

**JOINT STOCK COMPANY  
LIETUVOS ELEKTRINĖ**

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

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**Q1 2009 INTERIM FINANCIAL STATEMENTS**

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**CONFIRMATION BY RESPONSIBLE PERSONS**

Pursuant to the provisions of the Rules on Drawing Up and Provision of Periodic and Additional Information approved by the Securities Commission of the Republic of Lithuania and the provisions of Article 22 of the Republic of Lithuania Law on Securities, we, General Manager of AB Lietuvos Elektrinė Pranas Noreika and Chief Financial Officer Rolandas Jankauskas, hereby certify that to the best of our knowledge these Q1 2009 Interim Financial Statements of AB Lietuvos Elektrinė is made in accordance with the effective International Financial Reporting Standards and give a true and fair view of the Company's assets, liabilities, financial standing and profit.


  
\_\_\_\_\_  
Pranas Noreika  
General Manager


  
\_\_\_\_\_  
Rolandas Jankauskas  
Chief Financial Officer

30 April 2009

**BALANCE-SHEET, Q1 2009**


	Notes	31/03/2009 (LTL)	31/12/2008 (LTL)
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Non-current tangible assets	3	1,492,334,607	1,485,759,205
Intangible assets	4	21,135,890	29,039,519
Non-current accounts receivable		945,631	948,812
Deferred profit tax assets		427,192	427,192
Assets due to future ETS transactions		1,655,959	1,655,959
<b>Total non-current assets</b>		<b>1,516,499,279</b>	<b>1,517,830,687</b>
<b>Current assets:</b>			
Inventories		55,560,648	72,098,950
Accounts receivable and prepayments		51,583,962	35,557,830
Cash and cash equivalents		55,683,958	59,554,305
<b>Total current assets</b>		<b>162,828,568</b>	<b>167,211,085</b>
<b>TOTAL ASSETS</b>		<b>1,679,327,847</b>	<b>1,685,041,772</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital		145,800,689	145,800,689
Revaluation reserve		-	-
Statutory reserve		13,709,665	13,709,665
Other reserves		797,054,343	800,645,102
Retained earnings		(26,329,972)	(16,064,763)
<b>Total equity</b>		<b>930,234,725</b>	<b>944,090,693</b>
<b>Grants and subsidies</b>	6	<b>354,247,255</b>	<b>333,310,340</b>
<b>Non-current liabilities:</b>			
Bank loans	7	129,953,033	129,953,033
Deferred profit tax liabilities		154,164,710	155,359,371
<b>Total non-current liabilities</b>		<b>284,117,743</b>	<b>285,312,404</b>
<b>Current liabilities:</b>			
Trade and other payable amounts	8	91,374,184	75,945,284
Labour related liabilities		8,004,081	3,617,690
Current year profit tax		-	-
Emission allowance liabilities	5	-	28,512,202
Bank loans	7	11,349,859	14,253,159
<b>Total current liabilities</b>		<b>110,728,124</b>	<b>122,328,335</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,679,327,847</b>	<b>1,685,041,772</b>

