



To Lithuanian Securities Commission  
Konstitucijos ave. 23  
LT-08105 Vilnius

2008-11-28

#### CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the rules on preparation and submission of periodic and additional information of Lithuanian Securities Commission, we, Vytenis Kudinskas, Acting General Manager of Rytų skirstomieji tinklai AB, and, Arvydas Zakalskis, Director of Finance Department, hereby do confirm that, to the best of our knowledge, the Interim Report for the Three Quarters of 2008 of Rytų skirstomieji tinklai AB, fairly shows the assests of Rytų skirstomieji tinklai AB and the assets of the Group, the liabilities, financial status and profit or loss.

ENCLOSURE: Interim Report for the Three Quarters of 2008 of Rytų skirstomieji tinklai AB (22 pages).

Acting General Manager

Vytenis Kudinskas

Director of Finance department

Arvydas Zakalskis

Rytų skirstomieji tinklai AB  
report for the three quarters  
of the year 2008

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28 November 2008

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## I. GENERAL PROVISIONS

### 1. Reporting period covered by the report

The report covers the three quarters of 2008.

### 2. Key data on the issuer

Company name	Akcinė bendrovė Rytų Skirstomieji Tinklai
Code	1108 70890
Authorised capital	LTL 492 404 653
Address	P. Lukšio g. 5B, LT-08221 Vilnius
Telephone	(8-5) 277 75 24
Fax	(8-5) 277 75 14
E-mail	<a href="mailto:info@rst.lt">info@rst.lt</a>
Website	<a href="http://www.rst.lt">www.rst.lt</a>
Legal and organisational form	Public limited liability company, private legal person with limited civil liability
Date and place of registration	31 December, 2001, Ministry of Economy of the Republic of Lithuania
Register in which data on the company is collected in and stored	Register of Legal Entities
Register manager	Legal Entity Registration Office of the Vilnius branch of Public Enterprise Centre of Registers

### 3. Information on where and when one can get acquainted with the report and documents on the basis of which it has been prepared, and the means of mass media

This report and other documents based on which it has been prepared are available at the company's registered office at P. Lukšio g. 5B, Vilnius, Marketing and Communication department (office No.103) on business days from 8.30 a.m. to 12.30 a.m. and from 13.30 p.m. to 17.30 p.m.

Rytų Skirstomieji Tinklai AB provides information to the public via the following mass media: daily newspapers Lietuvos Rytas and Respublika, Lithuanian telegram agency ELTA and news agency BNS.

### 4. Persons responsible for the information provided in the report

Pareigos	Vardas, Pavardė	Telefono Nr.
Acting General Manager	Vytenis Kudinskas	(8 5) 255 25 52
Director of Finance department	Arvydas Zakalskis	(8 5) 251 26 52
Head of the Economic and Finance department	Darius Selevičius	(8 5) 251 26 71
Head of the Marketing and Communication department	Kristina Mažeikytė	(8 5) 255 25 28

Date of signing the report – 28 November 2008

Place of preparation of the report – Rytų Skirstomieji Tinklai AB (P. Lukšio g. 5B, Vilnius)

## II. INFORMATION ON THE ISSUER'S AUTHORISED CAPITAL, SECURITIES ISSUED AND MEMBERS OF MANAGEMENT BODIES

### 5. Shareholders

On 30 September 2008, the number of shareholders of Rytų Skirstomieji Tinklai AB totalled 6,271.

**Table 5.1 Authorised capital structure of Rytų Skirstomieji Tinklai AB.**

Type of shares	Number of shares	Nominal value (LTL)	Total nominal value (LTL)	Share in authorised capital (%)
Ordinary registered shares	492 404 653	1	492 404 653	100.00

**Table 5.2 Shareholders who owned more than 5% of the issuer's authorised capital on 30 September 2008.**

First name, surname of shareholder (company name, type, registered office, address, code)	Number of ordinary registered shares owned by shareholder	Share of authorised capital held (%)	Percentage of votes granted by shares owned	Percentage of votes held in concert with other persons
LEO LT, AB, Žvejų g. 14, LT-09310 Vilnius, įmonės kodas 301732248	351 316 161	71.35	71.35	----
E.ON Ruhrgas International AG, Huttropstrasse 60, Essen, Germany HRB No 10974	99 845 392	20.28	20.28	----

### 6. Members of management bodies

6.1. Positions, first names and surnames, data on the share of the issuer's authorised capital held

**Table 6.1.1 Members of management bodies of Rytų Skirstomieji Tinklai AB and their participation in the issuer's authorized capital**

Name, surname	Position	Share of authorised capital held, pct	Share of votes, pct
Supervisory Board (elected on 08 07 2008 by the decision the General Meeting of Shareholders)			
Andrius Šimkus	Chairman	-	-
Mario Nullmeier	Member	-	-
Vidmantas Grušas	Member	-	-
Darius Kašauskas	Member	-	-
Algimantas Zaremba	Member	-	-
Board (elected on 08 07 2008 at the meeting of the Supervisory Board)			
Gintautas Mažeika,	Chairman	-	-
Valdas Bancevičius	Member	0.00008	0.00008
Vytenis Kudinskas	Member	-	-
General Manager, Chief Financial Officer of the Company			
Vytenis Kudinskas	Acting General Manager	-	-
Rolandas Pakalka	Deputy Chief Financial Officer	0.00162	0.00162

**6.2. Data on the participation of the Supervisory Board, the Board, General Manager and the Chief Financial Officer in the activities of other companies, institutions and organisations (name of the company, institution or organisation, position), more than 5% of companies' capital and votes held.**

**Table 6.2.1 Involvement in the activities of other companies, institutions and organisations**

Name, surname	Name of organisation, position	Share of other companies' capital and votes, pct
<b>Supervisory Board</b>		
Andrius Šimkus	LEO LT AB, chief lawyer	-
Mario Nullmeier	E.ON Ruhrgas International (ERI) AG, Baltic Office Manager	-
Vidmantas Grušas	LEO LT AB, head of the power network technologies	-
Darius Kašauskas	LEO LT AB, head of control and analysis	-
Algimantas Zaremba	Director of the Energy Department of the Ministry of Economy of the Republic of Lithuania	-
<b>Board</b>		
Gintautas Mažeika	LEO LT AB, Chairman of the Board – Chief Executive Officer	-
Valdas Bancevičius	LEO LT AB, member of the Board – Director of Technologies	-
	Elektros Tinklo Paslaugos UAB, Chairman of the Board	-
	Tetas UAB, Chairman of the Board	-
Vytenis Kudinskas	RYTRA UAB, Chairman of the Board	-
<b>General Manager, Chief Financial Officer of the Company</b>		
Vytenis Kudinskas	RYTRA UAB, Chairman of the Board	-
Rolandas Pakalka	-	-

The Supervisory Board of Rytų Skirstomieji Tinklai AB was elected on 8 July 2008 at the General Meeting of Shareholders. The Supervisory Board was elected for a term of four years.

The Board of the Company was elected for a term of four years on 8 July 2008.

### III. FINANCIAL STATUS

Since 1 January 2005, Rytų Skirstomieji Tinklai AB has handled accounting according to International Accounting Standards. Financial accounting statements presented in this chapter have been prepared according to the International Financial Accountability Standards. The company financial statements as of 31 12 2007 have been checked by auditors.

