



LIETUVOS ENERGIJA

L I E T U V O S E N E R G I J A A B

STATEMENT OF THE RESPONSIBLE PERSONS

Abiding by the provisions of Article 22 of the Law on Securities of the Law on Securities of the Republic of Lithuania and by Rules for the Drawing up and Submission of the Periodic and Additional Information of the Securities Commission of Lithuania, I, the undersigned Darius Grondskis, Director of the Finance Department and Tatjana Didikienė, Chief Financier of Lietuvos energija AB hereby confirm that, to the best of our knowledge, the consolidated unaudited interim financial statements for the twelve month period of 2009, prepared in accordance with the International Financial Reporting Standards effective in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of Lietuvos energija AB for the relevant period.

Enclosures: Lietuvos energija AB consolidated unaudited Interim Financial Statements for the twelve month period of 2009 - 20 pages.

Darius Grondskis
Director of Finance Department

Tatjana Didikienė
Chief Financier

AB „LIETUVOS ENERGIJA“

**CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

prepared according to
International Financial Reporting Standards,
as adopted by the European Union (unaudited)
Summary

TABLE OF CONTENTS

	PAGE
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF COMPREHENSIVE INCOME	4 - 5
STATEMENTS OF CHANGES IN EQUITY	6-7
STATEMENTS OF CASH FLOWS	8
NOTES TO THE INTERIM FINANCIAL STATEMENTS	9 - 20

The financial statements were approved on 02 March 2010.



Darius Grordskis
Finance Director



Tatjana Didikiene
Chief Financier

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

All amounts in LTL thousand, unless otherwise stated

	Note	Group as of 31 December 2009	Company as of 31 December 2009	Group as of 31 December 2008	Company as of 31 December 2008
ASSETS					
Non-current assets:					
Intangible assets		2,455	2,360	3,149	3,144
Property, plant and equipment		2,811,945	2,779,451	3,149,671	3,104,690
Prepayments for property, plant and equipment		9,648	9,648	21,244	21,244
Investment property		23,622	43,393	3,919	21,779
Investments in subsidiaries		-	19,564	-	18,068
Investments in associates and joint ventures		25,837	24,853	25,699	24,760
Accounts receivable		510	510	624	624
Other financial assets		127	-	29	15
Total non-current assets		2,874,144	2,879,779	3,204,335	3,194,324
Current assets:					
Inventories		7,024	3,245	6,010	4,526
Prepayments		8,491	8,412	2,050	1,615
Trade receivables		170,342	164,157	136,292	126,640
Other accounts receivable		77,568	78,014	17,118	16,773
Other financial assets		-	-	15,994	15,994
Term deposits		17,160	17,000	200	-
Cash and cash equivalents		53,778	51,347	70,457	69,606
Total current assets		334,363	322,175	248,121	235,154
TOTAL ASSETS		3,208,507	3,201,954	3,452,456	3,429,478
EQUITY AND LIABILITIES					
Capital and reserves:					
Share capital		689,515	689,515	689,515	689,515
Share premium		3	3	3	3
Revaluation reserve		350,703	348,812	492,723	483,230
Legal reserve		68,995	68,952	70,794	68,952
Other reserves		(63,777)	(63,777)	1,454,530	1,451,571
Retained earnings (deficit)		1,615,834	1,621,740	(17,820)	(11,972)
Foreign currency translation reserve		-	-	(18)	-
Equity attributable to the shareholders of the parent company		2,661,272	2,665,245	2,689,727	2,681,299
Minority interest		-	-	1	-
Total equity		2,661,272	2,665,245	2,689,728	2,681,299
Non-current liabilities:					
Borrowings		-	-	13,811	13,811
Financial lease liabilities		1,565	-	1,894	-
Grants		71,420	71,393	66,339	66,309
Deferred income		16,173	16,173	14,329	14,329
Other non-current accounts payable and liabilities		10,954	10,954	25,597	25,597
Deferred income tax liabilities		234,902	234,288	384,359	381,743
Total non-current liabilities		335,014	332,808	506,329	501,789
Current liabilities:					
Borrowings		14,200	13,811	271	-
Bonds issued		-	-	25,896	25,896
Financial lease liabilities		532	-	595	-
Trade payables		157,124	157,406	158,096	153,589
Advance amounts received		2,285	1,061	1,563	3
Income tax payable		16,505	16,458	10,914	10,911
Provisions		20	20	26,009	26,009
Other accounts payable and liabilities		21,944	15,145	33,055	29,982
Total current liabilities		212,221	203,901	256,399	246,390
Total liabilities		547,235	536,709	762,728	748,179
TOTAL EQUITY AND LIABILITIES		3,208,507	3,201,954	3,452,456	3,429,478

STATEMENTS OF COMPREHENSIVE INCOME
All amounts in LTL thousand, unless otherwise stated

