (2008: LTL 0). As of and for the year ended 31 December 2009 the information about these segments consisted of the following:

2009	**Electricity energy production**	**Thermal power production**	**Unallocated**	**Total**
Sales	405,185,139	9,726,374	-	414,911,513
Cost of sales	(327,937,268)	(11,930,979)	-	(339,868,247)
Gross profit (loss)	**77,247,871**	**(2,204,605)**	**-**	**75,043,266**
Operating expenses	-	-	(6,964,696)	(6,964,696)
Other operating expenses	-	-	(7,654,976)	(7,654,976)
Interest income	-	-	291,064	291,064
Financing expenses	-	-	(962,124)	(962,124)
Foreign currency exchange impact	-	-	3,222,493	3,222,493
Income tax benefit	-	-	27,575,612	27,575,612
Net profit (loss)	**77,247,871**	**(2,204,605)**	**15,507,373**	**90,550,639**
Other information				
Assets	1,418,956,288	700,955,884	10,652,825	2,130,564,997
Liabilities less grants and subsidies	-	-	377,101,301	377,101,301
Tangible and intangible assets additions	-	-	445,123,286	445,123,286
Depreciation and amortization	26,554,488	337,800	373,616	27,265,904

As of and for the year ended 31 December 2008 the information about the segments consisted of the following:

2008	**Electricity energy production**	**Thermal power production**	**Unallocated**	**Total**
Sales	375,811,652	11,924,224	-	387,735,876
Cost of sales	(346,485,907)	(20,459,496)	-	(366,945,403)
Gross profit (loss)	**29,325,745**	**(8,535,272)**	**-**	**20,790,473**
Operating expenses	-	-	(25,120,392)	(25,120,392)
Other operating income	-	-	6,074,835	6,074,835
Interest income	-	-	1,139,917	1,139,917
Financing expenses	-	-	(1,109,977)	(1,109,977)
Foreign currency exchange impact	-	-	4,698,799	4,698,799
Income tax expenses	-	-	(40,789,825)	(40,789,825)
Net profit (loss)	**29,325,745**	**(8,535,272)**	**(55,106,643)**	**(34,316,170)**
Other information				
Assets	1,055,510,166	8,762,217	620,769,389	1,685,041,772
Liabilities less grants and subsidies	-	-	407,640,740	407,640,740
Tangible and intangible assets additions	-	-	138,096,152	138,096,152
Depreciation and amortization	26,661,842	219,200	346,160	27,227,202

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in another economic environment.

The Company operates in one geographical area – Lithuania.

Information about major clients
Revenues arising from sales of electric energy, cold power reserve, thermal power and operating reserve of LTL 414,911,513 (2008: LTL 387,735,876) contain revenue of LTL 381,161,922 (LTL 375,807,125) from sales to Lietuvos energija AB.

22. Operating expenses

For the years ended 31 December operating expenses consisted of the following:

	2009	2008
Payroll and other social security	4,315,948	7,288,675
Collective agreement pay	1,120,551	4,072,272
Land rental fee	894,359	759,783
Assets security	827,381	725,050
Insurance	824,190	860,944
Renovation	702,608	73,110
Emission fee	660,263	661,856
Real estate taxes	523,630	524,300
Other taxes	307,788	309,659
Consultation and translation	307,424	89,244
Transportation	285,504	289,736
Business trips	282,857	332,144
Telephone and postal services	231,309	218,099
Employee trainings	205,400	195,045
Control and maintenance	174,382	131,802
Utilities	172,899	79,024
Provisions for bad debts (Note 10)	133,045	6,527,257
Reversal of allowances for doubtful receivables (Note 10)	(6,918,238)	(244,849)
Change in vacation reserve	(212,086)	511,054
Charity, support	-	497,662
Other	2,125,482	1,218,525
Total	**6,964,696**	**25,120,392**

23. Other operating (expense) income

For the years ended 31 December other operating (expense) income consisted of the following:

	2009	2008
Other operating income		
Payments received from insurance	324,131	-
Revenue from custody of material resources	161,788	52,883
Revenues from maintenance of junctions	100,641	259,045
Rental income	93,496	124,742
Fines and delay charges	62,746	12,942
Gain on exchange of emission rights (Note 8)	-	413,990
Gain from emission rights provisions exchange futures	-	1,655,959
Forfeit	-	3,562,558
Other income	496,909	306,707
	1,239,711	**6,388,826**
Other operating expenses		
Purchase of emission rights	(5,373,152)	-
Loss on disposal of non-current assets	(2,267,057)	-
Loss on exchange of emission rights (Note 8)	(1,136,315)	-
Expenses on maintenance of junctions	(103,176)	(250,191)
Other expenses	(14,987)	(63,800)
	(8,894,687)	**(313,991)**
Total	**(7,654,976)**	**6,074,835**

24. Finance costs

For the years ended 31 December finance costs consisted of the following:

	2009	**2008**
Interest expenses	4,660,692	7,839,671
Other financing expenses	194,201	47,589
	4,854,893	**7,887,260**
Less: capitalised interest expenses	(3,892,769)	(6,777,283)
Total	**962,124**	**1,109,977**

25. Income tax (benefit) expense

The following table represents income tax expenses calculation, based on the income tax expenses calculated according to the income tax rate determined based on the law:

	2009	**%**	**2008**	**%**
Profit before taxes	63,092,546		6,473,655	
Income tax calculated according to the income tax rate 20% (2008: 15%) determined under the law	12,618,509	20	971,048	15
Income not subject to tax	(4,342,002)	(7)	(685,624)	(11)
Expenses not deductable for tax purposes	1,939,592	3	1,698,765	25
Correction of previous year income tax	(3,363)	-	72,591	1
Change in deferred tax due to change in income tax rate (2010: 15%, 2009:20%)	(37,788,348)	(60)	38,733,045	600
Income tax (benefit) expense	**(27,575,612)**	**(44)**	**40,789,825**	**630**
Income tax expense consisted of:				
Current income tax expense	13,994,886	23	4,789,487	74
Previous year income tax expense	(3,363)	-	72,591	1
(Benefit) loss from deferred taxes	(41,567,135)	(67)	35,927,747	555
Income tax expense (benefit)	**(27,575,612)**	**(44)**	**40,789,825**	**630**

During the years ended 31 December deferred income tax changes were as follows:

	Deferred tax asset	**Deferred tax liabilities**		
Deferred income tax assets and liabilities	**Vacation reserve**	**Accelerated depreciation**	**Revalued assets**	**Total**
As of 31 December 2007	**(243,736)**	**3,508,078**	**115,740,090**	**119,004,432**
Recognised in profit or loss	(183,456)	947,136	35,164,067	35,927,747
As of 31 December 2008	**(427,192)**	**4,455,214**	**150,904,157**	**154,932,179**
Recognised in profit or loss	138,611	(1,275,373)	(40,430,373)	(41,567,135)
As of 31 December 2009	**(288,581)**	**3,179,841**	**110,473,784**	**113,365,044**

26. Basic and diluted earnings (loss) per share

For the calculation of the basic earnings per share weighted average of ordinary shares for the years ended 31 December 2009 and 2008 was used, and it amounted to 145,800,689 shares.

As of and during the year ended 31 December 2009 and 2008 the Company did not have any transactions decreasing earnings per share.

27. Related party transactions

As of and for the year ended 31 December 2009 the Company's transactions with the companies controlled by the state and municipalities consisted of the following:

Companies controlled by the state	Accounts payable	Accounts receivable	Income earned	Expenses incurred
Lietuvos Geležinkeliai AB	125,374	-	-	188,703
Elektrėnų Komunalinis Ūkis UAB	121,629	856,625	4,775,578	1,202,233
Lietuvos Energija AB	103,008	35,275,455	381,161,922	1,963,429
Rytų Skirstomieji Tinklai AB, Vilnius office	12,477	1,755,861	14,859,520	90,850
Abromiškių Reabilitacinė Ligoninė VšĮ	11,683	40,629	231,001	125,772
Technikos Priežiūros Tarnyba VšĮ	2,000	-	-	113,821
Lietuvos Naftos Produktų Agentūra VĮ	-	-	1,329,441	-
Priešgaistrinė gelbėjimo tarnyba Elektrėnų ir Lietuvos Elektrinės apsaugai	-	-	-	794,000
Elektrėnų Sporto, Turizmo ir Pramogų Centras VšĮ	-	21,766	136,923	5,870
	376,171	**37,950,336**	**402,494,385**	**4,484,678**