#### 7. Balance statement, LTL

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
<b>ASSETS</b>				
<b>Long-term assets</b>				
Long-term tangible assets	3522 718 945	3528 584 468	3484 406 107	3488 251 486
Intangible assets	8 549 483	10 700 654	8 538 387	10 694 856
Investments in subsidiaries	-	-	36 643 000	36 643 000
Deferred income tax assets	63 235	62 623	-	-
Long-term receivables and prepayments	3 911 450	6 736 239	3 911 450	6 736 239
	<b>3535 243 113</b>	<b>3546 083 984</b>	<b>3533 498 944</b>	<b>3542 325 581</b>
<b>Short-term assets</b>				
Inventories	7 016 752	8 690 922	1 649 538	3 320 024
Trade and other receivables	102 070 414	100 676 636	107 743 395	103 718 811
Derivative financial instruments	345 335	415 241	345 335	415 241
Prepaid income tax	2 389 192	2 583 332	2 128 960	2 442 192
Cash and cash equivalents	853 882	4 126 860	681 753	3 887 416
	<b>112 675 575</b>	<b>116 492 991</b>	<b>112 548 981</b>	<b>113 783 684</b>
Long-term assets intended for sale	152 955	461 964	152 955	461 964
	<b>112 828 530</b>	<b>116 954 955</b>	<b>112 701 936</b>	<b>114 245 648</b>
<b>Total assets</b>	<b>3648 071 643</b>	<b>3663 038 939</b>	<b>3646 200 880</b>	<b>3656 571 229</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	492 404 653	492 404 653	492 404 653	492 404 653
Revaluation reserve	1785 423 364	1913 340 243	1778 869 983	1906 786 862
Legal reserve	49 516 408	49 409 220	49 240 465	49 240 465
Other reserves	336 168 583	160 207 278	333 518 792	158 521 273
Accrued income	74 237 820	170 091 977	80 663 362	174 997 519
<b>Total equity</b>	<b>2737 750 828</b>	<b>2785 453 371</b>	<b>2734 697 255</b>	<b>2781 950 772</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Borrowings	109 647 117	95 835 917	109 647 117	95 835 917
Deferred income tax liability	353 306 718	372 269 097	353 380 697	372 428 853
Other long-term liabilities	164 927 426	118 561 145	164 927 426	118 561 145
	<b>627 881 261</b>	<b>586 666 159</b>	<b>627 955 240</b>	<b>586 825 915</b>
<b>Short-term liabilities</b>				
Trade and other payables	208 255 930	237 481 584	212 556 347	237 445 943
Income tax liabilities	67 303	208 225	-	-
Borrowings	74 116 321	53 229 600	70 992 038	50 348 599
	<b>282 439 554</b>	<b>290 919 409</b>	<b>283 548 385</b>	<b>287 794 542</b>
<b>Total liabilities</b>	<b>910 320 815</b>	<b>877 585 568</b>	<b>911 503 625</b>	<b>874 620 457</b>
<b>Total equity and liabilities</b>	<b>3648 071 643</b>	<b>3663 038 939</b>	<b>3646 200 880</b>	<b>3656 571 229</b>

## 8. Income statement, LTL

	GROUP		COMPANY	
	2008 I-III quarter	2007 I-III quarter	2008 I-III quarter	2007 I-III quarter
Revenues	877 793 024	764 693 161	876 515 749	767 331 199
Other income	715 985	673 671	1 689 090	1 299 772
Electricity purchases	(416 871 333)	(336 459 796)	(416 871 333)	(336 459 796)
Electricity transmission costs	(120 676 848)	(114 707 736)	(120 676 848)	(114 707 736)
Depreciation and amortisation	(212 680 904)	(134 384 253)	(207 796 239)	(128 415 531)
Remuneration and related social security contributions	(111 665 850)	(90 268 238)	(86 574 535)	(66 946 335)
Repair and maintenance costs	(38 739 373)	(40 195 570)	(55 549 704)	(60 468 304)
Transport costs	(1 125 326)	( 860 479)	(11 399 916)	(10 376 144)
Other profit (loss), net value	405 882	283 833	146 719	259 961
Other costs	(27 553 854)	(28 457 205)	(29 813 514)	(33 466 019)
<b>Operating profit</b>	<b>(50 398 597)</b>	<b>20 317 388</b>	<b>(50 330 531)</b>	<b>18 051 067</b>
Revenue from financial activities	319 587	233 112	317 620	230 451
Costs of financial activities	(4 974 155)	(4 110 895)	(4 841 567)	(3 978 822)
<b>Costs of financial activities (net value)</b>	<b>(4 654 568)</b>	<b>(3 877 783)</b>	<b>(4 523 947)</b>	<b>(3 748 371)</b>
Pre-tax profit	(55 053 165)	16 439 605	(54 854 478)	14 302 696
Income tax	7 350 623	(2 848 240)	7 600 961	(2 289 588)
<b>Annual profit</b>	<b>(47 702 542)</b>	<b>13 591 365</b>	<b>(47 253 517)</b>	<b>12 013 108</b>

	GROUP		COMPANY	
	2008 III quarter	2007 III quarter	2008 III quarter	2007 III quarter
Revenues	274 468 661	239 549 900	273 345 358	239 899 032
Other income	230 589	211 824	272 495	303 899
Electricity purchases	(172 318 140)	(121 542 081)	(172 318 140)	(121 542 081)
Electricity transmission costs	(37 151 478)	(34 847 054)	(37 151 478)	(34 847 054)
Depreciation and amortisation	(71 523 769)	(47 590 690)	(69 841 599)	(45 323 246)
Remuneration and related social security contributions	(38 464 427)	(27 209 812)	(30 985 492)	(19 670 606)
Repair and maintenance costs	(11 785 859)	(13 625 924)	(15 452 993)	(20 643 683)
Transport costs	( 391 484)	( 401 427)	(3 652 908)	(3 556 903)
Other profit (loss), net value	( 118 998)	( 76 170)	( 223 843)	( 101 101)
Other costs	(7 190 773)	(8 440 870)	(8 262 780)	(10 717 044)
<b>Operating profit</b>	<b>(64 245 678)</b>	<b>(13 972 304)</b>	<b>(64 271 380)</b>	<b>(16 198 787)</b>
Revenue from financial activities	112 831	( 16 192)	111 393	( 16 575)
Costs of financial activities	(1 686 669)	(1 536 644)	(1 636 502)	(1 490 113)
<b>Costs of financial activities (net value)</b>	<b>(1 573 838)</b>	<b>(1 552 836)</b>	<b>(1 525 109)</b>	<b>(1 506 688)</b>
Pre-tax profit	(65 819 516)	(15 525 140)	(65 796 489)	(17 705 475)
Income tax	9 697 106	3 065 674	9 838 018	3 443 261
<b>Annual profit</b>	<b>(56 122 410)</b>	<b>(12 459 466)</b>	<b>(55 958 471)</b>	<b>(14 262 214)</b>