	Note	Group 2009	Company 2009	Group 2008	Company 2008
Revenue					
Sales revenue		1,520,489	1,520,489	1,455,887	1,455,887
Other operating income		50,845	26,683	74,403	26,407
		1,571,334	1,547,172	1,530,290	1,482,294
Operating expenses					
Purchase of electricity or related services		(1,050,882)	(1,050,882)	(976,322)	(976,322)
Purchase of capacity reserve		(116,274)	(116,274)	(97,463)	(97,463)
Transit expenses		(3,240)	(3,240)	(7,127)	(7,127)
Depreciation and amortisation		(178,790)	(176,710)	(138,107)	(136,400)
Wages and related expenses		(65,697)	(49,470)	(85,060)	(64,500)
Repair and maintenance expenses		(12,323)	(13,359)	(27,940)	(28,949)
Loss on revaluation of property, plant and equipment		(81,160)	(81,034)	(14,123)	(11,217)
Other expenses		(45,765)	(31,217)	(119,834)	(76,567)
Total operating expenses		(1,554,131)	(1,522,186)	(1,465,976)	(1,398,545)
OPERATING PROFIT (LOSS)		17,203	24,986	64,314	83,749
Finance income		9,478	9,479	2,569	3,065
Finance (costs):					
Impairment of investments		122	-	(1,601)	(18,153)
Other finance (costs)		(1,923)	(1,701)	(2,667)	(2,598)
PROFIT (LOSS) BEFORE INCOME TAX		24,880	32,764	62,615	66,063
Current year income tax expense		(44,644)	(44,564)	(27,324)	(27,295)
Deferred tax income (expense)		40,347	40,794	6,387	6,143
		20,583	28,994	41,678	44,911
DISCONTINUED OPERATIONS					
Profit/(loss) after tax for the year from discontinued operations		-	-	2,066	2,066
NET PROFIT (LOSS)		20,583	28,994	43,744	46,977
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the Company		20,583	28,994	43,745	46,977
Minority interest		-	-	(1)	-
		20,583	28,994	43,744	46,977

STATEMENTS OF COMPREHENSIVE INCOME
All amounts in LTL thousand, unless otherwise stated

Note	Group October – December 2009	Company October – December 2009	Group October – December 2008	Company October – December 2008
Revenue				
Sales revenue	391,221	391,221	330,605	330,605
Other operating income	16,663	6,483	13,727	7,409
	407,884	397,704	344,332	338,014
Operating expenses				
Purchase of electricity or related services	(300,517)	(300,517)	(218,777)	(218,777)
Purchase of capacity reserve	(31,797)	(31,797)	(24,220)	(24,220)
Transit expenses	(786)	(786)	(3,336)	(3,336)
Depreciation and amortisation	(45,709)	(45,104)	(35,078)	(34,720)
Wages and related expenses	(19,444)	(13,067)	(26,376)	(21,157)
Repair and maintenance expenses	(4,287)	(5,184)	(3,904)	(3,925)
Loss on revaluation of property, plant and equipment	(21,608)	(21,588)	(14,123)	(11,217)
Other expenses	(9,248)	(1,420)	(57,964)	(40,800)
Total operating expenses	(433,396)	(419,463)	(383,778)	(358,152)
OPERATING PROFIT (LOSS)	(25,512)	(21,759)	(39,446)	(20,138)
Finance income	3,433	3,420	1,508	1,465
Finance (costs):				
Impairment of investments	260	138	(1,601)	(18,153)
Other finance (costs)	(453)	(383)	(411)	(298)
PROFIT (LOSS) BEFORE INCOME TAX	(22,272)	(18,584)	(39,950)	(37,124)
Current year income tax expense	(13,783)	(13,760)	(9,016)	(9,095)
Deferred tax income (expense)	20,098	20,460	3,970	3,709
	(15,957)	(11,884)	(44,996)	(42,510)
DISCONTINUED OPERATIONS				
Profit/(loss) after tax for the year from discontinued operations	-	-	2,066	2,066
NET PROFIT (LOSS)	(15,957)	(11,884)	(42,930)	(40,444)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Company	(15,957)	(11,884)	(42,930)	(40,444)
Minority interest	(15,957)	(11,884)	(42,930)	(40,444)

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

LIETUVOS ENERGIJA AB
Company code 220551550, Žvejų g. 14, LT-09310 Vilnius

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2009

All amounts in LTL thousand, unless otherwise stated

Group	Equity attributable to the shareholders of the Group									
	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Foreign currency translation reserve	Total	Minority interest	Total equity
Balance at 31 December 2007	689,515	3	-	70,730	1,404,786	47,335	(2)	2,212,367	2	2,212,369
Revaluation of non current assets, less deferred tax	-	-	492,723	-	-	-	-	492,723	-	492,723
Other income (expenses) accounted to the equity	-	-	-	-	-	(59,092)	-	(59,108)	-	(59,108)
Net profit	-	-	-	-	-	43,745	(16)	43,745	(1)	43,744
Reserves established	-	-	-	64	51,496	(51,560)	-	-	-	-
Reserves utilised	-	-	-	-	(1,752)	1,752	-	-	-	-
Balance at 31 December 2008	689,515	3	492,723	70,794	1,454,530	(17,820)	(18)	2,689,729	1	2,689,728
Balance at 31 December 2008	689,515	3	492,723	70,794	1,454,530	(17,821)	(18)	2,689,729	1	2,689,730
Total comprehensive income	-	-	(105,057)	-	-	76,601	-	(28,456)	-	(28,456)
Other transfers between reserves	-	-	-	(1,799)	(1,518,307)	1,520,088	18	-	-	-
Transfer into retained earnings (depreciation less deferred tax)	-	-	(36,963)	-	-	36,963	-	-	-	-
Balance at 31 December 2009	689,515	3	350,703	68,995	(63,777)	1,615,834	-	2,661,272	1	2,661,272

LIETUVOS ENERGIJA AB
 Company code 220551550, Žvejų g. 14, LT-09310 Vilnius

**STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 DECEMBER 2009**
 All amounts in LTL thousand, unless otherwise stated