As of and for the year ended 31 December 2008 the Company's transactions with the companies controlled by the state and municipalities consisted of the following:

Companies controlled by the state	Accounts payable	Accounts receivable	Income earned	Expenses incurred
Lietuvos Energija AB	145,654	22,413,422	375,807,125	3,066,122
Elektrėnų Komunalinis Ūkis UAB	78,655	1,031,850	4,888,235	940,149
Abromiškių Reabilitacinė Ligoninė VšĮ	12,588	40,338	227,397	137,728
Rytų Skirstomieji Tinklai AB, Vilnius office	8,056	-	-	83,567
Lietuvos Geležinkeliai AB	1,264	-	-	520,894
Elektrėnų Sporto, Turizmo ir Pramogų Centras VšĮ	450	19,765	140,985	3,824
Lietuvos Naftos Produktų Agentūra VĮ	-	-	1,348,136	-
Priešgaistrinė gelbėjimo tarnyba Elektrėnų ir Lietuvos Elektrinės apsaugai	-	-	-	710,100
Technikos Priežiūros Tarnyba VšĮ	-	-	-	71,171
	246,667	**23,505,375**	**382,411,878**	**5,533,555**

State controlled companies are profit orientated companies where state exercises control or has significant influence. There are no other significant transactions with the state controlled companies.

In the opinion of the management, all transactions with the related parties were concluded on an arm's length basis.

As of 2009 and 2008 average amount of the Company's executive managers was 3. Compensation paid to the managers amounted to LTL 692,628 during 2009 (2008: LTL 793,174).

As of 31 December 2008 an allowance in the amount of LTL 6,525,304 was provided for trade receivable from Lietuvos Energija AB. The provision was reversed in the year 2009 due to peace treaty between the Company and Lietuvos Energija AB.

28. Categories of financial instruments

As of 31 December the Company's financial instrument categories were as follows:

	2009	2008
Financial assets		
Other non-current assets	933,633	1,655,959
Loans and receivables (including cash and cash equivalents)	182,439,785	92,225,765
Financial liabilities		
Financial liabilities at amortized cost	236,538,325	223,769,166

29. Financial risk management

The Company is exposed to the financial risks in its operations, i.e. credit risk, liquidity risks and market risk (foreign currency risk, fair value interest rate risk and cash flow interest rate risk). To manage the abovementioned risks, the Company seeks to minimize potential adverse effects which could negatively impact financial performance of the Company.

Credit Risk
As of 31 December the credit risk was related to:

	2009	2008
Cash and cash equivalents	142,203,360	59,554,305
Loans and receivables	40,236,425	32,671,460
Total	**182,439,785**	**92,225,765**

The credit risk of the Company related to the amounts receivable is rather limited because the main buyer is a reliable customer Lietuvos Energija AB.

The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

As of 31 December the ageing analysis of the Company's financial assets that were not impaired consisted of the following:

	2009	2008
Not overdue	182,142,372	68,328,984
Overdue up to 30 days	-	23,621,267
Overdue from 30 to 60 days	61,497	231,551
Overdue from 60 to 90 days	80,405	16,581
Overdue more than 90 days	155,511	27,382
Total	**182,439,785**	**92,225,765**

Liquidity risk
The liquidity risk is managed by planning the cash flows of the Company. In order to minimize the liquidity risk, cash flow forecasts are prepared. All of the Company's long term liabilities are related to development of property, plant and equipment.

The following table details the Company's contractual maturity for their non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As of 31 December 2009				
Borrowings	17,967,384	18,596,485	54,496,485	59,092,833
Payables	104,661,416	-	-	-
As of 31 December 2008				
Borrowings	14,253,158	18,665,597	68,267,011	68,348,219
Payables	108,075,177	-	-	-

As of 31 December 2009 the Company's net working capital was positive and amounted to LTL 76,805,095. The Company's current ratio was 1.5 and quick ratio was 1.2.