## 9. Statement of changes in equity, LTL

GROUP	Authorised capital	Revaluation reserve	Legal reserve	Other reserves	Accrued income	Total equity
<b>Balance as at 31 December 2006</b>	<b>492 404 653</b>	<b>1166 123 149</b>	<b>49 356 490</b>	<b>61 850 362</b>	<b>125 586 172</b>	<b>1895 320 826</b>
Decrease in long-term tangible assets revaluation reserve	-	(76 177 516)	-	-	76 177 516	-
Transfers to reserves	-	-	52 730	98 356 916	(98 409 646)	-
Dividends for 2006	-	-	-	-	(34 468 326)	(34 468 326)
Profit for the reporting period	-	-	-	-	13 591 365	13 591 365
<b>Balance as at 30 September 2007</b>	<b>492 404 653</b>	<b>1089 945 633</b>	<b>49 409 220</b>	<b>160 207 278</b>	<b>83 494 461</b>	<b>1875 461 245</b>
Decrease in long-term tangible assets revaluation reserve	-	(29 367 573)	-	-	29 367 573	-
Revaluation of long-term tangible assets	-	1003 249 627	-	-	-	1003 249 627
Deferred income tax liability as a result of revaluation of long-term tangible assets	-	(150 487 444)	-	-	-	(150 487 444)
Profit for the reporting period	-	-	-	-	58 247 323	58 247 323
<b>Balance as at 31 December 2007</b>	<b>492 404 653</b>	<b>1913 340 243</b>	<b>49 409 220</b>	<b>160 207 278</b>	<b>170 091 977</b>	<b>2785 453 371</b>
Decrease in long-term tangible assets revaluation reserve	-	(127 916 879)	-	-	127 916 879	-
Transfers to reserves	-	-	107 188	175 961 305	(176 068 493)	-
Profit for the reporting period	-	-	-	-	(47 702 543)	(47 702 543)
<b>Balance as at 30 September 2008</b>	<b>492 404 653</b>	<b>1785 423 364</b>	<b>49 516 408</b>	<b>336 168 583</b>	<b>74 237 820</b>	<b>2737 750 828</b>
<b>COMPANY</b>	<b>Authorised capital</b>	<b>Revaluation reserve</b>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Accrued income</b>	<b>Total equity</b>
<b>Balance as at 31 December 2006</b>	<b>492 404 653</b>	<b>1158 657 074</b>	<b>49 240 465</b>	<b>60 574 527</b>	<b>129 948 304</b>	<b>1890 825 023</b>
Decrease in long-term tangible assets revaluation reserve	-	(76 177 516)	-	-	76 177 516	-
Transfers to reserves	-	-	-	97 946 746	(97 946 746)	-
Dividends for 2006	-	-	-	-	(34 468 326)	(34 468 326)
Profit for the reporting period	-	-	-	-	12 013 108	12 013 108
<b>Balance as at 30 September 2007</b>	<b>492 404 653</b>	<b>1082 479 558</b>	<b>49 240 465</b>	<b>158 521 273</b>	<b>85 723 856</b>	<b>1868 369 805</b>
Decrease in long-term tangible assets revaluation reserve	-	(28 454 879)	-	-	28 454 879	-
Revaluation of long-term tangible assets	-	1003 249 627	-	-	-	1003 249 627
Deferred income tax liability as a result of revaluation of long-term tangible assets	-	(150 487 444)	-	-	-	(150 487 444)
Profit for the reporting period	-	-	-	-	60 818 784	60 818 784
<b>Balance as at 31 December 2007</b>	<b>492 404 653</b>	<b>1906 786 862</b>	<b>49 240 465</b>	<b>158 521 273</b>	<b>174 997 519</b>	<b>2781 950 772</b>
Decrease in long-term tangible assets revaluation reserve	-	(127 916 879)	-	-	127 916 879	-
Transfers to reserves	-	-	-	174 997 519	(174 997 519)	-
Profit for the reporting period	-	-	-	-	(47 253 517)	(47 253 517)
<b>Balance as at 30 September 2008</b>	<b>492 404 653</b>	<b>1778 869 983</b>	<b>49 240 465</b>	<b>333 518 792</b>	<b>80 663 362</b>	<b>2734 697 255</b>

**10. Cash flow statement, LTL**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30-09-2008</b>	<b>30-09-2007</b>	<b>30-09-2008</b>	<b>30-09-2007</b>
<b>Operating activities</b>				
Annual profit	(47 702 542)	13 591 365	(47 253 517)	12 013 108
Adjustments:				
– Income tax	(7 350 623)	2 848 241	(7 600 961)	2 289 588
– Depreciation and amortisation	213 068 997	134 497 912	208 184 333	128 529 191
– Loss of sold and written-off assets	3 543 377	5 773 975	3 814 936	5 487 950
– Reversal of depreciation of long-term tangible assets	320 575	( 144 561)	320 575	( 144 561)
– Depreciation of receivables/(reversal)	1 079 715	( 244 727)	1 007 779	( 248 692)
– Inventory depreciation/(reversal)	624 986	166 915	371 772	( 227 386)
– Interest income	( 511 522)	( 365 805)	( 509 555)	( 587 037)
– Interest expenses	5 094 080	4 085 634	4 840 589	3 966 079
– Dividend income	-	-	( 857 505)	( 421 836)
Changes in working capital:				
– inventories	1 629 210	(3 880 732)	1 245 930	( 585 426)
– trade and other receivables	(4 638 210)	(3 365 655)	(3 468 865)	(2 672 498)
– trade and other payables	27 536 617	58 752 315	28 883 130	57 453 981
Cash flows from operating activities	192 694 660	211 714 877	188 978 641	204 852 461
Interest paid	(5 399 241)	(4 288 272)	(5 266 648)	(4 168 716)
Income tax paid	(13 404 396)	(14 054 939)	(12 876 155)	(13 786 136)
Net cash flows from operating activities	173 891 023	193 371 666	170 835 838	186 897 609
<b>Investment activities</b>				
Purchases of long-term tangible assets and intangible assets	(212 497 539)	(166 383 694)	(210 132 402)	(160 024 235)
Loan repayments received	237 075	351 766	369 203	351 766
Interest received	366 415	365 805	509 555	587 037
Dividends received	-	-	857 505	421 836
Net cash flows used in investment activities	(211 894 049)	(165 666 123)	(208 396 139)	(158 663 596)
<b>Financing activities</b>				
Loans received	36 968 678	19 335 680	31 567 548	16 835 680
Loans repaid	(19 080 202)	(19 054 852)	(13 811 200)	(19 054 852)
Dividends paid to Company shareholders	( 100 001)	(34 304 768)	( 100 001)	(34 304 768)
Net cash flows used in financing activities	17 788 475	(34 023 940)	17 656 347	(36 523 940)
<b>Increase (decrease) in cash and cash equivalents (including overdraft)</b>	<b>(20 214 551)</b>	<b>(6 318 397)</b>	<b>(19 903 954)</b>	<b>(8 289 927)</b>
Cash and cash equivalents (including overdraft) at the start of the period	(30 047 888)	(41 223 385)	(27 406 331)	(38 388 443)
<b>Cash and cash equivalents (including overdraft) at the end of the period</b>	<b>(50 262 439)</b>	<b>(47 541 782)</b>	<b>(47 310 285)</b>	<b>(46 678 370)</b>

## 11. Explanatory note

### 1. General information

Rytų Skirstomieji Tinklai AB (hereinafter referred to as the Company) is a joint stock company registered in the Republic of Lithuania. The Company was registered in the State Register of Enterprises on 31 December 2001. The Company's shares are listed on the Vilnius Stock Exchange (VSE). The address of the Company's registered office is:

P. Lukšio St. 5b,  
LT-08221 Vilnius,  
Lithuania

As of 30 September 2008, the Company's two primary shareholders were LEO LT AB with 71.35 percent of the Company's shares and E.ON Ruhrgas International AG (Germany) with 20.28 per cent of the Company's shares. The remaining shares belong to different minor shareholders.

The main activity of the Company is supply and distribution of electricity. The Company is a public supplier obliged to supply electricity to the residents and entities, which have not chosen an independent electricity supplier, in the eastern part of Lithuania. The Company, owning medium and low voltage electricity network, is the sole provider of electricity distribution service to the consumers in the eastern part of Lithuania.

The Company was registered after reorganization of Lietuvos Energija SPAB. Following the Law on Reorganization of Lietuvos Energija SPAB, No. VIII-1693, adopted on 18 May 2000, Lietuvos Energija SPAB was reorganized by dividing. After the reorganization of Lietuvos Energija SPAB, which continues the activities as a joint stock company, its certain assets, rights and duties were transferred to newly established enterprises: Rytų Skirstomieji Tinklai AB, Vakarų Skirstomieji Tinklai AB (the name was changed to VST AB), Lietuvos Elektrinė AB and Mažeikių Elektrinė AB.

After the reorganization Lietuvos Energija AB continues the activities as an operator of transmission network and the market, whereas the Company and VST AB function as operators of distribution networks and public suppliers.

On 28 June 2007, the Parliament of the Republic of Lithuania adopted the Law on the Nuclear Power Plant, which set the procedure of implementation of a new nuclear power plant project establishing a national investor. On 14 February 2008, the Law on Amending and Supplementing the Law on the Nuclear Power Plant was passed, according to which the national investor shall be established on the basis of a new parent company transferring the State owned shares (or part thereof) of Rytų Skirstomieji Tinklai AB to the new parent company. On 27 May 2008, an agreement of the national investor LEO LT AB shareholders was signed. Immediately after that an extraordinary general shareholders' meeting of LEO LT AB was called, at which they decided to increase share capital of LEO LT AB by asset contribution from the Lithuanian Government and NDX Energija UAB; and shares of Rytų Skirstomieji Tinklai AB, Lietuvos Energija AB and VST AB.