Company	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Foreign currency translation reserve
Balance at 31 December 2007	689,515	3	-	68,952	1,402,660	48,911	2,210,041
Revaluation of non current assets, less deferred tax	-	-	483,230	-	-	-	483,230
Other income (expenses) accounted to the equity	-	-	-	-	-	(58,949)	(58,949)
Net profit	-	-	-	-	-	46,977	46,977
Other transfers between reserves	-	-	-	-	48,911	(48,911)	-
Balance at 31 December 2008	689,515	3	483,230	68,952	1,451,571	(11,972)	2,681,299
Balance at 31 December 2008	689,515	3	483,230	68,952	1,451,571	(11,972)	2,681,299
Transfer into retained earnings (depreciation less deferred tax)	-	-	(33,552)	-	-	33,552	-
Other transfers between reserves	-	-	-	-	(1,515,348)	1,515,348	-
Total comprehensive income	-	-	(100,866)	-	-	84,812	16,054
Balance at 31 December 2009	689,515	3	348,812	68,952	(63,777)	1,621,740	2,665,245

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

STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2009
 All amounts in LTL thousand, unless otherwise stated

	Group 2009	Company 2009	Group 2008	Company 2008
Net profit (loss) from continuing operations	20,583	28,994	41,678	44,911
Net profit (loss) from discontinued operations	-	-	2,066	2,066
Net profit (loss)	20,583	28,994	43,744	46,977
Reversal of non-monetary expenses (income) and other adjustments				
Depreciation and amortisation expenses	181,432	179,328	139,737	138,208
Loss on property, plant and equipment revaluation	187,627	186,944	28,796	30,549
Impairment of investments	-	-	1,601	-
Income tax expense	4,297	3,770	27,324	27,295
Change in deferred tax liability	(109,110)	(106,661)	(6,387)	(6,143)
(Income) from grants and connection of new users	(2,640)	(2,620)	(2,415)	(2,393)
Increase (decrease) in provisions	(26,183)	(26,183)	27,629	27,629
Loss on disposal/write-off of non-current assets (except financial assets)	4,958	1,198	4,468	4,182
Elimination of results of financing and investing activity:				
- Dividends	-	-	-	(633)
- Effect of changes in foreign exchange rates, net	21	9	2	(5)
- Financing expenses	(7,828)	(7,928)	(1,539)	(1,476)
- Financing (income)	1,547	1,445	1,676	1,616
- Other finance (income) costs	(1,295)	(1,304)	(970)	(762)
Changes in working capital				
(Increase) decrease in trade and other receivables	(21,401)	(24,538)	(24,292)	(30,510)
Decrease (increase) in inventories and prepayments	8,848	(5,703)	3,584	1,678
(Increase) decrease in other current assets	17	-	3	-
Increase (decrease) in current trade payables and advance amounts received	(39,149)	(37,728)	16,533	23,656
Income tax (paid)	(39,059)	(39,025)	(20,379)	(20,208)
Net cash flows from operating activities	162,665	149,998	239,115	239,660
Cash flows from investing activities				
Purchase of property, plant and equipment (PP&E) and intangible assets	(83,535)	(69,206)	(121,202)	(119,340)
Proceeds from sale of PP&E and intangible assets	-	-	86	-
Loans (granted)	(73,309)	(75,559)	(30,000)	(30,000)
Loans repaid	-	-	31,552	31,552
Term deposits	(16,960)	(17,000)	(50)	-
(Acquisition) of other debt securities	-	-	(15,994)	(15,994)
Proceeds from disposal of debt securities	15,994	15,994	-	-
(Acquisition) of other investments	-	(1,803)	(1,020)	(1,020)
Dividends received	-	-	-	-
Interest received	-	-	-	633
Other cash flows from investing activities	7,141	-	-	-
Net cash flows from investing activities	(150,669)	(140,486)	(135,047)	(132,652)
Cash flows from financing activities				
Proceeds from borrowings	(271)	-	24,066	24,066
(Repayment) of borrowings	(25,896)	(25,896)	(74,180)	(74,180)
Finance lease (payments)	(392)	-	(157)	-
Interest (paid)	(2,103)	(1,862)	(1,802)	(1,742)
Dividends (paid)	(13)	(13)	(112)	(112)
Other cash flows from financing activities	-	-	(15)	-
Net cash flows from financing activities	(28,675)	(27,771)	(52,200)	(51,968)
Net increase (decrease) in cash flows	(16,679)	(18,259)	51,868	55,040
Cash and cash equivalents at beginning of period	70,457	69,606	18,318	14,566
Cash and cash equivalents at end of period	53,778	51,347	70,457	69,606

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

All amounts in LTL thousand, unless otherwise stated

General information

AB Lietuvos Energija is a public company registered in the Republic of Lithuania. The address of its registered office is Žvejų g. 14, LT-09310, Vilnius, Lithuania. AB Lietuvos Energija (hereinafter referred to as the "Company") is a limited liability profit-making entity, registered in the Register of Legal Entities managed by the public institution Registrų Centras. The Company's registration date is 4 December 1995, reg. No. BĮ 99-74, business ID 220551550, VAT reg. No. LT205515515. The Company is established for an unlimited period.

On 4 March 1995, the Company took over the rights of the former Production, Energy and Electrification Board established originally in 1940 and reorganised into the Lithuanian State Energy System on 27 March 1991, after the restoration of independence of the Republic of Lithuania. The Company was re-registered on 13 April 1999 with the Ministry of Economy.

The share capital of the Company did not change in 2009 and 2008, and as at 31 December 2009 amounted to LTL 689,515,435 and was divided into 689,515,435 ordinary registered shares with the nominal value of LTL 1 each. All the shares are fully paid. The shares of the Company are traded on the current trading list of Vilnius Stock Exchange. The Company did not hold own shares in 2009 and 2008.

