

Rytų skirstomieji tinklai AB  
Interim Report  
for the three months of the year 2010

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25 May 2010

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## TABLE OF CONTENTS

<b>General provisions</b> .....	3
<b>Information on the Issuer's authorised capital, securities issued and members of Management Board</b> .....	4
<b>Financial status</b> .....	7
Statement of financial position .....	7
Statement of comprehensive income .....	8
Statement of changes in equity .....	9
Cash flow statement .....	10
Explanatory note .....	11
<b>Essential events in the Issuer's activities</b> .....	13

## I. GENERAL PROVISIONS

### 1. Reporting period covered by the report

The report covers January to March of 2010.

### 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 str. 5B, LT-08221 Vilnius
Telephone	+370 5 277 75 24
Fax	+370 5 277 75 14
E-mail	info@rst.lt
Website	www.rst.lt
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 str. 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 newspaper Lietuvos Rytas, news agency BNS and Lithuanian telegram agency ELTA.

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

Office	Name, surname	Telephone
General Manager	Arvydas Tarasevičius	+370 5 251 26 59
Director of Finance department	Arvydas Zakalskis	+370 5 251 26 52
Head of the Economic and Finance department	Darius Selevičius	+370 5 251 26 70
Head of the Marketing and Communication department	Kristina Mažeikytė	+370 5 255 25 28

Date of signing the report – 25 May 2010

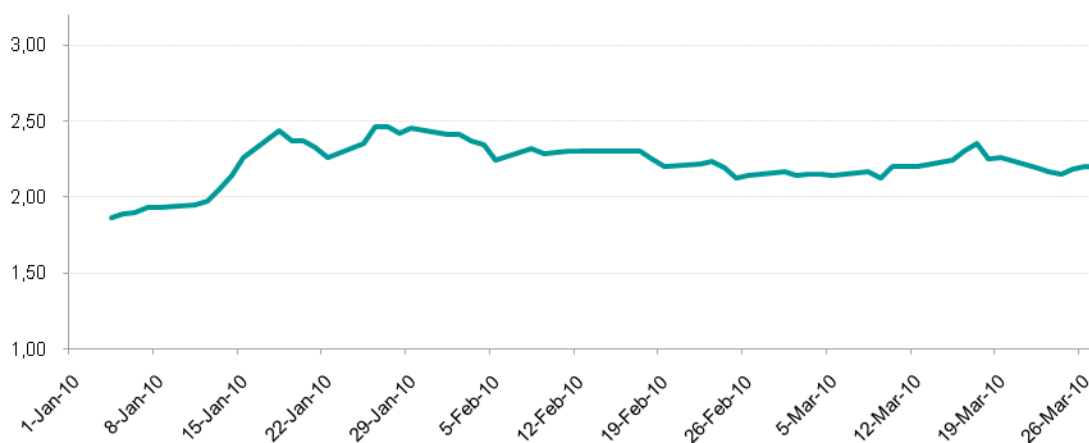
Place of preparation of the report – Rytų skirstomieji tinklai AB (P. Lukšio str. 5B, Vilnius)

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

### 5. Shares

Rytų skirstomieji tinklai AB shares (ISIN code LT0000126385) are listed on NASDAQ OMX Vilnius AB Main List from 2 May 2007 (Name – RST1L).

Dynamics of the share price of Rytų skirstomieji tinklai AB for the reporting period, LTL



### Information on agreements with intermediaries of public trading in securities

The Company concluded an issuer services agreement with a consortium comprised of SEB Bank AB (company reg. No 112021238, Gedimino pr. 12, LT-01103 Vilnius) and law firm Adamonis, Beržanskienė ir Partneriai SORAINEN LAW OFFICES (company reg. No 9400025, Jogailos g. 4, LT – 01116 Vilnius), represented by the Financial Markets Department of SEB Bank AB. Under the agreement, the consortium undertakes to manage the Company's securities accounts, provide dividend payment services and represent the Company in the Lithuanian securities market.

### 6. Shareholders

On 31 March 2010, the number of shareholders of Rytų skirstomieji tinklai AB totaled 6 700.

#### 6.1 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

#### 6.2 Shareholders who owned more than 5% of the issuer's authorized capital on 31 March 2010.

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
LEO LT, AB, Žvejų str. 14, LT-09310 Vilnius, company's code 301732248	351 316 161	71.35	71.35
E.ON Ruhrgas International GmbH, Huttropstrasse 60, Essen, Germany HRB No 10974	99 845 392	20.28	20.28

## 7. Members of management bodies

### 7.1 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			
Henrikas Bernatavičius	Chairman	-	-
Vytautas Vazalinskas	Member	-	-
Mario Nullmeier	Member	-	-
Aloyzas Koryzna	Member	-	-
Arvydas Tarasevičius	Member	-	-
General Manager, Chief Financial Officer of the Company			
Arvydas Tarasevičius	General Manager	-	-
Veslava Jucevič	Chief Accountant	-	-

### 7.2. Data on the participation of 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.

Note: the report indicates data about participation of members of the Supervisory Board, the Board and administration in the activities of other companies, institutions and organisations as of the end of the respective period.