As of 31 December 2008 the Company's net working capital was positive and amounted to LTL 44,882,750. The Company's current ratio was 1.4 and quick ratio was 0.8.

Market risk

Interest rate risk

The income and cash flows of the Company are exposed to the fluctuations of the market interest rate. The interest rate risk relates mainly to long-term borrowings. The borrowings issued at floating interest rates expose the Company to cash flow interest rate risk.

The Company has borrowings with floating interest rates related to LIBOR-EUR.

If in 2009 the interest rates on the Company's borrowings were higher by 1 basis point, the net loss of the Company would have increased by LTL 132,164 (2008: LTL 419,392). If in 2009 the interest rates on the Company's borrowings were lower by 1 basis point, the Company's net loss would have been lower by LTL 132,164 (2008: LTL 419,392).

Foreign exchange risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Starting from 2 February 2002, Litas was pegged to EUR, therefore the Company's equity is not sensitive to changes in euro exchange rates.

The Company did not use any financial instruments facilitating control over the foreign exchange risk.

As of 31 December 2009 the Company had the following financial assets and liabilities denominated in foreign currency:

	LTL	EUR	SEK	USD	Total
Assets					
Cash and cash equivalents	130,964,653	278,211	-	10,960,496	142,203,360
Accounts receivables	40,130,957	105,468	-	-	40,236,425
Liabilities					
Borrowings	-	129,953,034	-	-	129,953,034
Payables	57,307,964	22,529,148	23,513,933	848,502	104,199,547
Net exposure	**113,787,646**	**(152,098,503)**	**(23,513,933)**	**10,111,994**	**(52,712,796)**

As of 31 December 2008 the Company had the following financial assets and liabilities denominated in foreign currency:

	LTL	EUR	SEK	USD	Total
Assets					
Cash and cash equivalents	18,659,558	38,621,334	-	2,273,413	59,554,305
Accounts receivables	32,651,598	-	-	19,862	32,671,460
Liabilities					
Borrowings	-	144,206,192	-	-	144,206,192
Payables	43,048,652	17,271,613	19,242,709	-	79,562,974
Net exposure	**8,262,504**	**(122,856,471)**	**(19,242,709)**	**2,293,275**	**(131,543,401)**

Fair value

The estimated fair value amounts have been determined by the Company using market information and valuation methodologies considered appropriate. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair value estimates presented herein are based on pertinent information available to the Company as of 31 December 2009 and 2008. The Company is not aware of any factors that could have a material impact on the amounts of these fair values.

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities that as of 31 December 2009 and 2008 had not been presented in the Company's balance sheet statements at their fair value. Market interest rates are used to estimate fair values of assets and liabilities

	2009		**2008**	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Financial assets				
Other non-current assets	836,654	1,252,715	948,812	1,509,563
Financial Liabilities				
Borrowings	129,953,034	155,740,209	144,206,192	176,829,054

30. Commitments and contingencies

As of 31 December 2009 the Company was not involved in any legal proceedings, which in the opinion of management might have a material impact on the financial statements.

31. Post balance sheet events

On 18 February 2010 Lietuvos elektrinė AB has signed the agreement with European Bank for Reconstruction and Development for 71 million EUR to finance the new Combined Cycle Gas Turbine (CCGT) unit development.

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Appendix 1 to the Company's annual report for the year 2009

Report on Compliance with the Corporate Governance Code for the Vilnius Stock Exchange Listed Companies

In this report the Company presents information, in accordance with Article 21(3) of the Republic of Lithuania Law on Securities and Sub-Clause 20.5 of the Trading Rules of the Vilnius Stock Exchange, on compliance with the Corporate Governance Code for the companies whose securities are traded in a regulated market approved by the Vilnius Stock Exchange.

PRINCIPLES / RECOMMENDATIONS	YES/NO/NOT APPLICABLE	COMMENT
PRINCIPLE I: BASIC PROVISIONS **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Every year the Company discloses information about its activity plans in the annual report.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The governance and supervisory bodies of the Company seek to implement the principle objectives and projects.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Company's Supervisory Board, the Board and the General Director seek to ensure the interests of the Company and its shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Company seeks to ensure the rights of its privies (shareholders, employees, creditors, suppliers, clients, etc.).
PRINCIPLE II: THE CORPORATE GOVERNANCE FRAMEWORK **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, and protection of the shareholders' interests**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The Company has the Supervisory Board - collegial supervisory body and the Board – collegial management body. The supervision of the Board is also performed by the general shareholders meeting, to which the Board is accountable.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The Company has formed a collegial managing body – the Board, which is responsible for strategic management and other main functions of the Company.