By its resolution No. 364 dated 24 April 2008 the Government of the Republic of Lithuania declared that 664,700,833 ordinary registered shares of Lietuvos Energija AB with the nominal value of 1 LTL each, owned by the state are transferred as the contribution in-kind of the state represented by the Ministry of the Economy for the increase of the share capital of LEO LT, AB. The Shareholders Agreement of the national investor company LEO LT, AB was signed on 27 May 2008. Immediately after that, the extraordinary general shareholders' meeting of LEO LT, AB was convened where it was decided to increase the share capital of LEO LT, AB by the in-kind contributions of the shareholders – shares of VST AB, Rytų Skirstomieji Tinklai AB and Lietuvos Energija AB. The main shareholder of the Company is LEO LT, AB, owning 96.40 per cent of the Company's shares as at 31 December 2009. The remaining 3.60 per cent of the Company's shares are held by other shareholders.

The core activities of the Company in 2009 just like in 2008 included the transmission system operator, market operator, electricity production and electricity export. Apart from these key activities, the Company is entitled to carry out any other business activities that are not prohibited by the Lithuanian law and are specified in the Articles of Association of the Company.

Licensed activities or activities that require permits can be carried out only after obtaining the appropriate licenses or permits. On 22 March 2002, the Company obtained a licence for energy transmission, which is valid for an unlimited period (unless it is suspended or cancelled). Apart from this licence, the Company has permits of unlimited validity to engage in the production, import and export of electricity. On 1st January 2010 LITGRID UAB commenced as the Transmission System Operator. According to the European Union (EU) rules on electricity market liberalization which requires to separate the activities of the newly established by Lietuvos Energija AB subsidiaries on 28 December 2009 Transmission System Operator's license has been granted to the company LITGRID UAB and Electricity Market Operator's license – to the company BALTPPOOL UAB. On 28 December 2009 Lietuvos Energija AB acquired the license of Independent Supplier of Electricity.

As at the date of issue of these interim financial statements the Company directly participated (controlled or had significant influence) in the management of the following companies: Nordic Energy Link AS (Estonia), Energetikos Pajėgos UAB (Lithuania), Geoterma UAB (Lithuania), Kruonio Investicijos UAB (Lithuania) and Kauno Energetikos Remontas UAB (Lithuania), LITGRID UAB (Lithuania), Interlinks UAB (Lithuania), Energijos tiekimas UAB (Lithuania), VŠĮ Respublikinis energetikų mokymo centras. Indirectly, through LITGRID UAB, the Company controlled BALTPPOOL UAB (Lithuania), also through Kauno Energetikos Remontas UAB, the Company had majority of votes in Gotlitas UAB (Lithuania) and until 2 June 2009 - Kaliningradski Energoremont OOO (Russia), when the shares Kaliningradski Energoremont OOO were disposed and had significant influence in Enmašas UAB (Lithuania). In addition as at 31 December 2009 the Company jointly controls LitPol Link Sp.z.o.o (Poland), which was established on 8 August 2008. For more detail information of associates and joint ventures.

The consolidated financial statements of Lietuvos Energija AB and its subsidiaries and the separate financial statements of Lietuvos Energija AB as a parent company are presented in these financial statements. As at 31 December 2009, the Group consisted of Lietuvos Energija AB and the following directly and indirectly controlled subsidiaries:

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009

All amounts in LTL thousand, unless otherwise stated

Company	Address of the company's registered office	Shareholding of the Group as at 31 December 2009	Share capital of the subsidiary as at 31 December 2009	Profit (loss) for 2009	Equity as at 31 December 2009	Principal activities
Energetikos Pajėgos UAB	T.Masiulio g. 16D, Kaunas, Lithuania	100 proc.	430	232	824	Designing of energy facilities
Kauno energetikos remontas UAB	Chemijos g. 17, Kaunas, Lithuania	100 proc.	31,341	(7,750)	23,767	Repair of energy equipment, production of metal structures
Kruonio investicijos UAB	Kruonio Iik., Kaišiadorys district, Lithuania	100 proc.	2,361	(179)	1,575	Development of public and recreational facilities
Gotlitas UAB (controlled through Kauno energetikos remontas UAB)	R.Kalantos g. 119, Kaunas, Lithuania	100 proc.	1,450	(20)	1,743	Accommodation services, trade
LITGRID UAB	Juozapavičiaus g. 13, Vilnius, Lithuania	100 proc.	500	(46)	454	Transmission System Operator's activities
BALTPool UAB (controlled through LITGRID UAB).	Juozapavičiaus g. 13, Vilnius, Lithuania	100 proc.	300	(11)	64	Electricity Market Operator's activities
Interlinks UAB	Žvejų g. 14, Vilnius, Lithuania	100 proc.	1,000	(155)	(675)	Development and implementation of interconnection projects between energy systems
Energijos tiekimas UAB	Žvejų g. 14, Vilnius, Lithuania	100 proc.	400	(35)	365	Independent supply of electricity
VŠĮ "Respublikinis energetikų mokymo centras"	Jeruzalės g. 21, Vilnius, Lithuania	100 proc.	294	(648)	295	Education and training of Energy system specialists

As at 30 December 2010, the number of employees of the Group was 1,215 (31 December 2008: 1,409). As at 30 December 2010 the number of employees of the Company was 889 (31 December 2008: 967).

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2009**
 All amounts in LTL thousand, unless otherwise stated

The management of the Company has signed these Financial Statements on 2nd March 2010. The shareholders of the Company has the right granted by the law to confirm these Financial Statements or not to confirm and require the management to prepare the new Financial Statements.

Financial year of the Company and other Group companies coincides with the calendar year.