The activities of the Company are regulated by the Law on Electricity of the Republic of Lithuania.

#### *The consolidated group*

The consolidated group (hereinafter referred to as the Group) consists of the Company and its three subsidiaries. The subsidiaries included in the Group's consolidated financial accounting report are as follows:

Subsidiary	Country of incorporation	Year of establishment	Group's share (%)		Activities
			30-09-2008	31-12-2007	
Rytra UAB	Lithuania	2004	100	100	Provides transport services
Elektros Tinklo Paslaugos UAB	Lithuania	2004	100	100	Provides electricity network and related equipment repair and maintenance services
Tetas UAB	Lithuania	2005	100	100	Provides electricity network design, construction, repair and maintenance services, customer connection to power grids services

### 2. Summary of main accounting policies

Main accounting policies, which have been followed while preparing the present financial accounting report, are described below. These policies have been consistently applied to all presented annual periods, unless indicated otherwise.

## **2.1. Basis of composition**

The present Group and Company financial accounting report has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

## **2.2. Consolidation**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Evaluating whether the Group has the power to govern another enterprise they consider presence and impact of existing or convertible potential voting shares. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

## **2.3. Property, plant and equipment**

Property, plant and equipment is stated at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair values are defined according to periodically performed assessments by independent estimators. Any accumulated depreciation at the date of the revaluation is subtracted from the acquisition value of the property and the received amount forms the revalued value of the property. The latest revaluation was performed in 2007 and the revaluation results were registered in the statement of 31 December 2007.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve in shareholders' equity. Impairment, which covers previous value increase of the same property, is recognized directly in the Equity part by reducing revaluation reserve; all other impairments are recognized in the Income statement. Each year the difference between depreciation calculated on revaluation (when the value increases) recognized in the Income statement and the depreciation calculated at the initial acquisition value, is transferred from the revaluation reserve to the retained earnings. When the property is discarded or sold, all remaining value increase after revaluation is transferred from the revaluation reserve to the retained earnings.

## **2.4. Non-current intangible assets**

Intangible assets expected to provide economic benefit to the Group and the Company in future periods are valued at acquisition cost less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method over estimated benefit period (3 years).

## **2.5. Financial assets**

The Group and the Company classify their financial assets for evaluation purposes according to fair value in the following groups: financial assets calculated according to fair value in the Income statement, loans and receivables, investments prior to repayment and financial assets held for sale. The classification depends on the purpose of purchased financial assets, intentions of the management and on positions of the investments in the active market. The management sets the classification of financial assets on their initial recognition and later reviews the classification on the day of preparation of accountability, with the exception of the financial assets accounted according to fair value in the Income statement. Re-classification to or from this category after the initial recognition is prohibited.

## **2.6. Reserves**

Inventories are stated at the lower of cost or net marketable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Group and the Company from the tax authorities), transport, handling and other costs directly attributable to the acquisition of inventories. It excludes borrowing costs. Net marketable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## **2.7. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the amount of impairment loss. Impairment of trade receivables is recognised when there is objective evidence that the Group or the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of the impairment amount, and the amount of the loss is recognised in the income statement.

## **2.8. Cash and cash equivalents**

For the purposes of the cash flow statement cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance statement.

## **2.9. Trade and other payables**

Trade payables are accrued when the counterparty performed its obligations under the contract and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

## **2.10. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the amount at initial recognition and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

## **2.11. Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's or the Company's activities. Revenue of the Company is shown net of value-added tax, returns, rebates and discounts and the Group's revenues – after additionally eliminating sales within the Group.

Revenue is recognised when the amount of revenue can be reliably assessable, when it is likely that the Group and the Company in future will have economic benefit and when certain criteria set for each type of activities of the Group and the Company are met as described below. The amount of revenue is not considered reliably assessable till all indeterminations related to a sale are solved.

### 3. Long-term tangible assets

	Land	Buildings	Structures and power grids	Machinery and equipment	Other PPE	Construction in progress	Total
<b>GROUP</b>							
<b>31 December 2007</b>							
Cost or revaluation		304 498 609	3778 362 964	473 681 081	178 930 385	71 237 370	4806 710 409
Accumulated depreciation and impairment		(81 329 603)	(988 700 693)	(141 063 596)	(66 496 683)	( 535 366)	(1278 125 941)
Net book amount		<b>223 169 006</b>	<b>2789 662 271</b>	<b>332 617 485</b>	<b>112 433 702</b>	<b>70 702 004</b>	<b>3528 584 468</b>
<b>01 January 2008</b>							
Opening net book amount		223 169 006	2789 662 271	332 617 485	112 433 702	70 702 004	3528 584 468
Additions	39 952	93 464	534 802	892 963	3 221 099	123 727 421	128 509 701
Disposals		( 75 895)	( 180 929)		( 6 588)		( 263 412)
Retirements		( 74 302)	(2 087 503)	( 500 489)	( 24 734)		(2 687 028)
Reclassification		7 782 190	63 990 009	11 677 847	6 801 810	(90 251 856)	-
Reversal of impairment provision		55 786	7	400 829		9 015	465 637
Impairment charge					( 922 968)		( 922 968)
Depreciation		(8 108 700)	(101 466 508)	(16 271 371)	(13 174 092)		(139 020 671)
Closing net book amount	<b>39 952</b>	<b>222 841 549</b>	<b>2750 452 149</b>	<b>328 817 264</b>	<b>108 328 229</b>	<b>104 186 584</b>	<b>3514 665 727</b>
<b>30 September 2008</b>							
Cost or revaluation	<b>39 952</b>	308 922 914	3565 264 399	444 578 143	190 784 689	122 797 874	4632 387 971
Accumulated depreciation and impairment		(89 223 631)	(815 538 308)	(120 025 815)	(84 363 700)	( 517 572)	(1109 669 026)
Net book amount	<b>39 952</b>	<b>219 699 283</b>	<b>2749 726 091</b>	<b>324 552 328</b>	<b>106 420 989</b>	<b>122 280 302</b>	<b>3522 718 945</b>
<b>COMPANY</b>							
<b>31 December 2007</b>							
Cost or revaluation		286 782 975	3775 548 224	470 614 595	144 486 610	71 134 191	4748 566 595
Accumulated depreciation and impairment		(79 741 887)	(988 410 031)	(140 140 768)	(51 487 057)	( 535 366)	(1260 315 109)
Net book amount		<b>207 041 088</b>	<b>2787 138 193</b>	<b>330 473 827</b>	<b>92 999 553</b>	<b>70 598 825</b>	<b>3488 251 486</b>
<b>01 January 2008</b>							
Opening net book amount		207 041 088	2787 138 193	330 473 827	92 999 553	70 598 825	3488 251 486
Additions	39 952	49 357	1 021 508	405 726	399 921	123 682 419	125 598 883
Disposals		( 75 319)	( 180 929)		( 3 209)		( 259 457)
Retirements		( 74 302)	(2 087 504)	( 500 489)	( 24 717)		(2 687 012)
Reclassification		7 782 190	63 990 009	11 677 846	6 698 630	(90 148 675)	-
Reversal of impairment provision		55 786	7	400 829		9 015	465 637
Impairment charge					( 922 967)		( 922 967)
Depreciation		(7 700 253)	(101 324 604)	(16 018 640)	(10 776 066)		(135 819 563)
Closing net book amount	<b>39 952</b>	<b>207 078 547</b>	<b>2748 556 680</b>	<b>326 439 099</b>	<b>88 371 145</b>	<b>104 141 584</b>	<b>3474 627 007</b>
<b>30 September 2008</b>							
Cost or revaluation	<b>39 952</b>	291 255 143	3562 946 547	440 935 209	153 540 534	122 752 874	4571 470 259
Accumulated depreciation and impairment		(87 022 583)	(814 827 250)	(118 707 146)	(65 989 601)	( 517 572)	(1087 064 152)
Net book amount	<b>39 952</b>	<b>204 232 560</b>	<b>2748 119 297</b>	<b>322 228 063</b>	<b>87 550 933</b>	<b>122 235 302</b>	<b>3484 406 107</b>