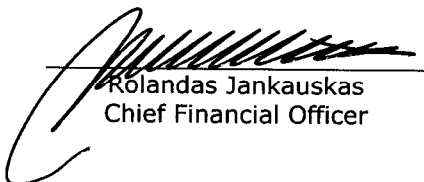
  
Pranas Noreika  
General Manager

  
Rolandas Jankauskas  
Chief Financial Officer

**INCOME STATEMENT, Q1 2009**


	<i>Notes</i>	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/03/2008</b> <b>(LTL)</b>
Sales income	<b>9, 11</b>	113,061,226	81,159,890
Costs of sales	<b>10, 11</b>	(124,227,850)	(82,106,939)
<b>Net profit (loss)</b>		<b>(11,166,624)</b>	<b>(947,049)</b>
Operating costs	<b>12</b>	(3,758,032)	(2,735,578)
Other operating income	<b>13</b>	476,785	581,016
Other operating costs	<b>13</b>	(316,212)	(462,957)
Interest income		30,991	341,750
<b>Operating profit (loss)</b>		<b>(14,733,092)</b>	<b>(3,222,817)</b>
Financing costs	<b>14</b>	(423,009)	(182,575)
Effect of change in the currency exchange rate		103,071	(316,823)
<b>Profit (loss) before tax</b>		<b>(15,053,030)</b>	<b>(3,722,215)</b>
Profit tax expenses		1,194,662	679,508
<b>NET PROFIT (LOSS)</b>		<b>(13,858,368)</b>	<b>(3,042,707)</b>
Profit (loss) per share		(0.10)	(0.02)

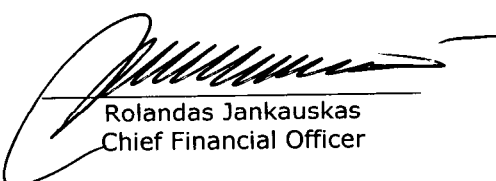
  
 Pranas Noreika  
 General Manager

  
 Rolandas Jankauskas  
 Chief Financial Officer

**CASH FLOW STATEMENT, Q1 2009**


	31/03/2009 (LTL)	31/03/2008 (LTL)
<b>OPERATING ACTIVITIES</b>		
Cash receipt from customers	93,071,659	87,200,825
Other income	17,199	6,534
Cash paid to suppliers and employees	(84,845,014)	(91,324,376)
Other payments	(268,495)	(3,081,409)
<b>Cash generated from operating activities</b>	<b>(7,975,349)</b>	<b>(7,198,426)</b>
Income tax paid	(3,201,078)	(1,910,909)
Interest paid	(1,685,884)	(182,575)
<b>Net cash from operating activities</b>	<b>(3,088,387)</b>	<b>(9,291,910)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of plant, property and equipment	(4,083,905)	(10,206,798)
Loans regained	3,181	35,069
Interest received	30,991	341,750
<b>Net cash used in investing activities</b>	<b>(4,049,733)</b>	<b>(9,829,978)</b>
<b>FINANCING ACTIVITIES</b>		
Loans received	659,990	10,064,000
Loans repaid	(3,563,290)	(6,696)
<b>Net cash (used) received from financing activities</b>	<b>(2,909,001)</b>	<b>10,057,304</b>
Effect of foreign exchange rate changes on the cash and cash equivalents balance	-	-
<b>Cash increase (decrease)</b>	<b>(3,870,347)</b>	<b>(9,064,584)</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>59,554,305</b>	<b>115,452,479</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>55,683,958</b>	<b>106,387,895</b>

  
Pranas Noreika  
General Manager

  
Rolandas Jankauskas  
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY, Q1 2009

	Paid up authorised capital (LTL)	Revaluation reserve of non-current tangible assets (LTL)	Statutory reserve (LTL)	Other reserves (LTL)	Retained earnings (LTL)	TOTAL (LTL)
<b>Balance as of 31 December 2007</b>	145,800,689	664,668,689	9,615,437	78,437,483	81,884,565	980,406,863
Net profit (loss) of the reporting period (31 March 2008)	-	-	-	-	(3,042,707)	(3,042,707)
Decrease in the revaluation reserve due to depreciation and writing-off of revalued assets	-	(3,688,358)	-	-	3,688,358	-
<b>Balance as of 31 March 2008</b>	145,800,689	660,980,331	9,615,437	78,437,483	82,530,215	977,364,155
Net profit (loss) of the reporting period (31 December 2008)	-	-	-	-	(31,273,462)	(31,273,462)
Formed reserves	-	-	4,094,228	75,790,337	(79,884,565)	-
Used reserves	-	-	-	(3,052,662)	3,052,662	-
Dividends	-	-	-	-	(2,000,000)	(2,000,000)
Decrease in the revaluation reserve due to depreciation and writing-off of revalued assets	-	(660,980,331)	-	649,469,944	11,510,387	-
<b>Balance as of 31 December 2008</b>	145,800,689	0	13,709,665	800,645,102	(16,064,763)	944,090,693
Net profit (loss) of the reporting period (31 March 2009)	-	-	-	-	(13,858,368)	(13,858,368)
Decrease in the revaluation reserve due to depreciation and writing-off of revalued assets	-	-	-	(3,590,759)	3,590,759	-
Profit adjustments of the previous years	-	-	-	-	2,400	2,400
<b>Balance as of 31 March 2009</b>	145,800,689	0	13,709,665	797,054,343	(26,329,972)	930,234,725