Investments

As at 31 December 2009 and 31 December 2008 the Company had direct control over these subsidiaries:

Subsidiary

31 December 2009

	Acquisition cost	Impairment	Carrying amount
UAB „Kauno energetikos remontas“	31,341	(15,441)	15,900
UAB „Kruonio investicijos“	2,361	(914)	1,447
UAB „Energetikos pajėgos“	414	-	414
LITGRID UAB	500	-	500
UAB "Energijos tiekimas"	400	-	400
UAB "Interlinks"	903	-	903
VŠĮ Respublikinis energetikų mokymo centras	-	-	-
Total	35,919	(16,355)	19,564

Subsidiary

31 December 2008

	Acquisition cost	Impairment	Carrying amount
UAB „Kauno energetikos remontas“	31,341	(15,441)	15,900
UAB „Kruonio investicijos“	2,361	(607)	1,754
UAB „Energetikos pajėgos“	414	-	414
Total	34,116	(16,048)	18,068

Energijos tiekimas UAB has been established at the end of 2009 and has not performed all activities in full by the end of the year. The main activity of Energijos tiekimas UAB is independent supply of electricity including supply, planning, forecasting, balancing, purchase, selling, import, export of electricity and other related activities. The main goal of the company is to perform independent supplier's function in the retail trade in electricity on the internal markets of Lithuania and neighboring countries: Latvia, Estonia and others.

Litgrid UAB has been established at the end of 2009 and has not commenced all activities in full by the end of the year. Litgrid UAB performs as Transmission System Operator and its main function is to ensure reliable and efficient performance of Lithuanian electricity system.

Baltpool UAB has been established at the end of 2009 as a subsidiary of Litgrid UAB. The company operates as Energy Market Operator. The main function of the company is to organize electricity trade. Baltpool UAB has not performed all activities in full by the end of the year 2009.

Public Enterprise Respublikinis energetikų mokymo centras is established based on the rules defined by the Law of Public Companies. Public Enterprise Respublikinis energetikų mokymo centras is a non profit limited liability public entity. There are certain limitations defined by the Law of Public Companies No. I-1428 that limits distribution of profits in public companies. Public company is not allowed to distribute its profit for other purposes than only those that are stated in the public companies bylaws.

On 7 October 2009 the Company following the decision of the Board has acquired InterLinks UAB. The main project which is under development within the company is implementation of interconnection between energy transmission systems of Lithuania and Sweden.

The assets and liabilities of Interlinks UAB at acquisition:

	Carrying amount
Intangible assets	
Current receivables	527
Cash and cash equivalents	101
Current financial liabilities	120
Current accounts payable and other liabilities	(691)
Fair value of net assets	(6)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

All amounts in LTL thousand, unless otherwise stated

The Company owns 100 per cent of shares of these companies. The Company had indirect control over Gotlitas UAB and until 2 June 2009 Kaliningradski Energoremont OOO, i.e. through Kauno Energetikos Remontas UAB. Also Company had indirect control over BALTPPOOL UAB through LITGRID UAB.

The structure of the Company's investments in the associates and the joint venture as at 31 December 2009 and 31 December 2008 was as follows:

Company 31 December 2009	Acquisition cost	% interest held	Impairment	Carrying amount
AS „Nordic Energy Link“	21,175	25.00	-	21,175
UAB „Geoterma“	7,396	23.44	(3,718)	3,678
„LitPol Link“ Sp.z.o.o	1,020	50.00	(1,020)	-
Total	29,591		(4,738)	24,853

Company 31 December 2008	Acquisition cost	% interest held	Impairment	Carrying amount
AS „Nordic Energy Link“	21,175	25.00	-	21,175
UAB „Geoterma“	7,396	23.44	(4,104)	3,292
„LitPol Link“ Sp.z.o.o	1,020	50.00	(727)	293
Total	29,591		(4,831)	24,760

The structure of the Group's investments in the associates and the joint venture as at 31 December 2009 and 31 December 2008 was as follows:

Group 31 December 2009	Acquisition cost	% interest held	Impairment	Carrying amount
AS „Nordic Energy Link“	21,175	25.00	970	22,145
UAB „Geoterma“	7,396	23.44	(3,718)	3,678
„LitPol Link“ Sp.z.o.o	1,020	50.00	(1,020)	-
UAB „Enmašas“	20	33.33	(6)	14
Total	29,611		(3,774)	25,837

Group 31 December 2008	Acquisition cost	% interest held	Impairment	Carrying amount
AS „Nordic Energy Link“	21,175	25.00	848	22,023
UAB „Geoterma“	7,396	23.44	(4,104)	3,292
„LitPol Link“ Sp.z.o.o	1,020	50.00	(727)	293
UAB „Enmašas“	20	33.33	71	91
Total	29,611		(3,912)	25,699

Financial position as at 31 December 2009 and 31 December 2008 and operating results for the years 2009 and 2008 of the associates and the joint venture are as follows (unaudited):

31 December 2009

	Assets	Liabilities	Sales revenue	Net profit (loss)
AS „Nordic Energy Link“	327,797	244,612	61,395	3,880
UAB „Geoterma“	56,749	16,591	18,333	2,122
„LitPol Link“ Sp.z.o.o	2,127	1,425	2,917	172
UAB „Enmašas“ *	-	-	-	-

31 December 2008

	Assets	Liabilities	Sales revenue	Net profit (loss)
AS „Nordic Energy Link“	332,499	253,195	77,260	1,732
UAB „Geoterma“	55,460	41,413	1,475	(5,887)
„LitPol Link“ Sp.z.o.o	885	299	-	(1,082)
UAB „Enmašas“	285	11	61	(45)

* - On 25 September 2009 Enmašas UAB has acquired the status of a company undergoing liquidation procedures.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2009**
 All amounts in LTL thousand, unless otherwise stated

Movements of investments in the associates and the joint venture for the periods ended 31 December 2009 and 31 December 2008 were as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Carrying amount at 1 January	25,699	24,760	23,237	22,822
Increase in investments			4,063	4,043
Impairment of investments	16	93	-	(2,105)
Share of financial result (loss) of associates and joint ventures	122	-	(1,601)	-
Carrying amount at the end of the period	25,837	24,853	25,699	24,760

The impairment charge was included in finance costs in the statement of comprehensive income.