Name, surname	Name of organization, office	Percentage of other companies' capital and votes held
Board		
Henrikas Bernatavičius	Vice Minister at the Ministry of Energy of the Republic of Lithuania, Chairman of the Board of VST, AB Chairman of the Board of Lietuvos energija, AB Chairman of the Board of Lietuvos elektrinė, AB The owner of the private enterprise "Adomynė" (under liquidation) Member of the Board of Girteka Baltic, UAB	-
Vytautas Vazalinskas	Head of the Department of Energy Resources, Electricity and Heating of the Ministry of Energy of the Republic of Lithuania Member of the Board of VST, AB Member of the Board of Lietuvos energija, AB Member of the Board of Lietuvos elektrinė, AB Member of the Board of Energijos tiekimas, UAB	-
Mario Nullmeier	Head of the Baltic office of E.ON Ruhrgas International (ERI) GmbH Member of the Supervisory Board of Eesti Gaas Member of the Board of the Estonian - German Chamber of Commerce Member of the Supervisory Board of Latvijas Gas	-
Aloyzas Koryzna	General Manager and member of the Board of Lietuvos energija, AB Member of the Board of LITGRID UAB Member of the Board of international association ENSTO-E, Member of the Council of the Lithuanian Electric Energy Association	-
Arvydas Tarasevičius	Member of the Board of VST, AB Member of the Board of Lietuvos energija, AB Member of the Council of the Lithuanian Electric Energy Association Member of the Board of the public enterprise "Respublikinis energetikų mokymo centras"	-
Head and Chief Accountant of the Company		
Arvydas Tarasevičius	See information above	-
Veslava Jucevič	-	-

## 7.2. Biographical information on members of the Board

### Arvydas Tarasevičius

**Position:** General Manager of RST, member of the Board of RST.

**Education:** Vilnius University, a Doctor of Social Science degree.

Vilnius University, economist-mathematician.

**Work experience:** since 2009, holds the position of General Manager of RST and member of the Board of RST.

From 2009 – Director of Vilnius territorial statistical office, from 2005 – General Manager of Invalda Construction Management, from 1998 to 2005 he worked as Head of Vilnius Business Center of Nord/LB Lietuva Bank. From 1992 to 1998 A. Tarasevičius worked at the Savings bank as a member of the Board and department director responsible for development of the Bank retail banking products and services. In 1991-1992 consultant to the Government of the Republic of Lithuania on state property privatization, in 1990 – 1991 Deputy Head of IT Centre of the Ministry of Industry, in 1989 – 1990 senior research associate at the Economics Institute of the Academy of Sciences.

### Henrikas Bernatavičius

**Position:** Vice Minister at the Ministry of Energy of the Republic of Lithuania, Chairman of the Board of RST.

**Education:** Vilnius Engineering Construction Institute, mechanical engineer for construction, road machinery and equipment.

**Work experience:** since 2009, H. Bernatavičius holds the offices of Vice Minister at the Ministry of Energy. In 2007-2009, he was the Director of UAB “Giritech Baltic”, in 1999-2009, he was the head of UAB “Provisus ir Ko”, in 1997-1999, he was the head of UAB “Provisus”. In 1995-1997, H. Bernatavičius was the Director of the joint Lithuanian-USA company “Denticija”. In 1993-1995, he was the chief broker - expert at UAB “Domus optima”. In 1992-1993, H. Bernatavičius was the head of UAB “Tarptautinis biznio centras”, in 1991-1992 he was the Head of Commercial Unit of UAB “GRV”.

### Aloyzas Koryzna

**Position:** General Manager of AB “Lietuvos energija”, member of the Board of RST.

**Education:** Moscow Institute of Energy, Doctor of Engineering degree.

Kaunas Polytechnic Institute, electrical engineer.

Kaunas Polytechnic Institute, profession of an engineer-electrician.

**Work experience:** since 2009, General Manager of AB “Lietuvos energija”. From 2006 to 2009 A. Koryzna was a business consultant. From 1998 to 2001 he was employed as the Head at AB “Lietuvos telekomas”, UAB “Lintel”, UAB “Ashburn International”.

### Vytautas Vazalinskas

**Position:** Head of the Energy Resources, Heating and Electricity Unit at the Ministry of Energy, member of the Board of RST.

**Education:** Baltic Management Institute, managerial MBA studies.

Vilnius University, a Doctor of Social Science degree.

Vilnius University, a Master’s degree in engineering economy.