  
Pranas Nofeika  
General Manager

  
Rolandas Jankauskas  
Chief Financial Officer

## **NOTES TO THE FINANCIAL STATEMENTS**

31 March 2009

### **1. General Information**

Following Law No. VIII-1693 of 18 May 2000 on Reorganisation of the Special-Purpose Company Lietuvos Energija of the Republic of Lithuania, the special purpose joint stock company Lietuvos Energija was reorganised by way of division of companies, i.e. by separating a part of assets, rights and obligations from the special purpose joint stock company Lietuvos Energija, which after reorganisation continued its activities without its special purpose status, and dividing them among the following newly incorporated companies: joint stock company Lietuvos Elektrinė, joint stock company Mažeikių Elektrinė, joint stock company Rytų Skirstomieji Tinklai, and joint stock company Vakarų Skirstomieji Tinklai.

In accordance with the Law on the Register of Enterprises of the Republic of Lithuania, AB Lietuvos Elektrinė (hereinafter—the Company) was registered with the Ministry of Economy on 31 December 2001:

- Company registration No.: BĮ 01-249;
- Company identification code: 110870933;
- VAT registration number: 108709314;
- Insurer's registration number at the social insurance fund No.: 853488;
- Registered address: Elektrinės g. 21, Elektrėnai, Republic of Lithuania;
- Authorised capital of the company: LTL 145 800 689;
- The objective of activity of the Company is reliable, high-quality, and efficient production of electric and thermal power.

Prices of electricity sold by the Company are subject to regulation by the National Control Commission for Prices and Energy. For the year 2008, the Commission set the price for electricity produced by the Company (and required to ensure the energy system reserves) at the rate of 42.95 ct/kWh excluding VAT.

The financial year of the Company is the calendar year. The Company has been incorporated for an unlimited period of commercial-economic activities.

The Company is a member of the Lithuanian Electricity Association and actively participates in the activities of the association which represents common EUROELECTRIC interests.

On 31 March 2009, the Company employed 646 employees (on 31 December 2008—636 employees).

The figures contained in the financial statements are expressed in the national currency of Lithuania—litas (LTL).



## **2. Accounting policy**

These financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS), approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are related to its activity and valid for from the reporting period that commenced on 1 January 2005.

The present financial statements were drawn up in accordance with the modified acquisition value principle (due to the revaluation of non-current assets and emission allowances, provisions for used emission allowances and related State subsidies; and due to accounting of certain financial instruments at their fair value). Starting from 1 January 2004 (transition to IFRS), the fair value of non-current assets is considered to represent deemed cost.

During the interim reporting period, the accounting policy was not amended. The interim financial statements were drawn up in accordance with the same accounting policy as the annual financial statements. A comprehensive description of the accounting policy is given in the explanatory note to the financial statements for the year ended 31 December 2008.