Non-current receivables

The Group's and the Company's non-current accounts receivable comprise as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Other accounts receivable	538	538	651	651
Total	538	538	651	651
Less: current portion	(28)	(28)	(27)	(27)
Carrying amount	510	510	624	624

The fair value of other non-current accounts receivable approximates their carrying amounts.

Inventories

Inventories of the Group and the Company are shown in the table below:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Materials and consumables, production in progress and finished goods at acquisition (production) cost	6,619	4,144	9,923	5,065
Goods for resale at acquisition cost	5,877	-	535	319
Non-current assets held for sale	146	146	-	-
Less: write-down to net realisable value	(5,618)	(1,045)	(4,448)	(858)
Carrying amount	7,024	3,245	6,010	4,526

The acquisition cost of the Group's and the Company's inventories accounted for at net realisable value as at 31 December 2009 amounted to LTL 3,110 thousand and LTL 1,454 thousand respectively (31 December 2008: LTL 6,329 thousand and LTL 1,255 thousand respectively).

Amount of inventory recognised as expense in the Group and the Company during the period ended 31 December 2009 amounted to LTL 9,075 thousand and LTL 4,831 thousand, respectively (during the period ended 31 December 2008 - LTL 9,108 thousand and LTL 3,664 thousand respectively).

As at 30 June 2009 the Group reclassified buildings and property, plant and equipment of LTL 5,877 thousand to assets held for sale. The Group management approved the plan for disposal of these assets and expects that the disposal will be completed within 1 year.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**
All amounts in LTL thousand, unless otherwise stated

Changes in impairment of inventories in the year 2009 and 2008 are shown in the table below:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Impairment of inventories at 1 January	4,448	858	482	396
Write-down of inventories during the reporting period	1,375	393	4,358	838
Reversal of inventory write-down	(205)	(206)	(392)	(376)
Impairment of inventories at the end of the reporting period	5,618	1,045	4,448	858

The impairment charge was included in other operating expenses in the statement of comprehensive income.

Trade receivables

Trade receivables of the Group and the Company are as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Receivables for electricity sold in Lithuania	142,037	142,037	55,007	55,007
Receivables for exported electricity	23,543	23,543	19,614	19,614
Unbilled revenue from electricity-related sales	8,576	8,576	51,308	51,308
Receivables for repair and design works	7,894	-	10,353	-
VAT on unbilled revenue	25	25	9,749	9,749
Receivables for electricity transit	-	-	574	574
Total	182,075	174,181	146,605	136,252
Less: allowance for doubtful receivables	(11,733)	(10,024)	(10,313)	(9,612)
Carrying amount	170,342	164,157	136,292	126,640

The fair value of trade receivables approximates their carrying amounts.

Movements in impairment of trade receivables in the year 2009 and in 2008 were as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Carrying amount at 1 January	10,313	9,612	9,947	9,612
Recognised as doubtful receivables in the reporting period	1,420	412	375	-
Reversal of doubtful receivables	-	-	(9)	-
Carrying amount at the end of the period	11,733	10,024	10,313	9,612

The impairment charge of doubtful receivables was included in other operating expenses in the statement of comprehensive income.

As at 31 December 2009 and 31 December 2008, the majority of impaired trade receivables of the Group and the Company consisted of trade receivables from Ekranas AB (LTL 9,612 thousand) which had gone bankrupt as of the date of the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2009**

All amounts in LTL thousand, unless otherwise stated

Trade receivables that are overdue more than 60 days are considered as impaired. The ageing analysis of Group's and the Company's trade receivables that are not overdue and overdue, but not impaired is as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Not overdue	163,877	162,780	133,584	126,257
Overdue up to 30 days	3,085	1,377	2,465	383
Overdue from 30 to 60 days	3,380	-	243	-
Carrying amount	170,342	164,157	136,292	126,640

Other accounts receivable

Current other trade receivables of the Group and the Company are as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Loan granted to LEO AB, repayment term– 31 May 2010, interest rate – one month VILIBOR plus mark up of 0.75 % on the annual interest amount	73,309	73,309	-	-
Other accounts receivable	4,444	4,199	5,941	5,903
Receivables for IT and telecommunications services	2,623	2,623	2,805	2,830
Accrued interest receivable	840	840	126	126
Current portion of long-term receivables	28	28	27	27
Deferred VAT receivable	-	-	5,344	5,344
Loan granted to Interlinks	-	691	-	-
Receivable from UAB „Visagino atominė elektrinė“ and UAB „InterLinks“	-	-	7,413	7,413
VAT receivable from the budget	-	-	332	-
Total	81,244	81,690	21,988	21,643
Less: doubtful receivables	(3,676)	(3,676)	(4,870)	(4,870)
Carrying amount at the end of the period	77,568	78,014	17,118	16,773

Movements in impairment of doubtful other receivables in the year 2009 and 2008 were as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Carrying amount at 1 January	4,870	4,870	4,860	4,860
Reversal of doubtful receivables	(4)	(4)	-	-
Write-down of doubtful receivables	(1,388)	(1,388)	-	-
Recognised as doubtful receivables in the reporting period	198	198	10	10
Carrying amount at the end of the period	3,676	3,676	4,870	4,870

The impairment charge was included in other operating expenses in the statement of comprehensive income.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2009**
 All amounts in LTL thousand, unless otherwise stated

Other receivables that are overdue more than 60 days are considered as impaired. The ageing analysis of Group's and the Company's other receivables that are not overdue and overdue, but not impaired, is as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Not overdue	77,258	77,704	16,989	16,644
Overdue up to 30 days	144	144	54	54
Overdue from 30 to 60 days	166	166	75	75
Carrying amount	77,568	78,014	17,118	16,773

The fair value of other current accounts receivable approximates their carrying amounts.

