

**JOINT STOCK COMPANY
LIETUVOS ELEKTRINĖ**

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

To Securities Commission of the Republic of Lithuania

30 April 2010

ENDORSEMENT BY THE AUTHORISED REPRESENTATIVES

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, confirm that to the best of our knowledge, the financial statements of AB Lietuvos Elektrinė for Q1 2010 were prepared according to valid International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position, and profit of the company.

ENCL. Financial statements of AB Lietuvos Elektrinė for Q1 2010 ended 31 March 2010 (14 pages)

Chief Executive Officer



Pranas Noreika

Chief Financial Officer



Rolandas Jankauskas

JOINT STOCK COMPANY LIETUVOS ELEKTRINĖ
Q1 2010 *Financial Statements*

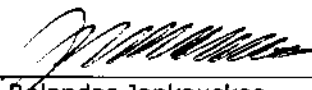
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BALANCE SHEET

	Notes	31/3/2010 (LTL)	31/12/2009 (LTL)
ASSETS			
Non-current assets:			
Non-current tangible assets	3	1,920,666,140	1,872,977,740
Intangible assets	4	8,786,842	27,261,268
Long-term receivables		831,290	836,654
Deferred tax asset		288,582	288,581
Assets due to future EU emission allowance trading		933,633	933,633
Total non-current assets		1,931,506,487	1,902,297,876
Current assets:			
Inventories		173,865,483	42,278,016
Receivables and prepayments		97,276,616	43,785,745
Cash and cash equivalents		41,516,543	142,203,360
Total current assets		312,658,642	228,267,121
TOTAL ASSETS		2,244,165,129	2,130,564,997
EQUITY AND LIABILITIES			
Equity:			
Issued capital		145,800,689	145,800,689
Revaluation reserve		-	-
Legal reserve		13,709,665	13,709,665
Other reserves		777,906,436	781,527,677
Accrued income		96,993,352	93,720,820
Total equity		1,034,410,142	1,034,758,851
Government grants and subsidies	6	856,622,701	718,704,846
Non-current liabilities:			
Bank loans	7	111,985,650	111,985,650
Deferred income tax		112,974,245	113,653,625
Total non-current liabilities		224,959,895	225,639,275
Current liabilities:			
Trade and other payables	8	80,457,383	101,269,584
Payables related to salaries and social security		3,990,888	2,929,963
Current year income tax		1,155,051	2,385,744
Emission limit liabilities	5	26,909,350	26,909,350
Bank loans	7	15,659,719	17,967,384
Total current liabilities		128,172,391	151,462,025
TOTAL EQUITY AND LIABILITIES		2,244,165,129	2,130,564,997


Pranas Noreika
Chief Executive Officer


Rolandas Jankauskas
Chief Financial Officer

INCOME STATEMENT

	<i>Notes</i>	31/3/2010 (LTL)	31/3/2009 (LTL)
Sales	9, 11	224,165,381	113,061,226
Cost of sales	10, 11	(218,406,460)	(124,227,850)
Total profit/(loss)		5,758,921	(14,166,624)
Operating expenses	12	(3,073,595)	(3,758,032)
Other operating income	13	40,893,193	476,785
Other operating expenses	13	(42,430,919)	(316,212)
Interest income		25,137	30,991
Operating profit/ (loss)		1,172,737	(14,733,092)
Finance cost	14	(2,646,905)	(423,009)
Impact of currency exchange fluctuations		(784,616)	103,071
Profit/(loss) before tax		(2,258,784)	(15,053,030)
Income tax expense (gain)		1,910,074	1,194,662
NET PROFIT/(LOSS)		(348,710)	(13,858,368)
Profit/(loss) per share		(0.00)	(0.10)