#### 4. Long-term intangible assets

GROUP	Software, licences	Other intangible assets	Total
<b>1 January 2008</b>			
Cost	18 677 769	448 737	19 126 506
Accumulated amortisation	(8 033 510)	( 392 342)	(8 425 852)
Net book value	<b>10 644 259</b>	<b>56 395</b>	<b>10 700 654</b>
<b>30 September 2008</b>			
Opening net book value	10 644 259	56 395	10 700 654
Additions	1 348 619	56 000	1404 619
Amortisation	(3 508 108)	( 47 682)	(3 555 790)
Closing net book value	<b>8 484 770</b>	<b>64 713</b>	<b>8 549 483</b>
<b>30 September 2008</b>			
Cost	20 016 188	504 737	20 520 925
Accumulated amortisation	(11 531 418)	( 440 024)	(11 971 442)
Net book value	<b>8 484 770</b>	<b>64 713</b>	<b>8 549 483</b>

COMPANY	Software, licences	Other intangible assets	Total
<b>1 January 2008</b>			
Cost	18 670 886	448 737	19 119 623
Accumulated amortisation	(8 032 425)	( 392 342)	(8 424 767)
Net book value	<b>10 638 461</b>	<b>56 395</b>	<b>10 694 856</b>
<b>30 September 2008</b>			
Opening net book value	10 638 461	56 395	10 694 856
Additions	1 340 809	56 000	1 396 809
Amortisation	(3 505 596)	(47 682)	(3 553 278)
Closing net book value	<b>8 473 674</b>	<b>64 713</b>	<b>8 538 387</b>
<b>30 September 2008</b>			
Cost	20 001 495	504 737	20 506 232
Accumulated amortisation	(11 527 821)	(440 024)	(11 967 845)
Net book value	<b>8 473 674</b>	<b>64 713</b>	<b>8 538 387</b>

#### 5. Long-term receivables and prepayments

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Prepayment for long-term tangible and intangible assets	861 047	3 565 233	861 047	3 565 233
Loans extended	3 050 403	3 171 006	3 050 403	3 171 006
	<b>3 911 450</b>	<b>6 736 239</b>	<b>3 911 450</b>	<b>6 736 239</b>

## 6. Inventories

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Materials and spare parts	8 407 694	8 308 069	2 634 997	2 735 634
Electricity meters	855 489	2 191 061	851 372	2 186 678
Fuel	262 248	246 960	7 173	6 093
Other	297 929	318 705	155 371	152 479
Reduction to net realisable value	(2 806 608)	(2 373 873)	(1 999 375)	(1 760 860)
	7 016 752	8 690 922	1 649 538	3 320 024

## 7. Trade and other receivables

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Trade receivables	111 347 172	115 362 336	112 672 161	114 279 061
Receivables from subsidiaries	-	-	4 843 937	4 273 237
Loans extended	291 106	369 694	291 106	369 694
Prepaid and recoverable taxes other than income tax	-	379 762	-	379 302
Accrued income and deferred charges	736 455	1 576 880	452 204	1 487 204
Other receivables	8 496 583	1 496 964	8 254 336	1 402 176
Impairment of trade and other receivables	(18 800 903)	(18 509 000)	(18 770 349)	(18 471 863)
	102 070 414	100 676 636	107 743 395	103 718 811

## 8. Cash and cash equivalents

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Cash in bank	304 672	3 737 295	132 543	3 497 851
Cash in hand	72 719	116 785	72 719	116 785
Cash in transit	476 491	272 780	476 491	272 780
	853 882	4 126 860	681 753	3 887 416

Cash, cash equivalents and overdrafts in the cash flow statement include the following:

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Cash and cash equivalents	853 882	4 126 860	681 753	3 887 416
Overdrafts	(51 116 321)	(34 174 748)	(47 992 038)	(31 293 747)
	(50 262 439)	(30 047 888)	(47 310 285)	(27 406 331)



## 9. Other long-term liabilities

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Deferred income from new customers	144 750 146	102 387 645	144 750 146	102 387 645
Financial grants and subsidies	8 674 967	7 406 522	8 674 967	7 406 522
Other long-term liabilities	11 502 313	8 766 978	11 502 313	8 766 978
	164 927 426	118 561 145	164 927 426	118 561 145

## 10. Trade and other payables

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
Trade payables	136 816 859	163 659 142	145 877 798	167 045 148
Advance payments received	55 060 426	58 223 869	55 032 512	58 208 521
Deferred income from customer connection fees	1 242 869	3 590 862	1 242 869	3 590 862
Accruals and deferred income	2 975 248	6 725 634	2 106 417	5 101 692
Taxes other than income tax	7 336 763	4 661 285	4 978 465	2 883 086
Other short-term liabilities	4 823 765	620 792	3 318 286	616 634
	208 255 930	237 481 584	212 556 347	237 445 943

## 11. Loans

	GROUP		COMPANY	
	30-09-2008	31-12-2007	30-09-2008	31-12-2007
<b>Long-term</b>				
Bank loans	109 647 117	95 835 917	109 647 117	95 835 917
	109 647 117	95 835 917	109 647 117	95 835 917
<b>Short-term</b>				
Bank overdrafts	51 116 321	34 174 748	47 992 038	31 293 747
Bank loans	23 000 000	19 054 852	23 000 000	19 054 852
	74 116 321	53 229 600	70 992 038	50 348 599
	183 763 438	149 065 517	180 639 155	146 184 516

## 12. Proceeds from sale

Proceeds from sale are the proceeds received from the sale of electricity.

## IV. ESSENTIALS EVENTS IN THE ISSUER'S ACTIVITIES

### 12. Essential events in the issuer's activities

#### 23.01.2008 Decision of the Board of Rytų Skirstomieji Tinklai AB

On 23 January 2008, Board of Rytų Skirstomieji Tinklai AB decided to extend, at the expense of the Company's profit, the application of a preferential tariff for farmers receiving electric energy from low-voltage power transmission networks for the year 2008 (the power fee is to be applied in August, September and October only).

#### 04.02.2008 On the Law Amending the Law on Nuclear Power Plant

On 1 February 2008, the Parliament of the Republic of Lithuania passed the Law Amending Articles 8, 10, 11 and 20 of the Law on Nuclear Power Plant providing for the establishment of a national investor on the basis of a new parent company, transferring the state-owned stake in Rytų Skirstomieji Tinklai AB (or a part thereof) to the new parent company.

#### 13.02.2008 On the Signing of the Law Amending the Law on Nuclear Power Plant

On 11 February 2008, the President of the Republic of Lithuania signed the Law Amending and Supplementing Articles 8, 10, 11 and 20 of the Law on Nuclear Power Plant of the Republic of Lithuania, passed by the Parliament of the Republic of Lithuania on 1 February 2008, which provided for the establishment of a national investor on the basis of a new parent company, transferring the state-owned stake in Rytų Skirstomieji Tinklai AB (or a part thereof) to the new parent company.

#### 26.02.2008 Preliminary unaudited consolidated operating results of Rytų Skirstomieji Tinklai Group for 2007

Preliminary unaudited consolidated operating results of Rytų Skirstomieji Tinklai Group (hereinafter referred to as RST Group) for 2007 according to International Financial Reporting Standards:

- net profit of LTL 32.5 mln (EUR 9.42 mln), up 31 pct from the 2006 figure of LTL 24.8 mln (EUR 7.19 mln). The higher than expected profit of the Group in 2007 was determined by a 4 pct rise in electricity sales;
- pre-tax profit of LTL 39.1 mln (EUR 11.34 mln), up 30.8 pct versus the year-earlier figure of LTL 29.9 mln (EUR 8.67 mln);
- operating income of LTL 1068 mln (EUR 309.57 mln), up 14.4 pct from the year-earlier figure of LTL 933.8 mln (EUR 270.67 mln);
- RST Group investments made up LTL 273 mln (EUR 7913 mln), up 30.6 pct compared with the year-earlier figure of LTL 209 mln (EUR 60.58 mln). The higher than expected investments were determined by a 39 pct increase (as compared with 2006) in the number of new consumers connected to the power grid.