Other financial assets

Other financial assets of the Group and the Company as of 31 December 2008 represent the carrying value of bonds issued by the Lithuanian and Finnish governments with the maturity in March and April of 2009.

On 9 June 2009 the Company acquired 12,314 units of Lithuanian Government one year bonds. The nominal value of the bonds is 12,314 thousands euro, total amount payable – 11,500 thousands euro (39,705 thousands LTL). Profit before repurchase – 6.85 %. The bonds were sold in November and December of 2009.

The carrying amount of other financial assets approximates their fair value.

Share capital

As at 31 December 2009, the share capital of the Company was LTL 689,515,435 and it was divided into 689,515,435 ordinary registered shares with the par value of LTL 1 each. All the shares are fully paid. The highest share price at the Stock Exchange session in 2009 was LTL 3.39 per share, the lowest – LTL 1.29 per share. The number of shareholders as at 31 December 2009 was 5,866 (2008 - 5,804).

The Shareholders of the Company were:

Shareholders	Share capital at 31 December 2009		Share capital at 31 December 2008	
	LTL	%	LTL	%
LEO LT, AB	664,700,833	96.40	664,700,833	96.40
State of Lithuania represented by the Ministry of the Economy	24,814,046	3.60	303,442	0.04
Other	556	0.00	24,511,160	3.56
Total	689,515,435	100.00	689,515,435	100.00

LEO LT, AB is owned by the State of Lithuania represented by the Ministry of the Economy (100.00 %)

Legal reserve

Legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of at least 5 per cent of net profit are compulsory until the reserve reaches 10 per cent of the share capital.

As at 31 December 2009, the Company had fully formed a legal reserve, which accounted for 10 per cent of the share capital and amounted to LTL 68,952 thousand.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**
All amounts in LTL thousand, unless otherwise stated

Other reserves

Other reserves of the Group and the Company are as follows:

Group	Reserve for share capital reduction due to transfer of fuel oil storage facilities		Reserve for support, tantiemes & bonuses	Non-current asset-related reserves	Other reserves	Total
	Reserve for investments	Reserve for investments				
Balance at 31 December 2007	(63,777)	162,744	1,719	1,293,569	10,531	1,404,786
Reserves established	-	-	3,053	-	48,443	51,496
Reserves utilised	-	-	(1,752)	-	-	(1,752)
Balance at 31 December 2008	(63,777)	162,744	3,020	1,293,569	58,974	1,454,530
Balance at 31 December 2008	(63,777)	162,744	3,020	1,293,569	58,974	1,454,530
Reserves utilised	-	-	-	-	-	-
Balance at 31 December 2009	-	(162,744)	(3,020)	(1,293,569)	(58,974)	(1,518,307)

Company	Reserve for share capital reduction due to transfer of fuel oil storage facilities		Reserve for support, tantiemes & bonuses	Non-current asset-related reserves	Other reserves	Total
	Reserve for investments	Reserve for investments				
Balance at 31 December 2007	(63,777)	160,637	1,700	1,293,569	10,531	1,402,660
Reserves established	-	-	2,780	-	47,831	50,611
Reserves utilised	-	-	(1,700)	-	-	(1,700)
Balance at 31 December 2008	(63,777)	160,637	2,780	1,293,569	58,362	1,451,571
Balance at 31 December 2008	(63,777)	160,637	2,780	1,293,569	58,362	1,451,571
Reserves utilised	-	-	-	-	-	-
Balance at 31 December 2009	-	(160,637)	(2,780)	(1,293,569)	(58,362)	(1,515,348)

The reserve for the reduction of the share capital due to the transfer of fuel oil storage facilities is the negative reserve for reducing the share capital which was established in 1999 as a result of the transfer of fuel oil storage facilities to VĮ Vilniaus Mazuto Saugykla. Although expected, the share capital has not been reduced by this amount until now.

After the first time adoption of IFRS on 1 January 2004 the retained earnings of the Company increased by LTL 1,369,457 thousand. For the purpose of restricting the distribution of such profit, the general meeting of shareholders held on 20 April 2006 decided to form a reserve related to non-current assets from retained earnings.

Based on the decision of the shareholders' meeting held on 30 April 2009 a transfer of LTL 1,515,348 thousand was made from the reserve to retained earnings.

Borrowings

The Group's and the Company's borrowings according to repayment terms are presented in the table below:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Within the first year	14,200	13,811	271	-
Within the second year	-	-	13,811	13,811
Total	14,200	13,811	14,082	13,811

Current borrowings of the Group as at 31 December 2009 include LTL 390 thousand overdraft used by Kauno Energetikos Remontas UAB (the Company had no current borrowings as at 31 December 2008).

As at 31 December 2009 and 31 December 2008, the Company's borrowings totaled LTL 13,811 thousand with a fixed interest rate.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009

All amounts in LTL thousand, unless otherwise stated

Financial lease liabilities

The Group's future minimum lease payments for equipment and other assets comprise as follows:

Group	At 31 December 2009		At 31 December 2008	
	Minimum finance lease payments	Present value of minimum finance lease payments	Minimum finance lease payments	Present value of minimum finance lease payments
Financial lease payments:				
Within the first year	607	531	728	595
Within second – fifth years	1,620	1,565	2,115	1,894
Minimum finance lease payments	2,227	2,096	2,843	2,489
Less: deferred interest	(131)	-	(354)	-
Group	2,096	2,096	2,489	2,489

The Group's financial lease liabilities are secured by the lessor's right to the leased assets.

The Company did not have any financial lease obligations outstanding as at 31 December 2009 and 31 December 2008.