### 3. Tangible assets

	<b>Buildings and structures (LTL)</b>	<b>Machinery and equipment (LTL)</b>	<b>Vehicles (LTL)</b>	<b>Other property, plant and equipment (LTL)</b>	<b>Construction in progress (LTL)</b>	<b>Total (LTL)</b>
<b>Deemed cost</b>						
31 December 2008	217,393,475	889,066,102	2,727,697	253,012,192	539,535,193	1,901,734,659
Financial year changes:						
- acquisition of assets	-	-	-	113,899	13,406,777	13,520,676
- disposals and write-offs (-)	-	(6,830,082)	(1,741)	(1,279,583)	-	(8,111,406)
<b>31 March 2008</b>	<b>217,393,475</b>	<b>882,236,020</b>	<b>2,725,956</b>	<b>251,846,508</b>	<b>552,941,970</b>	<b>1,907,143,929</b>
<b>Depreciation</b>						
31 December 2008	56,495,721	299,844,980	1,934,761	57,699,992	-	415,975,454
Financial year changes:						
- depreciation of the financial year	763,134	4,586,912	31,533	1,408,392	-	6,789,971
- depreciation of disposals and write-offs (-)	-	(6,681,170)	(1,740)	(1,273,193)	-	(1,274,933)
<b>31 March 2009</b>	<b>57,258,855</b>	<b>297,750,722</b>	<b>1,964,554</b>	<b>57,835,191</b>	<b>-</b>	<b>414,809,322</b>
<b>Residual value</b>						
<b>31 December 2008</b>	<b>160,897,755</b>	<b>589,221,122</b>	<b>792,936</b>	<b>195,312,199</b>	<b>539,535,193</b>	<b>1,485,759,205</b>
<b>31 March 2009</b>	<b>160,134,620</b>	<b>584,485,298</b>	<b>761,402</b>	<b>194,011,317</b>	<b>552,941,970</b>	<b>1,492,334,607</b>

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

### 4. Intangible assets

	<b>Software (LTL)</b>	<b>Emission permits (Note 5) (LTL)</b>	<b>Emission Reduction Units (LTL)</b>	<b>Total (LTL)</b>
<b>Acquisition cost</b>				
31 December 2008	500,267	23,918,162	5,008,030	29,426,459
Financial year changes:				
- acquisition of assets	-	22,360,664	-	22,360,664
- disposals and write-offs (-)	-	-	-	(62,490)
- used emission allowances and emission reduction units	(62,490)	(25,242,807)	(5,008,030)	(30,250,837)
<b>31 March 2009</b>	<b>437,777</b>	<b>21,036,019</b>	<b>0</b>	<b>21,473,796</b>
<b>Amortisation</b>				
31 December 2008	386,940	-	-	386,940
Financial year changes:				
- amortisation of the financial year	13,456	-	-	13,456
- amortisation of disposals and write-offs (-)	(62,490)	-	-	(62,490)
<b>31 March 2008</b>	<b>337,906</b>	<b>-</b>	<b>-</b>	<b>337,906</b>
<b>Residual value as of 31 December 2008</b>	<b>113,327</b>	<b>23,918,162</b>	<b>5,008,030</b>	<b>29,039,519</b>
<b>Residual value as of 31 March 2009</b>	<b>99,871</b>	<b>21,036,019</b>	<b>0</b>	<b>21,135,890</b>

Amortisation costs are accounted as cost.

## 5. Emission allowances and emission reduction units

On 31 December 2009, greenhouse gas emission allowances were accounted for as follows:

	<b>Emission allowances (Note 4) (LTL)</b>	<b>Emission reduction units (Note 4)</b>	<b>State grants (Note 6) (LTL)</b>	<b>Provisions for used emission allowances (LTL)</b>
<b>31 December 2008</b>	<b>23,918,162</b>		-	<b>28,512,202</b>
Received State grant at fair value	22,360,664	<b>5,008,030</b>	22,360,664	-
Used according to audit report	(25,242,807)	(5,008,030)	(1,324,645)	(28,512,202)
<b>31 March 2009</b>	<b>21,036,019</b>	-	<b>21,036,019</b>	-

Pursuant to the 4 July 2008 Agreement concluded with Gazprom Marketing & Trading, 88,056 emission allowances were exchanged for 109,301 emission reduction units.