2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Not Applicable	The Company has formed the Supervisory Board and the Board.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.	Yes	The Board and Supervisory Board formation and practice are evaluated by the provisions stated in the III and IV principles.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	The Supervisory Board has 5 members. The Board also has 5 members. This amount of collegial bodies is optimal taking into account the activity and specifics of the Company.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Yes	The Supervisory Board is elected for 4 years period. The statute of the Company does not indicate restrictions for members' re-election. Under the Joint Stock Company Law of the Republic of Lithuania, the general shareholders meeting is able to cancel the Supervisory Board or its members even if the managerial period is not finished.
2.7 A chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to deviate from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	There are no obstacles for the independent supervisory with no bias because the chairman of the Supervisory Board is the representative of the main Company's shareholder. The chairman of the Supervisory Board has never been an executive manager of the Company (neither an employee), his current position does not underlie obstacles for an independent supervisory without bias.

PRINCIPLE III: THE ORDER OF THE FORMATION OF A COLLEGIAL BODY TO BE ELECTED BY THE GENERAL SHAREHOLDERS' MEETING **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management.**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter under this Principle referred to as the "collegial body") should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders' interests.	Yes	The Supervisory board of the Company is elected based on the rules indicated in the Joint Stock Company Law of Republic of Lithuania. Its formation mechanism allows securing objective supervision without bias of the Company's bodies. Only a member having proper qualification can become a member of the Supervisory Board. All 5 Supervisory Board members are not employed in the Company, they are representatives of the main Company's shareholder – the state, represented by the Ministry of Energy, owning 95.56% of shares. This ensures a more effective protection system of the shareholders' interests. While the minority shareholders compose only 4.44% of all shares, they are not permitted to have their own representative in the Supervisory Board, nevertheless their interests are defended by the State – the main Company's shareholder.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Yes	Information about the members of the Supervisory Board (their qualification, previous positions in other companies) is available in the Company's periodical reports, as well as in the protocols of general shareholders' meeting.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Yes	Before election of the new member of the Supervisory Board at the general shareholders' meetings, the shareholders are provided the information about the member's qualification, previous statuses in other companies. Information about the composition and members of the Supervisory Board is also disclosed in the Company's periodical reports.

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.	Yes	The Company's Supervisory Board is composed based on the organizational structure and activity of the Company. Members of the Supervisory Board have different knowledge and experience in order to perform their duties properly.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Yes	The current Supervisory Board members have efficient administrative experience. When new members are elected to the Supervisory Board, they would be introduced to the Company, its operations and administrative specifics.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	The Company's Supervisory Board is currently one independent member – Artūras Dainius. Other members of the Supervisory Board are all representatives of the main Company's shareholder. Nevertheless, any arising interest conflicts between the members would be solved under provision. The members of the Supervisory Board are not employees of the Company.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees;	No	The Company follows the criteria stated in this recommendation, respecting the independence of the members of the Supervisory Board. As per recommendations of these criteria, all the Company's Supervisory Board members cannot be considered independent, because they are all representatives of the main shareholder of the Company.

3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance-based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance. He/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		

3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	No	Under the criterions stated in this recommendation all of the Company's Supervisory Board members cannot be considered independent, because they are all representatives of the main shareholder of the Company.
3.9. The necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	No	There has been no independence evaluation and publish practice effective within the Company.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	No	There has been no independence evaluation and publish practice effective within the Company.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Not Applicable	There is no remuneration to the Company's Supervisory Board members for their work and participation in the management meetings.
PRINCIPLE IV: THE DUTIES AND LIABILITIES OF A COLLEGIAL BODY ELECTED BY THE GENERAL SHAREHOLDERS' MEETING **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the "collegial body") should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	The Supervisory Board of the Company gives recommendations, supervises activity performance of the Board and the executive manager of the Company, and performs other assigned functions.