The fair value of the finance lease liabilities approximates their carrying amount.

Grants

The grants balance consists of grants related to the financing of assets acquisition. Movement of grants in the year 2009 and 2008 is as follows:

	Group	Company
Balance at 31 December 2007	36,669	36,617
Received during the period	31,500	31,500
Utilised during the period	(1,830)	(1,808)
Balance at 31 December 2008	66,339	66,309
Balance at 31 December 2008	66,339	66,309
Received during the period	7,721	7,704
Utilised during the period	(2,640)	(2,620)
Balance at 31 December 2009	71,420	71,393

Other non-current accounts payable and liabilities

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Advances received from new customers*	8,224	8,224	22,673	22,673
Provisions for pension payments and injury compensations	1,735	1,735	1,620	1,620
Liability related to guarantees for Nordic Energy Link	995	995	1,304	1,304
Total	10,954	10,954	25,597	25,597

* This item represents advances received for the connection of new users to the electricity networks. These advances will be reclassified to deferred revenue upon the provision of connection services. Such deferred revenue is recognised in the statement of comprehensive income over the useful life of the non-current assets developed.

Provision for pension payments represents calculated amounts to be paid according to Lithuanian legislation. Each employee is entitled to 2 months salary payment when retiring after reaching the pension age.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009
All amounts in LTL thousand, unless otherwise stated

Bonds issued

In September 2006, the Company issued bonds with a three-year maturity. The nominal value of the issue was EUR 7,500 thousand (LTL 25,896 thousand). Annual interest rate – 4.06 per cent. The bonds were repaid on 29 September 2009.

Trade payables

Trade payables of the Group and the Company are as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Debts for electricity and related services	105,181	105,181	56,271	56,271
Amounts payable for contractual works, other services	38,848	39,130	66,249	62,658
Accrued liability for electricity	12,401	12,401	28,104	28,104
Amounts payable for material values	694	694	2,383	1,467
VAT on accrued liability for electricity	-	-	5,089	5,089
Total	157,124	157,406	158,096	153,589

The fair value of trade payables approximates their carrying amounts.

Other accounts payable and liabilities

Other accounts payable of the Group and the Company are as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Other accrued expenses	5,408	5,408	8,693	8,693
Other accounts payable and current liabilities	4,784	35	251	189
Employment-related liabilities	3,282	1,868	3,559	1,647
Vacation reserve	2,332	2,150	3,609	2,512
Real estate tax payable	2,283	2,230	2,440	2,440
VAT payable to the budget	2,157	1,756	3,041	3,039
Current portion of deferred income	803	803	598	598
Dividends payable	507	507	520	520
Natural resource tax	387	387	345	345
Deferred VAT payable	1	1	9,999	9,999
Carrying amount	21,944	15,145	33,055	29,982

The fair value of other accounts payable approximates their carrying amounts.

Sales revenue

The Group's and the Company's sales revenue consists of revenue from electricity and related services. Sales revenue for the periods ended on 31 December are presented below:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Public service obligations (PSO)	623,144	623,144	389,556	389,556
Domestic sales of electricity (excluding PSO)	269,354	269,354	457,793	457,793
Export of electricity	265,223	265,223	226,991	226,991
Electricity transmission service	219,271	219,271	242,610	242,610
Capacity reserve	136,479	136,479	132,418	132,418
Other sales of electricity and related services	6,287	6,287	5,934	5,934
Revenue from connection of new users*	731	731	585	585
Total sales revenue	1,520,489	1,520,489	1,455,887	1,455,887

* The Company and the Group had accounted for LTL 16,173 thousand (31 December 2008: LTL 14,329 thousand) of deferred revenue related to the connection of new users and related advances received from new users for connection to electricity networks amounting to LTL 8,224 thousand (31 December 2008: LTL 22,673 thousand) which are reclassified to deferred revenue upon the provision of connection services. The Company/Group recognises such revenue in the statement of comprehensive income during the useful life of property, plant and equipment developed. During the 2009

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2009**
 All amounts in LTL thousand, unless otherwise stated

year, the Company/Group has recognised revenue of LTL 731 thousand (2008: LTL 585 thousand) from connection of new users.

Other operating income

In the year 2009 and 2008, the Group's and the Company's other operating income included as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Repairs and other services	16,477	-	46,670	-
Data transmission	12,183	12,183	13,113	13,113
Rent of property	4,663	5,114	3,271	3,319
Internet services	3,146	3,146	3,425	3,433
Rent of infrastructure	2,697	2,697	2,572	2,572
IT services	1,060	1,105	541	541
Other income	4,481	957	2,809	1,974
Voice telephony services	549	549	519	559
Health, catering and recreation services	762	762	1186	896
Design works	2,063	-	297	-
Gain on disposal of property, plant and equipment	170	170	-	-
Total other operating income	48,251	26,683	74,403	26,407

Finance income

In the year 2009 and 2008, the Group's and the Company's finance income included as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Interest income	7,828	7,928	1,539	1,476
Other income	1,641	1542	983	912
Foreign currency exchange gain	9	9	47	44
Dividends received	-	-	-	633
Total finance income	9,478	9,479	2,569	3,065

Other finance costs

In the year of 2009 and 2008, the Group's and the Company's other finance costs included as follows:

	Group 31 December 2009	Company 31 December 2009	Group 31 December 2008	Company 31 December 2008
Interest expenses	(1,547)	(1,445)	(2,537)	(2,477)
Other expenses	(30)	(18)	(13)	(14)
Foreign currency exchange loss	(20)	(20)	(49)	(39)
Loan service costs	(326)	(218)	(68)	(68)
Total finance costs	(1,923)	(1,701)	(2,667)	(2,598)