## 6. Grants

Balance of grants as of 31 March 2009 and their use during the reporting period:

	<b>Grants related to assets (fuel incineration plant and other assets) (LTL)</b>	<b>Grants related to assets (renovation, environmental and safety standards enhancement project ) (LTL)</b>	<b>Grants for greenhouse gas emission allowances (LTL)</b>	<b>Total (LTL)</b>
<b>Balance of grants as of 31 December 2007</b>	<b>2,131,081</b>	<b>268,060,251</b>	<b>52,988</b>	<b>270,244,320</b>
Depreciation of non-current assets (Note 3)	(374,222)			(374,222)
Received grants	-	63,493,230	45,287,422	108,780,652
Impairment of emission allowances	-	-	(16,775,220)	(16,775,220)
Used emission allowances	-	-	(28,565,190)	(28,565,190)
<b>Balance of grants as of 31 December 2008</b>	<b>1,756,859</b>	<b>331,553,481</b>	-	<b>333,310,340</b>
Depreciation of non-current assets (Note 3)	(93,404)	-	-	(93,404)
Returned unused grant	-	(5,700)	-	(5,700)
Received grants	-	-	21,036,019	21,036,019
<b>Balance of grants as of 31 March 2009</b>	<b>1,663,455</b>	<b>331,547,781</b>	<b>21,036,019</b>	<b>354,247,255</b>

Over the first three months of 2009, grants related to assets (fuel incineration plant and other assets) decreased by LTL 93,404, i.e. by the amount of depreciation of the non-current assets (in 2008 – LTL 93,525). This amount decreased the costs of depreciation of non-current assets in the income statement.

## 7. Bank loans

As of 31 March 2009, bank loans were as follows:

	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/12/2008</b> <b>(LTL)</b>
AB bankas DnB Nord, EUR, repayable by 1 May 2013	12,999,792	12,999,792
Syndicated loan (AB bankas Hansabankas, AB SEB Vilniaus bankas, Nordea Bank Finland Plc Lithuania Branch, AB bank DnB Nord), LTL, repayable by 9 November 2020	<u>127,643,110</u>	<u>131,206,400</u>
	<b><u>140,642,902</u></b>	<b><u>144,206,192</u></b>
Of which:		
short-term	10,689,869	14,253,159
Overdraft AB Swedbankas	659,990	-
Total of short-term loans:	<b><u>11,349,859</u></b>	<b><u>14,253,159</u></b>

## 8. Trade and other payable amounts

As of 31 December 2009, trade and other payable amounts were as follows:

	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/12/2008</b> <b>(LTL)</b>
Debts to suppliers for construction works and investments	71,950,236	62,334,175
Debts to suppliers for fuel	12,320,332	16,570,311
Unpaid dividends	978,377	986,541
Payable taxes (except for profit tax)	2,439,742	914,040
Other debts for services	562,448	510,360
Debts to suppliers for repair works	85,445	334,082
Debts to suppliers for inventories	2,951,672	318,521
Other	<u>85,932</u>	<u>42,302</u>
<b>Total:</b>	<b><u>91,374,184</u></b>	<b><u>82,010,331</u></b>

## 9. Sales

Sales for the quarter that ended on 31 March were as follows:

	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/03/2008</b> <b>(LTL)</b>
Production of electric power:	79,807,286	51,496,808
Power reserve	28,817,334	24,156,000
Thermal energy	<u>4,436,606</u>	<u>5,507,082</u>
<b>Total:</b>	<b><u>113,061,226</u></b>	<b><u>81,159,890</u></b>

### 10. Costs

Costs for the quarter that ended on 31 March were as follows:

	<b>31/03/2009</b>	<b>31/03/2008</b>
	<b>(LTL)</b>	<b>(LTL)</b>
Gas	70,218,195	65,950,590
Depreciation and amortisation costs	6,710,024	6,714,333
Salaries and social insurance	12,248,410	7,483,955
Materials	1,427,268	822,819
Repairs	60,686	431,996
Balancing electric energy	909,008	364,153
Fuel oil	32,362,649	-
Other	291,610	339,094
<b>Total:</b>	<b>124,227,850</b>	<b>82,106,939</b>

### 11. Business segments

The Electrical Power Production segment and the Thermal Power Production segment are distinguished within the Company. Information on the aforementioned segments as of 31 March 2009 and for the quarter that ended on that date is provided below.