#### 05.03.2008 Investment plans of Rytų Skirstomieji Tinklai for 2008

In 2008, Rytų Skirstomieji Tinklai AB plans to allocate LTL 248 mln (EUR 71.9 mln) for investments, of which three-quarters will go to investments in the distribution network.

#### 13.03.2008 Ordinary General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB

At the initiative of the Board of Rytų Skirstomieji Tinklai AB, it was decided to convene an Ordinary General Meeting of Rytų Skirstomieji Tinklai AB at P. Lukšio g. 5B, Vilnius, on 15 April 2008 at 10 a.m.

Agenda of the Ordinary General Meeting of Shareholders:

1. Presentation of the Group's consolidated annual report for 2007;
2. Presentation of findings of an independent auditor;
3. Approval of the Company's financial statements for 2007;
4. Approval of consolidated financial statements of the Company and its subsidiaries for 2007;
5. The Company's profit and loss appropriation account for 2007;
6. Selection of an audit company and determination of terms of payment for audit services.

Registration of shareholders starts on 15 April 2008 at 9 a.m. and ends at 9.50 a.m.

The accounting day of the General Meeting is 8 April 2008.

The shareholders must have ID documents. Shareholders' proxies must also have a power of attorney certified in accordance with the established procedure.

#### 14.03.2008 The Board of Rytų Skirstomieji Tinklai AB approves the Company's long-term tangible asset valuation results

The Board of Rytų Skirstomieji Tinklai AB approved the results of valuation of the Company's long-term tangible assets carried out by Korporacija Matininkai UAB, an independent property valuer, and the inclusion thereof in the Company's financial accounting. The Company's long-term tangible assets as of 31 December 2007 were valued at LTL 3.48 bln, i.e. 1.4-fold higher than the book value of 31 December 2007.

#### 07.04.2008 Decision of the Board of Rytų Skirstomieji Tinklai AB

On 4 April 2008, the RST Board decided to approve the Company's consolidated annual report and audited financial statements of the Company and the Group for 2007, prepared according to International Financial Reporting Standards, and submit them to the Ordinary General Meeting of Shareholders.

In 2007, the Company's earnings made up LTL 1070.6 mln (EUR 310.32 mln), pre-tax profit totalled LTL 91.3 mln (EUR 26.46 mln) and net profit was LTL 72.8 mln (EUR 21.1 mln).

In 2007, the Group's earnings totalled LTL 1068 mln (EUR 309.57 mln), pre-tax profit amounted to LTL 93.8 mln (EUR 27.19 mln) and net profit was LTL 74.3 mln (EUR 21.54 mln).

The Company's and the Group's audited pre-tax profit for 2007 increased by LTL 49.1 mln (EUR 14.23 mln) and net profit grew by LTL 41.8 mln (EUR 12.12 mln) as compared with the Group's preliminary net profit of LTL 32.5 mln (EUR 9.42 mln) and pre-tax profit of LTL 39.1 mln (EUR 11.34 mln) reported on 26 February 2008. The main reason for the rise in profit was the decision of the Company's Board to include an increase in the value of long-term tangible assets as of 31 December 2007 into financial accounting. Asset revaluation determined a 1.4-fold increase in the value of the Company's long-term tangible assets from LTL 2.43 bln (EUR 0.7 bln) to LTL 3.48 bln (EUR 1 bln). The increase in the value of assets after revaluation facilitated partial offsetting of negative asset revaluation results recorded in 2004.

The Company's Board suggests the General Meeting of Shareholders to allocate LTL 12.3 mln (EUR 3.57 mln) of the Company's 2007 profit available for appropriation for paying dividends, i.e. LTL 0.025 (EUR 0.007) dividends per share.

From 7 April 2008, the shareholders can familiarise themselves with documents related to the agenda of the meeting on the Company's website at [www.rst.lt](http://www.rst.lt) and on the website of Vilnius Stock Exchange at [www.baltic.omxgroup.com](http://www.baltic.omxgroup.com).

#### 10.04.2008 Concerning media reports that Rytų Skirstomieji Tinklai AB will not pay dividends

In response to 9 April 2008 media reports, Rytų Skirstomieji Tinklai AB hereby informs that, as reported earlier, the Company's Boards decided on 4 April 2008 to propose the General Meeting of Shareholders to pay dividends to shareholders. The Company's Board has not made any other decisions on this issue and has no further official information.

#### 15.04.2008 Ordinary General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB did not take place

In the absence of a quorum, the Ordinary General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB (hereinafter referred to as RST AB) did not take place.

At its meeting on 15 April, the Government of the Republic of Lithuania decided to charge the Ministry of Economy (the holder of state-owned shares in RST AB) with authorising its representative at the General Meeting of Shareholders of RST AB to vote in favour of the decision not to allocate the Company's 2007 profit available for appropriation for dividends.

#### 18.04.2008 Repeated Ordinary General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB

In the absence of a quorum at the Ordinary General Meeting of Shareholders of 15 April 2008, the Board of Rytų Skirstomieji Tinklai AB decided on 17 April 2008 to convene a Repeated Ordinary General Meeting of Rytų Skirstomieji Tinklai AB at the same address (P. Lukšio g. 5B, Vilnius) with the same agenda on 28 April 2008 at 10 a.m.

Registration of shareholders starts on 28 April 2008 at 9 a.m. and ends at 9.50 a.m.

The accounting day of the Repeated Ordinary General Meeting of Shareholders is 21 April 2008.

Shareholders attending the Repeated General Meeting must have ID documents. Shareholders' proxies must also have a power of attorney certified in accordance with the established procedure.

#### 28.04.2008 Repeated Ordinary General Meeting of Shareholders takes place

DECIDED:

- I) To approve the financial statements of Rytų Skirstomieji Tinklai AB for 2007;
- II) To approve the consolidated financial statements of the Company and its subsidiaries for 2007;
- III) To approve the Company's profit and loss appropriation account for 2007:

1. Retained profit (loss) for the preceding financial year brought forward at the start of the reporting financial year	LTL 0 (EUR 0)
2. Net profit (loss) for the reporting financial year:	LTL 72 831 892 (EUR 21 110 693)
3. Profit (loss) for the reporting financial year not recognised in the profit and loss account:	LTL 102 165 627 (EUR 29 613 225)
4. Transfers from reserves:	LTL 0 (EUR 0)

5. Shareholders' contributions to cover the Company's losses:	LTL 0 (EUR 0)
6. Total profit (loss) available for appropriation:	LTL 174 997 519 (EUR 50 723 919)
7. Share of profit allocated to the legal reserve:	LTL 0 (EUR 0)
8. Share of profit allocated to the reserve for acquisition of own shares:	LTL 0 (EUR 0)
9. Share of profit allocated to other reserves:	LTL 171 817 519 (EUR 49 802 179)
10. Share of profit allocated for payment of dividends:	LTL 0 (EUR 0)
11. Share of profit allocated for payment of annual disbursements (bonuses) for Board members, bonuses for employees, and for other purposes:	LTL 3 180 000 (EUR 921 739)
11.1. for support:	LTL 700 000 (EUR 202 899)
11.2. for bonuses:	LTL 80 000 (EUR 23 188)
11.3. for bonuses for employees and for other purposes:	LTL 2 400 000 (EUR 695 652)
12. Retained profit (loss) at the end of the reporting financial year brought forward to the following financial year:	LTL 0 (EUR 0)

IV) To select audit company Nepriklausomas Auditas UAB as the auditor of Rytų Skirstomieji Tinklai AB and its subsidiaries for auditing financial statements 2008 -2009 and set the price of audit services at LTL 115 168 (EUR 33 382) (incl. VAT) for 2008 and at LTL 115 168 (EUR 33 382) (incl. VAT) for 2009.