4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions, (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, to another authority.	Yes	Based on the knowledge of the Company, the members of the Supervisory Board of the Company work fairly, try to achieve the Company's and not their-own or third party interests, try to keep their independence when making decisions.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The members of the Supervisory Board of the Company perform their duties well: actively participate in the meetings and spend enough time for complying with their responsibilities. All members participate in their Supervisory Board meetings.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	The Company follows the indicated recommendations. The Supervisory Board of the Company acts fairly and without bias with all the shareholders.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	Any transactions between the Company and its shareholders, supervisory, management bodies, or other influence on management having legal or natural persons, are performed and approved under the laws of Republic of Lithuania.

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The Supervisory Board is introduced to all the relevant information concerning its responsibilities. When the Supervisory Board makes decisions, which have significant influence to the Company's activity and strategy, it is independent from the managerial bodies of the Company.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore, when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	No	The Company had no deputies, payroll or audit committees. Nevertheless, the members of the Supervisory Board have significant influence on the main activity aspects of the Company, it controls the Company's Board and the executive manager, gives recommendations when making decisions.

4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	No	The Company has no committees.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	No	The Company has no committees.
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	No	The Company has no committees.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	No	The Company has no committees.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on a regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on a regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Duly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. The nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	No	The Company has no committees.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;	No	The Company has no committees.

2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies. 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies 4.13.2. With respect to stock options and other share based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		

4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.	No	As the main part of the portfolio is governed by the State (The Ministry of Energy of the Republic of Lithuania), audit committee is not formed.

4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	The Company has never had this kind of practice.
PRINCIPLE V: THE WORKING PROCEDURE OF THE COMPANY'S COLLEGIAL BODIES **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept "collegial bodies" covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company fully meets by these recommendations.
5.2. It is recommended that meetings of the company's collegial bodies should be convened according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes	The meetings of the Board and the Supervisory Board are arranged periodically, in order to sustain substantial managerial solutions. The meetings of the Supervisory Board are arranged at least quarterly. The meetings of the Board are arranged at least monthly according to the assigned Board plan.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The Company fully meets these recommendations. Ordinary meetings of the Board and Supervisory Board are arranged according to the assigned plans in advance. Members are informed about the meetings and the meeting related documents are delivered in advance.

5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	The chairmen of the Supervisory Board and the Board keep active cooperation when making decisions related to management issues of the Company.
PRINCIPLE VI: THE EQUITABLE TREATMENT OF SHAREHOLDERS AND SHAREHOLDER RIGHTS **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The Company's share capital is LTL 145,800,689, divided into 145,800,689 ordinary shares of LTL 1 nominal value each. The shares of the Company ensure equal interest and non-interest rights to their owners.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company will fully comply with these recommendations.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	Yes	The Company follows its statute requirements (section 4).
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	The Company fully complies with this recommendation. The approach of calling and leading the general shareholders' meeting grants equal opportunities to participate in the meeting to all the shareholders, without violating their rights and interests. The shareholders of the Company are informed about the general shareholders' meeting in the daily newspaper "Lietuvos Rytas" and through the Vilnius Stock Exchange information system.

6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	No later than 10 days before the general shareholders' meeting, the Company publishes the offered decision plans on the Vilnius Stock Exchange information system. Every shareholder has a possibility to receive information related to the meeting's agenda. The decisions made during the general shareholders' meeting are also published on the Vilnius Stock Exchange information system. The Company publishes information in Lithuanian and English languages.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders have a right to participate in the general shareholders' meeting in person or send a representative, if the representative has an appropriate authorization. The Company also offers to vote by filling the common vote ticket.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.	Not Applicable	The Company has never needed to have this practice.
PRINCIPLE VII: THE AVOIDANCE AND DISCLOSURE OF CONFLICTS OF INTEREST **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The Company follows these recommendations. Most of the collegial management organ members are state officials.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	Transactions between the Company and its shareholders, supervisory and management body members or other persons or legal parties that have influence to the Company's control are approved as it is stated in the Company's statutes (4, 5 paragraphs).