<b>31 March 2009</b>	<b>Production of electric power (LTL)</b>	<b>Production of thermal Power (LTL)</b>	<b>Other (LTL)</b>	<b>Total (LTL)</b>
<b>Sales</b>	<b>108,624,620</b>	<b>4,436,606</b>	-	<b>113,061,226</b>
Cost	(118,441,916)	(5,785,934)	-	(124,227,850)
<b>Segment's net profit</b>	<b>(9,817,296)</b>	<b>(1,349,328)</b>	-	<b>(11,166,624)</b>
Operating costs				(3,758,032)
Other operating revenue				476,785
Other operating costs				(316,212)
Interest revenue				30,991
Financing costs				(423,009)
Effect of change in the currency exchange rate				103,071
Profit tax expenses				1,194,662
<b>Net profit</b>				<b>(13,858,368)</b>
<b>Other information</b>				
Non-current assets	1,009,988,520	7,582,496	498,928,263	1,516,499,279
Liabilities	-	-	394,845,867	394,845,867
Acquisition of tangible and intangible assets	-	-	13,520,676	13,520,676
Depreciation and amortisation	6,625,524	84,500	-	6,710,024

**12. Operating costs**

Operating costs for the first quarter that ended on 31 March were as follows:

	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/03/2008</b> <b>(LTL)</b>
Salaries and social insurance	1,182,694	1,109,581
Pollution tax	289,816	130,338
Payouts under collective agreement	327,491	304,666
Loss due to the transaction of emission limit exchange	413,990	-
Land tax	190,500	190,500
Property security costs	219,075	181,078
Other payments/taxes	113,984	60,144
Real estate tax	130,907	131,055
Insurance costs	206,184	204,523
Business trips	43,019	21,422
Repairs	73,520	33,082
Utility services	25,153	24,911
Communications and postal services	54,699	58,090
Transportation costs	64,248	68,503
Checks and maintenance	27,914	35,852
Consultancy and translation services	2,655	-
Employee training	43,044	37,127
Provisions for receivables (Note 9)	(61,249)	(61,141)
Other	410,388	205,847
<b>Total:</b>	<b>3,758,032</b>	<b>2,735,578</b>

**13. Other operating income and costs**


Other operating income and costs for the first quarter that ended on 31 March comprised the following:

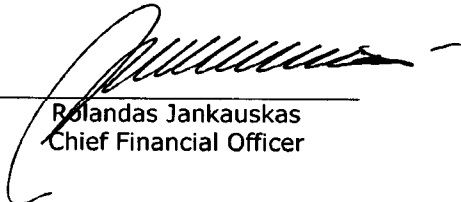
	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/03/2008</b> <b>(LTL)</b>
<b>Other operating income</b>		
Profit from disposal of emission allowances	-	
Income from custody of material resources	336,614	429,802
Dispenser servicing income	20,524	51,303
Income from lease	26,678	31,947
Other income	75,770	61,430
Imposed fines and penalties	17,199	6,534
	<b>476,785</b>	<b>581,016</b>
<b>Other operating costs</b>		
Expenses of sale of emission allowances	-	-
Costs of custody of material resources	291,684	424,841
Dispenser servicing costs	20,583	29,006
Other costs	3,945	9,110
	<b>316,212</b>	<b>462,957</b>

**14. Financing costs**

Operating costs for the first quarter that ended on 31 March were as follows:

	<b>31/03/2009</b> <b>(LTL)</b>	<b>31/03/2008</b> <b>(LTL)</b>
Interest costs	1,566,745	1,705,745
Other financing costs	119,139	6,060
	<u>1,685,884</u>	<u>1,711,806</u>
Less: capitalised interest costs	<u>(1,262,875)</u>	<u>(1,529,231)</u>
<b>Total:</b>	<b><u>423,009</u></b>	<b><u>182,575</u></b>

  
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Pranas Noreika  
General Manager

  
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Rolandas Januskas  
Chief Financial Officer