#### **29.04.2008 Preliminary unaudited operating results of Rytų Skirstomieji Tinklai Group for the first quarter of 2008**

Preliminary unaudited operating results of Rytų Skirstomieji Tinklai Group for the first quarter of 2008 according to International Financial Reporting Standards:

- operating income of LTL 329 mln (EUR 95.4 mln), up 16 pct compared with the 2007 Q1 figure of LTL 283.5 mln (EUR 822 mln);
- pre-tax profit of LTL 15.7 mln (EUR 4.6 mln), down by LTL 8.1 mln (EUR 2.3 mln) from the year-earlier figure of LTL 23.8 mln (EUR 6.9 mln);
- net profit of LTL 13 mln (EUR 3.8 mln), down by LTL 6.1 mln (EUR 1.7 mln) versus the year-earlier figure of LTL 19.1 mln (EUR 5.5 mln).

The main reason for the decrease in profit was an increase in the value of long-term tangible assets included in the Company's financial accounting on 31 December 2007, which increased costs considerably.

#### **28 05 2008. LEO LT AB Shareholder Agreement signed and share capital increased**

On 27 May 2008, the Shareholder Agreement of the national investor company LEO LT AB was signed. Immediately thereafter an Extraordinary General Meeting of Shareholders of LEO LT AB took place, which took the decision to increase the share capital of LEO LT AB with property contributions of the shareholders the Government of the Republic of Lithuania and NDX Energija UAB, i.e. with shares of Rytų Skirstomieji Tinklai AB, Lietuvos Energija AB and VST AB. The Statutes of LEO LT AB were amended accordingly and registered with the Register of Legal Persons.

#### **29 05 2008. Agendas of Extraordinary General Meetings of Shareholders**

On 28 May 2008, the Board of Rytų Skirstomieji Tinklai AB decided to convene an Extraordinary General Meeting of Shareholders on 30 June 2008 at 11:30 a.m., at P. Lukšio St. 5B, Vilnius. Agenda of the Extraordinary General Meeting of Shareholders:

1. Approval of the new edition of the Company's Statutes.
  2. Dissolution of the Company's Supervisory Board and revocation of the existing Supervisory Board of the Company.
- Registration of shareholders starts on 30 June 2008 at 10:30 a.m. and ends at 11:20 a.m. The accounting day of the General Meeting is 20 June 2008.

On 28 May 2008, the Board of Rytų Skirstomieji Tinklai AB decided to convene an Extraordinary General Meeting of Shareholders on 8 July 2008 at 2 p.m., at P. Lukšio St. 5B, Vilnius. Agenda of the Extraordinary General Meeting of Shareholders:

1. Revocation of the Board of the Company.
2. Election of the Board.

Registration of shareholders starts on 8 July 2008 at 1 p.m. and ends at 1:50 p.m. The accounting day of the General Meeting is 30 June 2008.

Shareholders attending the General Meeting must have ID documents. Shareholders' proxies must also have a power of attorney certified in accordance with the established procedure.

**04 06 2008. Regarding non-provision of a compulsory public offer**

This is to advise that on 2 June 2008 the shareholder LEO LT AB, company identification No. 301732248, registered address at Žvejų St. 14A, Vilnius, which controls the publicly held company Rytų Skirstomieji Tinklai, announced that it would not provide the compulsory public offer to buy out the remaining voting shares of the publicly held company Rytų Skirstomieji Tinklai, as the applicable laws of the Republic of Lithuania did not provide for such a requirement.

**05 06 2008. Notification about acquisition of a block of shares**

June 2, 2008 Rytų skirstomieji tinklai AB received the notification from LEO LT, AB where it is said that LEO LT AB acquired the voting rights of Rytų skirstomieji tinklai, AB after the shares were conceded to LEO LT as capital contribution.

**10 06 2008. Notification about disposal of a block of shares**

June 9, 2008 Rytų skirstomieji tinklai AB received the notification from Ministry of Economy the Republic of Lithuania where it is said that Ministry of Economy the Republic of Lithuania disposed the voting rights of Rytų skirstomieji tinklai, AB after the shares were conceded to LEO LT, AB as capital contribution.

**26 06 2008. Agenda of the 8 July 2008 Extraordinary General Meeting of Shareholders amended**

On 20 June 2008, the Board of Rytų Skirstomieji Tinklai AB passed the decision to amend the agenda of the 8 July 2008 Extraordinary General Meeting of Shareholders by annulling the agenda approved the Board Resolution No 12 of 28 2008, and to approve a new agenda:

1. Regarding revocation of the Supervisory Board of the Company.
2. Regarding election of the Supervisory Board of the Company.

The Extraordinary General Meeting of Shareholders will take place at P.Lukšio St. 5B, Vilnius, at 2 p.m. Registration of shareholders starts on 8 July 2008 at 1 p.m. and ends at 1:50 p.m. The accounting day of the General Meeting is 30 June 2008.

Shareholders attending the General Meeting must have ID documents. Shareholders' proxies must also have a power of attorney certified in accordance with the established procedure.

**27 06 2008. Notice of changes to agenda of Extraordinary General Shareholders Meeting to be held on 8 July 2008**

On 20 June 2008, the Board of Rytų Skirstomieji Tinklai, AB decided to amend the agenda for the extraordinary general meeting of shareholders of 8 July 2008 by cancelling the agenda approved by decision No 12 of the Board of 28 May 2008 and to approve the following new agenda:

1. Recall of the Supervisory Board of the Company
2. Election of the Supervisory Board of the Company.

The extraordinary general meeting of shareholders will be held at P. Lukšio 5B, Vilnius, at 14:00.

Registration of shareholders begins on 8 July 2008 at 13:00 and ends at 13:50.

The record day of the general meeting of shareholders is 30 June 2008.

Shareholders arriving to the general meeting of shareholders must produce a personal identity document. Proxies of shareholders must also have a document approved as required by law.

**28 06 2008. The decision project of the Extraordinary General Meeting of Shareholders of July 8, 2008****AGENDA TOPICS:**

1. Recall of the Supervisory Board of the Company;
2. Election of the Supervisory Board of the Company.

**DECISION:**

1. To recall the current Supervisory Board of the Company whose authority expires as soon as the new Supervisory Board of the Company takes office
2. To stipulate that the new Supervisory Board of the Company takes office on the day of the general meeting of shareholders which elected the Supervisory Board."

The agenda of the Extraordinary General Meeting of Shareholders, which will be called on June 8, 2008, has been changed by the minute No.17 of The Board Meeting, June 20, 2008. The decision projects of the Extraordinary General Meeting of Shareholders were discussed during the Board Meeting of Rytų skirstomieji tinklai AB, which took place on June 20, 2008 (minute No. 17)

**30 06 2008. On 30 June 2008 an Extraordinary General Meeting of Shareholders takes place**

At the Extraordinary General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB (company identification No 110870890) that took place on 30 June 2008 the following resolutions were passed:

1. To approve the new edition of the Company's Statutes, to authorise Valdas Bancevičius, acting CEO of Rytų Skirstomieji Tinklai AB, to sign the new edition of the Statutes of Rytų Skirstomieji Tinklai AB, and to obligate Valdas Bancevičius, acting CEO of Rytų Skirstomieji Tinklai AB, or other authorised persons to register the amended Statutes in accordance with the procedure established by the law and to perform other related actions.
2. Not to dissolve the Supervisory Board of the Company and not to revoke the existing Supervisory Board of the Company.

#### **11 07 2008. On 8 July 2008 an Extraordinary General Meeting of Shareholders takes place**

On 8 July 2008, at 2 p.m., an Extraordinary General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB took place that resolved the following:

1. To revoke the existing Supervisory Board of Rytų Skirstomieji Tinklai AB and to establish that the authority thereof ceases as of the beginning of activities of the new Supervisory Board of Rytų Skirstomieji Tinklai AB.
2. To elect the following persons to the Supervisory Board of Rytų Skirstomieji Tinklai AB: Andrius Šimkus, Vidmantas Grušas, Algimantas Zaremba, Darius Kašauskas and Mario Nullmeier.
3. To establish that of the new Supervisory Board of Rytų Skirstomieji Tinklai AB begins its activities as from the date of the General Meeting of Shareholders of Rytų Skirstomieji Tinklai AB that elected the Supervisory Board.