7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to Recommendation 4.5.	Yes	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The Company's supervisory and management body members are introduced to these regulations and they are required to follow these recommendations.
PRINCIPLE VIII: COMPANY'S REMUNERATION POLICY **The remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Company does not prepare remuneration policy. It is regulated by the Ministry of Energy of Republic of Lithuania.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See paragraph 8.1.
8.3. The remuneration statement should include at least the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors but the remuneration statement should not include any commercial information that should not be revealed.	No	See paragraph 8.1.

8.4. The remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See paragraph 8.1.
8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	No	See paragraph 8.1.
8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	No	See paragraph 8.1.
8.7. The remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.7.1. The following remuneration and/or emolument related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;	No	See paragraph 8.1.

6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.7.3. The following supplementary pension schemes related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.		
8.8. The schemes under which the directors are remunerated in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	Not Applicable	The Company does not have policies, under which the directors are remunerated in shares, share options or any other right to purchase shares or be remunerated on the basis of share price.

8.9. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Granting of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. The annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	No	The Company meets requirements of its statutes.
8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	Not Applicable	
8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	Not Applicable	
8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	Not Applicable	

PRINCIPLE IX: THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company meets the law requirements in order to assure the rights of interest owners. The Company's employees influence the Company's management through the labor unions, collective agreement. The relationship with the creditors, suppliers, clients are described in the signed agreements.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
PRINCIPLE X: INFORMATION DISCLOSURE ***The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.***		
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Corporate objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The Company follows these recommendations.

10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Nor Applicable	
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation. 10.1 about the members of the company's supervisory and management bodies are under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Yes	
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.		
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions	Yes	The information on the Vilnius Stock Exchange is published in Lithuanian and English languages at the same time. The Stock Exchange publishes the information in its webpage and trade system, this way assuring that all the information is delivered to everyone. The information impacting the share price is not disclosed in comments, interviews or other sources until this information is publicly available on the Stock Exchange information system.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The Company tries to publish its information in English and Lithuanian languages on the Vilnius Stock Exchange at the same time.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	No	Currently the Company does not have technical abilities to publish the information in its own website. It is foreseen to be done in the future.

PRINCIPLE XI: THE SELECTION OF THE COMPANY'S AUDITOR **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	Every year an independent audit company performs the Company's audit of the annual financial statements and annual management's report.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	The choice of the audit company is performed through a public contest.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Not Applicable	The Company's audit company did not perform non-audit related services and did not receive a compensation for such services from the Company.

General Director
Pranas Noreika

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AB LIETUVOS ELEKTRINĖ

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	31/12/2009 (LTLL)	31/12/2008 (LTLL)	3-month period ended 31 December 2009 (LTL)	3-month period ended 31 December 2008 (LTL)
Sales	***21, 23***	414,911,513	387,735,876	91,110,022	79,073,101
Cost of sales	***22, 23***	(339,868,247)	(366,945,402)	(81,554,182)	(89,130,836)
Total profit/(loss)		**75,043,266**	**20,790,473**	**9,555,840**	**(10,057,735)**
Operating expenses	***24***	(6,964,695)	(25,120,392)	3,467,653	(13,736,603)
Other operating income	***25***	2,534,531	7,853,999	491,732	5,473,969
Other operating expenses	***25***	(10,071,988)	(1,779,164)	(9,098,179)	(372,130)
Interest income		291,064	1,139,917	175,600	173,251
Operating profit/ (loss)		**60,832,177**	**2,884,833**	**4,592,646**	**(18,519,248)**
Finance cost	***26***	(962,124)	(1,109,977)	(92,369)	(516,083)
Impact of currency exchange fluctuations		3,222,493	4,698,799	3,262,965	4,049,330
Profit/(loss) before tax		**63,092,546**	**6,473,655**	**7,763,242**	**(14,986,001)**
Income tax expense (gain)	***27***	27,575,612	(40,789,825)	37,942,301	(35,059,205)
NET PROFIT/(LOSS)		**90,668,158**	**(34,316,170)**	**45,705,543**	**(50,045,206)**
Profit/(loss) per share	**29**	0.62	(0.24)	0.31	(0.34)

Pranas Noreika
Chief Executive Officer

Rolandas Jankauskas
Chief Financial Officer