Pranas Noreika
Chief Executive Officer



Rolandas Jankauskas
Chief Financial Officer

CASH FLOW STATEMENT

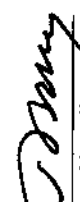
	31/3/2010 (LTL)	31/3/2009 (LTL)
MAIN OPERATING ACTIVITIES		
Income from customers	229,321,305	93,071,659
Other income	10,075,760	17,199
Amounts payable to suppliers and employees	(411,773,836)	(84,845,014)
Other payments	(3,543,935)	(268,495)
Cash received from the main operating activities	(175,920,706)	(7,975,349)
Income tax paid	-	(3,201,078)
Interest paid	(3,208,072)	(1,685,884)
Net cash flows from the main operating activities	179,128,778	3,088,387
INVESTING ACTIVITIES		
Purchase of non-current assets	(57,198,708)	(4,083,905)
Sale of non-current assets	-	-
Repayment of loans	5,364	3,181
Interest received	25,137	30,991
Term deposits	-	-
Net cash flows used in investing activities	(57,168,207)	(4,049,733)
FINANCIAL ACTIVITIES		
Proceeds from loans	-	659,990
Repayment of loans	(2,307,665)	(3,563,290)
Dividends paid	(22)	(-)
Return of unused grant funds	-	(5,701)
Other financial activities (grants received)	137,917,855	-
Net cash flows (used) received from financial activities	135,610,168	(2,909,001)
Impact of currency exchange fluctuations on the current value of cash and cash equivalents	-	-
Cash and cash equivalents, change	(100,686,817)	(3,870,347)
CASH AT THE BEGINNING OF THE PERIOD	142,203,360	59,554,305
CASH AT THE END OF THE PERIOD	41,516,543	55,683,958



Pranas Noreika
Chief Executive Officer


Rolandas Jankauskas
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

	Paid authorised capital (LTL)	Revaluation reserve of non-current tangible assets (LTL)	Legal reserve (LTL)	Other reserves (LTL)	Accrued profit (LTL)	TOTAL (LTL)
Current value at 31 December 2007	145,800,689	664,668,689	9,615,437	78 437 483	81 884 565	980,406,863
Net profit/(loss) for the reporting period (at 31 December 2008)	-	-	-	-	(34,316,170)	(34,316,170)
Reserves used	-	-	-	(3,052,662)	3,052,662	-
Formation of legal reserve	-	-	4,094,228	-	(4,094,228)	-
Dividends	-	-	-	-	(2,000,000)	(2,000,000)
Reserves made	-	-	-	75,790,337	(75,790,337)	-
Revaluation of unused emission allowances	-	-	-	-	-	-
Decrease in the revaluation reserve due to depreciation or write off of revalued assets	-	(664,668,689)	-	649,469,944	15,198,745	-
Current value at 31 December 2008	145,800,689	-	13,709,665	800,645,102	(16,064,763)	944,090,693
Net profit/(loss) for the period (31 December 2009)	-	-	-	-	90,668,158	90,668,158
Compensation of loss for 2008 from reserves (shareholders' decision)	-	-	-	(34,316,170)	34,316,170	-
Correction of the error in 2008	-	-	-	15,198,745	(15,198,745)	-
Current value at 31 December 2009	145,800,689	-	13,709,665	781,527,677	93,720,820	1,034,758,851
Net profit/(loss) for the period (31 March 2010)	-	-	-	-	(348,710)	(348,710)
Dividends	-	-	-	-	-	-
Decrease in the revaluation reserve due to depreciation or write off of revalued assets	-	-	-	(3,621,242)	3,621,242	-
Current value at 31 December 2010	145,800,689	-	13,709,665	777,906,436	96,993,352	1,034,410,142


Pranas Noreika
Chief Executive Officer


Rolandas Jancauskas
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS

1. General information

Following Law No. VIII-1693 of 18 May 2000 on Reorganisation of the Special Purpose Joint Stock 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.

Following 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 and in 2009 transferred to the Ministry of Energy:

- Company registration No. BĮ 01-249
- Company identification code 110870933
- VAT registration number LT108709314
- Insurer's registration number at the social insurance fund – 853488
- Registered address: Elektrinės g. 21, Elektrėnai, Republic of Lithuania
- Authorised capital of the company: LTL 145,800,689
- The aim of the company is reliable, high quality, and efficient production of electrical and thermal power.

Prices for electricity sold by the Company are subject to regulation by the National Control Commission for Prices and Energy. For 2010, the Commission set the purchase price for electricity produced by the Company and required to provide services of public interest at the rate of 13,81 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, subsequently, represents common EUROELECTRIC interests.