On the same day, at 3 p.m., a meeting of the Supervisory Board of Rytų Skirstomieji Tinklai AB took place that resolved:

1. To elect Andrius Šimkus chairman of the Supervisory Board of Rytų Skirstomieji Tinklai AB.
2. To revoke the existing Board of Rytų Skirstomieji Tinklai AB and to establish that the authority thereof ceases as of the beginning of activities of the new Board of Rytų Skirstomieji Tinklai AB.
3. To elect the following persons to the Board of Rytų Skirstomieji Tinklai AB: Gintautas Mažeika, Valdas Bancevičius and Vytenis Kudinskas.
4. Not to elect the fourth member of the Board of Rytų Skirstomieji Tinklai AB.
5. To establish that the new Board of Rytų Skirstomieji Tinklai AB begins its activities after the end of the meeting of the Supervisory Board of Rytų Skirstomieji Tinklai AB that elected the Board.

On the same day, at 3:30 p.m., a meeting of the Board of Rytų Skirstomieji Tinklai AB took place that resolved:

1. To elect Gintautas Mažeika chairman of the Board of Rytų Skirstomieji Tinklai AB.
2. To revoke the CEO of Rytų Skirstomieji Tinklai AB.
3. To elect Gintautas Mažeika new CEO of Rytų Skirstomieji Tinklai AB.

#### **21 07 2008. Preliminary H1 2008 operating results of Rytų Skirstomieji Tinklai AB Group**

H1 2008 preliminary unaudited consolidated operating results of the Rytų Skirstomieji Tinklai Group according to International Financial Reporting Standards:

- operating income of LTL 603.3 mln (EUR 174.9 mln), up 14.9 pct from the year-earlier figure of LTL 525.1 mln (EUR 152.2 mln),
- pre-tax profit of LTL 10.8 mln (EUR 3.1 mln), down by LTL 21.2 mln (EUR 6.1 mln) versus the year-earlier figure of LTL 32 mln (EUR 9.28 mln),
- net profit of LTL 8.4 mln (EUR 2.4 mln), up by LTL 17.7 mln (EUR 5.1 mln) from the H1 2007 figure of LTL 26.1 mln (EUR 7.57 mln).

The main reason for the drop in profit was the increased value of the long-term tangible assets included in the 31 December 2007 financial statements of the Company, which significantly enlarged the costs.

#### **29 09 2008. Court decided to accept the complaint of the joint-stock company Rytų Skirstomieji Tinklai**

Joint-stock company Rytų Skirstomieji Tinklai has applied to the Vilnius Regional Administrative Court for obligating the National Control Commission for Prices and Energy to perform actions within its competence: to agree the draft amendment to the Methodology of Determining Electricity Power Transmission and Distribution Service Prices and Their Ceiling Prices and the draft amendment to the Methodology of Determining Public Electricity Power Prices, Public Supply Service Prices and Their Ceiling Prices, with the Ministry of Economy of the Republic of Lithuania. The company has also requested the Court to apply a remedy: until the coming into force of the court judgement on the complaint of Rytų Skirstomieji Tinklai, to impose a temporary prohibition on the National Control Commission for Prices and Energy to take decisions on the amendment to the Methodology of Determining Electricity Power Transmission and Distribution Service Prices and Their Ceiling Prices and the amendment to the Methodology of Determining Public Electricity Power Prices, Public Supply Service Prices and Their Ceiling Prices. On 29 September 2008, the Vilnius Regional Administrative Court decided to accept the complaint of the joint-stock company Rytų Skirstomieji Tinklai and to apply the above-mentioned remedy.

#### **02 10 2008. The Resolution of the Parliament came into force**

On 02 10 2008, the Resolution of the Parliament of the Republic of Lithuania, On The Application To The Constitutional Court Of The Republic Of Lithuania For An Investigation Of Whether The Law On The Amendment To Articles 8, 10, 11 and 20 Of The Law On The Nuclear Power Plant Of The Republic Of Lithuania Does Not Contradict The Constitution Of The Republic Of Lithuania, came into force.

### **29 10 2008. The preliminary unaudited result of Rytų Skirstomieji Tinklai AB company group for the three quarters of 2008**

The preliminary unaudited result of Rytų Skirstomieji Tinklai AB company group for the three quarters of 2008 is a loss of LTL 47.7 million (EUR 13.8 million) according to International Financial Reporting Standards. In the three quarters of 2008, the group earned LTL 877.8 million (EUR 254.2 million) in total operating revenue.

### **29 10 2008. According to the decision of the Management Board of Rytų Skirstomieji Tinklai AB, Extraordinary General Meeting of Shareholders is being convened on December 2, 2008**

According to the decision of the Management Board of Rytų Skirstomieji Tinklai AB, Extraordinary General Meeting of Rytų Skirstomieji Tinklai AB Shareholders is being convened on December 2, 2008, at 10 a.m. in Vilnius, Lukšio 5B.

Agenda of the Extraordinary General Meeting of Shareholders:

1. Recall of the audit company;

2. Election of new audit company and approval of payment conditions for audit services.

Registration of shareholders starts on December 2, 2008 at 9 a.m. and ends at 9:50 a.m.

The accounting day of the Extraordinary General Meeting of Shareholders is 25 November, 2008.

The shareholders shall submit ID documents on arrival. Shareholders' proxies must also have a power of attorney certified in accordance with the procedure, established by law.

To shareholders will be proposed to consider following draft decision:

1. The item of the agenda "Recall of the audit company":

1.1. To recall audit company Nepriklausomas auditas, UAB which was elected by Second General Meeting convened on 28 April, 2008, for the audit of financial statements for the years 2008 – 2009 of Rytų skirstomieji tinklai, AB and its subsidiaries.

2. The item of the agenda "Election of new audit company and approval of payment conditions for audit services":

2.1. To elect audit company Ernst & Young Baltic, UAB (Identification No 110878442) for the audit of financial statements for the year 2008 of Rytų skirstomieji tinklai, AB and consolidated financial statements for the year 2008 of patronizing company Rytų skirstomieji tinklai, AB and its subsidiaries and to approve remuneration conditions in amount of 153 400 Lt (VAT included).

### **31 10 2008. The National Control Commission for Prices and Energy revised the price caps for electricity distribution service and public supply service of RST for the year 2009**

On 31st of October, 2008, the National Control Commission for Prices and Energy (NCCPE) revised the price caps for electricity distribution service and public supply service of joint-stock company Rytų Skirstomieji Tinklai (RST) for the year 2009:

- electricity distribution to the medium voltage networks service – 7,29 LTc/kWh (2,11 Eurocent/kWh). In the year 2008 it was 7,20 LTc/kWh (2,09 Eurocent /kWh);

- electricity distribution to the low voltage networks service – 11,09 LTc/kWh (3,21 Eurocent/kWh). In the year 2008 it was 11,1 LTc/kWh (3,21 Eurocent/kWh);

- public supply service – 0,21 LTc/kWh (0,06 Eurocent/kWh). In the year 2008 it was 0,21 LTc/kWh (0,06 Eurocent/kWh).

More information can be find in NCCPE internet site [www.regula.lt](http://www.regula.lt).

On 31st of October, 2008 the Management Board of RST approved the prices and tariffs of electricity and the procedure of their application for the year 2009 and submits them to the NCCPE. It is planned that the electricity price for household consumers will increase by 5,93 LTc/Wh (excluding VAT), and the electricity price for enterprises and institutions will increase on the average by 5,5 LTc/kWh (excluding VAT). The determinate prices and tariffs of electricity and the procedure of their application shall be promulgated by NCCPE in accordance with the legal acts. Distribution service prices and tariffs and public electricity prices and tariffs shall come into force one month after the announcement thereof.

In fulfilment of its obligations under the laws regulating the securities market applicable to the Company, the RST announces material events (as well as other regulated information) for the whole of the European Union. Announced information is also available on the RST website at [www.rst.lt](http://www.rst.lt) and the Vilnius Stock Exchange website at [www.baltic.omxgroup.com](http://www.baltic.omxgroup.com).