On 31 March 2010, the Company employed 547 employees (on 31 March 2009 – 646 employees).

Financial statements are prepared in the national currency – the Lithuanian litas (LTL).

2. Accounting policy

Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), approved by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) relevant to the activities of the Company and valid for the reporting period starting from 1 January 2005.

Financial reporting is prepared on the basis of the modified (due to revaluation of non-current assets, emission allowances, provisions for the used emission allowances, related government grants, and accounting of certain financial measures at fair value) acquisition cost principle. As of 1 January 2004 (the date of the adoption of IFRSs by the Company), fair value of non-current assets is considered to be acquisition value.

There have been no changes in accounting policy during the reporting period. The interim financial statements have been prepared according to the same accounting policy as the annual financial statements. A comprehensive description of the policy was provided in the Explanatory Notes of the financial statements as of 31 December 2009.

3. Tangible assets

	Buildings and structures (LTL)	Machinery and plant (LTL)	Vehicles (LTL)	Other equipment, devices, tools, and plant (LTL)	Construction in progress (LTL)	Total (LTL)
Acquisition cost						
At 31 December 2009	216,917,857	890,988,534	2,963,517	272,704,926	919,835,728	2,303,410,561
Changes during the financial year:						
- acquisitions		1,222,451	32,455	236,979	53,071,056	54,562,941
- assets transferred and written off (-)						
At 31 March 2010	216,917,857	892,210,985	2,995,972	272,941,905	972,906,784	2,357,973,503
Depreciation						
At 31 December 2009	59,207,190	308,553,015	2,011,589	60,661,028	-	430,432,822
Changes during the financial year:						
- depreciation during the financial year	762,030	4,560,484	30,688	1,521,339	-	6,874,541
- depreciation of assets transferred and written off (-)						
At 31 March 2010	59,969,220	313,113,499	2,042,277	62,182,367	-	437,307,363
Current value						
At 31 December 2009	157,710,667	582,435,519	951,928	212,043,898	919,835,728	1,872,977,740
At 31 March 2010	156,948,637	579,097,486	953,695	210,759,538	972,906,784	1,920,666,140

All non-current assets of the Company are used for the operation of the Company. Depreciation costs less the amount of the government grant are accounted as cost (Notes 6, and 10).

4. Intangible assets

	Software (LTL)	EU Emission allowances (EUA) (Note 5) (LTL)	Emission reduction units (ERU) (LTL)	Total (LTL)
Acquisition cost				
At 31 December 2009	412,863	23,032,355	4,166,435	27,611,653
Changes during the financial year:				
- acquisitions	-	22,945,627		22,945,627
- assets transferred and written off (-)		(36,616,792)	(3,962,642)	(40,579,434)
- used EUA and ERU				
- increase in value of unused emission allowances	-	(625,606)	(203,793)	(829,399)
At 31 March 2010	412,863	8,735,584	-	9,148,447
Amortisation				
At 31 December 2009	350,385	-	-	350,385
Changes during the financial year:				
- amortisation during the financial year	11,220	-	-	11,220
- amortisation of assets transferred and written off (-)				
At 31 March 2010	361,605	-	-	361,605
Current value at 31 December 2009	62,479	23,032,355	4,166,435	27,261,268
Current value at 31 March 2010	51,258	8,735,584	0	8,786,842

Amortisation is accounted as expense.

5. Emission limits

At 31 March 2010, emission limits were accounted as follows:

	Emission limits (Note 4) (LTL)	Emission reduction units LTL	Government grants (Note 6) (LTL)	Provisions for used emission limits (LTL)
At 31 December 2009	23,032,355	4,166,435	-	26,909,350
Confirmed emission amount				
Government grant at fair value	22,945,627	-	22,945,627	-
Purchased or exchanged	(36,616,792)	(3,962,642)		
Increase in value of EUA and ERU	(625,606)	(203,793)	924,618	
Provisions for used EUA and ERU				
At 31 March 2010	8,735,584	-	23,870,245	26,909,350-

The Company sold 872,581 emission allowance units and 109,301 emission reduction units.

6. Government grants

Current value of government grants at 31 March 2010 and their use during the period:

	Grants related to assets (fuel burning equipment and other assets) (LTL)	Grants related to assets (renewal, environmental, and security standard improvement project) (LTL)	Grants related to emission limits (LTL)	Total (LTL)
Current value at 31 December 2008	1,756,859	331,553,481	-	333,310,340
Depreciation of non-current assets (Note 3)	(373,618)			(373,618)
Grants received	-	385,773,825	22,509,428	408,283,253
Return of unused grant funds or used emission limits	-	(5,701)	(22,509,428)	(22,515,129)
Current value at 31 December 2009	1,383,241	717,321,605	-	718,704,846
Depreciation of non-current assets (Note 3)	(93,404)	-	-	(93,404)
Increase in value of emission limits			924,618	924,618
Grants received	-	114,141,014	22,945,627	137,086,641
Current value at 31 March 2010	1,289,837	831,462,619	23,870,245	856,622,701

In Q1 2010, grants related to assets (fuel burning equipment and other assets) decreased by LTL 93,404, i.e. to depreciation amount of non-current assets (in 2008 – LTL 373,618). This amount reduced depreciation costs of non-current assets charged to profit or loss.

In Q1 2010, the Company received LTL 114,141,014 from the Ignalina Nuclear Power Plant Decommissioning Fund (in 2009 – LTL 385,773,825). LTL 14,065,638 was allocated for financing of the construction project for the equipment for elimination of sulphur oxide from smoke and trapping of solid particles and LTL 100,075,376 – for the construction of a new combined cycle 400 MW gas turbine unit.

7. Bank loans

At 31 March 2010, bank loans included:

	<u>31/3/2010</u> (LTL)	<u>31/12/2009</u> (LTL)
AB DnB NORD Bank, EUR, repayment term 01/05/2013	12,999,792	12,999,792
Syndicated loan (AB Hansabankas, AB SEB Bank, Nordea Bank Finland Plc Lithuania branch, and AB DnB NORD Bank), LTL, repayment term 09/11/2020	113,389,952	116,953,242
Overdraft, Swedbank AB	1,255,625	
	<u>127,645,369</u>	<u>129,953,034</u>
of them:		
short-term	<u>15,659,719</u>	<u>17,967,384</u>

8. Trade and other payables

At 31 March 2010, trade and other payables included:

	<u>31/3/2010</u> (LTL)	<u>31/3/2009</u> (LTL)
Debts to suppliers for construction work and investment	6,446,006	72,486,257
Debts to suppliers for fuel	71,067,029	25,840,071
Debts to suppliers for stock	145,734	458,015
Other debts for services	949,608	829,121
Taxes (except for corporate income tax)	731,393	435,469
Payable dividends	976,645	976,667
Debts to suppliers for repair work	45,176	167,634
Other payables	95,792	76,350
Total:	<u>80,457,383</u>	<u>101,269,584</u>

9. Sales

Sales over Q1 2010 ended 31 March 2010 included:

	<u>31/3/2010</u> (LTL)	<u>31/3/2009</u> (LTL)
Production of electricity	211,265,713	79,807,286
Hot/cold reserve	7,798,268	28,817,334
Thermal power	5,101,400	4,436,606
Total:	<u>224,165,381</u>	<u>113,061,226</u>

10. Costs

Costs over Q1 2010 ended 31 March 2010 included:

	31/3/2010 (LTL)	31/3/2009 (LTL)
Gas	190,974,608	70,218,195
Salaries and social security	7,351,202	12,248,410
Depreciation and amortisation costs	6,792,356	6,710,024
Materials and spare parts	1,515,189	1,427,268
Balancing electricity and electricity as a result of the services of general economic interest	2,249,175	909,008
Repairs	92,169	60,686
Fuel oil	9,178,705	32,362,649
Other costs	253,056	291,610
Total:	218,406,460	124,227,850

11. Business segments

The Company distinguishes electricity production and thermal power production segments. Information about these two segments is presented below:

	Production of electricity (LTL)	Production of thermal power (LTL)	Other (LTL)	Total (LTL)
At 31 March 2009				
Sales	108,624,620	4,436,606	-	113,061,226
Costs	(118,441,916)	(5,785,934)	-	(124,227,850)
Gross profit per segment	(9,817,296)	(1,349,328)	-	(11,166,624)
Operating expenses				(3,758,032)
Other operating income				476,785
Other operating expenses				(316,212)
Interest income				30,991
Financing costs				(423,009)
Impact of currency exchange fluctuations				103,071
Income tax expense (gain)				1,194,662
Net profit/loss				(13,858,368)
Other information				
Assets	1,009,988,520	7,582,496	498,928,263	1,516,499,279
Liabilities	-	-	394,845,867	394,845,867
Depreciation and amortisation	6,625,524	84,500	-	6,710,024

At 31 March 2010	Production of electricity (LTL)	Production of thermal power (LTL)	Other (LTL)	Total (LTL)
Sales	219,063,981	5,101,400	-	224 165,381
Costs	(212,897,754)	(5,508,706)	-	(218 406,460)
Gross profit per segment	6,166,227	(407,306)	-	5 758,921
Operating expenses				(3 073,595)
Other operating income				40 893,193
Other operating expenses				(42 430,919)
Interest income				25,137
Financing costs				(2 646,905)
Impact of currency exchange fluctuations				(784,616)
Income tax expense (gain)				1 910,074
Net profit/loss				(348,710)
Other information				
Assets	1,286,383,320	9,657,532	635,465,635	1,931,506,487
Liabilities	-	-	353,132,286	353,132,286
Depreciation and amortisation	6,707,856	84,500	-	6,792,356

12. Operating expenses

Operating expenses over Q1 2010 ended 31 March 2010 included:

	31/3/2010 (LTL)	31/3/2009 (LTL)
Salaries and social insurance	893 970	1 182 694
Payments according to the collective bargaining agreement	268 880	327 491
Loss due to the EUA exchange transaction	-	413,990
Insurance	209,548	206,184
Land rent tax	223,590	190,500
Security expenses	204,139	219,075
Immovable property tax	159,220	130,907
Emission charges	120,000	289,816
Other taxes	91,657	113,984
Business trips	118,043	113,984
Fuel (for vehicles)	75,635	64,248
Communications and postal services	52,475	54,699
Maintenance and servicing	17,591	27,914
Utility services	14,647	25,153
Consultancy and translation services	50,248	2,655
Repairs	12,137	73,520
Employee training	8,687	43,044
Transportation (empty wagon logistics)	104,411	-
Levies (customs procedures)	33,701	259
Provisions for bad debts		
Acquisition of EUAs		
Recovered bad debts	-	(61,249)
Loss due to write-off of non-current assets		
Other expenses	415,016	410,129
Total:	3,073,595	3,758,032

13. Other operating income and expenses

Other operating income and expenses over Q1 2010 ended 31 March 2010 included:


	<u>31/3/2010</u> <u>(LTL)</u>	<u>31/3/2009</u> <u>(LTL)</u>
Other operating income		
Storage of material resources	166,751	336,614
Switch-yard services	13,412	20,524
Rent	21,455	26,678
Income from EUA sale	40,579,434	-
Other income	36,381	75,770
Penalties and delay fees received	75,760	17,199
	40,893,193	476,785
Other operating expenses		
Storage of material resources	78,678	291,684
Switch-yard services	-	20,583
Loss due to EUA revaluation at market value	1,754,018	-
Market value of sold EUA	40,579,434	-
Other expenses	18,789	3,945
	42,430,919	316,212

14. Finance costs

Finance costs over Q1 2010 ended 31 March 2010 included:

	<u>31/3/2010</u> <u>(LTL)</u>	<u>31/3/2009</u> <u>(LTL)</u>
Interest	637,866	1,566,745
Other finance costs	2,570,206	119,139
	<u>3,208,072</u>	<u>1,685,884</u>
Less: capitalised interest costs	<u>(561,167)</u>	<u>(1,262,875)</u>
Total:	<u>2,646,905</u>	<u>423,009</u>


Pranas Noreika
Chief Executive Officer


Rolandas Jankauskas
Chief Financial Officer