**Work experience:** since 2009, Head of the Energy Resources, Heating and Electricity Unit at the Ministry of Energy. From 2007 to 2009 he was the Head of UAB “Baltempus”, in 2006 – General Manager of UAB “MEGRAME MEDIS”. From 2003 to 2006 he was the Head of UAB “RANGA IV”, from 1999 to 2003 – the Financial Director of UAB “INTA”.

### Mario Nullmeier

**Position:** Head of Representative Office for the Baltic States at E.ON Ruhrgas International, member of the Board of RST.

**Education:** University of Toronto, Degree of global executive MBA.

Moscow Power Engineering Institute, Master’s Degree, Nuclear physicist and engineer for heat and electricity generation.

**Work experience:** Since April 2005 he is working as Head of Representative Office for Baltic States at E.ON Ruhrgas International. He is responsible for the projects in the Baltic States covering the core competences of the E.ON group – generation/exploration, transport, trading, storage, distribution and sales of gas, electricity and heat. He coordinates BEMIP program activities for E.ON Ruhrgas in Estonia, Latvia, Lithuania and Poland. From 1999 to 2005 he headed the E.ON Energie Representative Office in Warsaw/Poland. From 1992 to 1999 Mario Nullmeier worked as area manager, he was responsible for several feasibility studies and privatization projects in Central Eastern Europe.

### III. FINANCIAL STATUS

Financial accounting statements of Rytų skirstomieji tinklai AB (hereinafter referred to as 'RST' or 'the Company') and consolidated financial accounting statements of Rytų skirstomieji tinklai AB and its subsidiaries (hereinafter referred to as 'Group') presented in this chapter have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

#### 8. Statement of financial position, in LTL'000

	GROUP		COMPANY	
	31 03 2010	31 12 2009	31 03 2010	31 12 2009
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2 781 057	2 828 552	2 752 318	2 798 675
Intangible assets	5 891	3 849	5 887	3 843
Prepayments for property, plant and equipment and intangible assets	1 054	1 310	1 054	1 310
Investments in subsidiaries	-	-	36 643	36 643
Deferred income tax assets	98	169	-	-
Non-current receivables	2 712	2 671	2 712	2 671
	<b>2 790 812</b>	<b>2 836 551</b>	<b>2 798 614</b>	<b>2 843 142</b>
<b>Current assets</b>				
Inventory	5 170	5 141	1 204	1 581
Trade and other receivables	108 657	98 130	108 444	97 507
Prepayments, deferred charges and accrued income	11 317	11 725	11 148	11 524
Prepaid income tax	264	239	-	-
Loans granted	70 000	70 000	70 000	70 000
Short-time investments	31 000	47 500	31 000	47 500
Cash and cash equivalents	30 739	24 074	28 488	21 306
	<b>257 147</b>	<b>256 809</b>	<b>250 284</b>	<b>249 418</b>
Non-current assets classified as held for sale	679	679	2	2
	<b>257 826</b>	<b>257 488</b>	<b>250 286</b>	<b>249 420</b>
<b>Total assets</b>	<b>3 048 638</b>	<b>3 094 039</b>	<b>3 048 900</b>	<b>3 092 562</b>
<b>EQUITY</b>				
<b>Equity and reserves attributable to equity holders of the Company</b>				
Share capital	492 405	492 405	492 405	492 405
Revaluation reserve	1 214 957	1 243 355	1 209 356	1 237 738
Legal reserve	49 551	49 551	49 240	49 240
Other reserves	1 638	1 638	-	-
Retained earnings	519 667	490 362	527 772	497 175
<b>Total equity</b>	<b>2 278 218</b>	<b>2 277 311</b>	<b>2 278 773</b>	<b>2 276 558</b>
<b>LIABILITIES</b>				
<b>Amounts payable after one year and non-current liabilities</b>				
Borrowings	125 514	125 514	125 514	125 514
Deferred income tax liability	238 497	240 671	238 826	241 030
Deferred income	199 643	201 451	199 643	201 451
Grants, subsidies	8 871	9 004	8 871	9 004
Long-term employee benefits	4 838	4 859	4 838	4 859
Other non-current liabilities	-	-	-	-
	<b>577 363</b>	<b>581 499</b>	<b>577 692</b>	<b>581 858</b>
<b>Amounts payable within one year and current liabilities</b>				
Borrowings	24 604	54 918	24 604	54 918
Trade and other payables	140 352	146 210	139 829	145 180
Advances received and accrued charges	23 666	29 761	23 567	29 708
Derivative financial instruments	687	512	687	512
Income tax liabilities	3 748	3 828	3 748	3 828
	<b>193 057</b>	<b>235 229</b>	<b>192 435</b>	<b>234 146</b>
<b>Total liabilities</b>	<b>770 420</b>	<b>816 728</b>	<b>770 127</b>	<b>816 004</b>

<b>Total equity and liabilities</b>	<b>3 048 638</b>	<b>3 094 039</b>	<b>3 048 900</b>	<b>3 092 562</b>
<b>9. Statement of comprehensive income, in LTL'000</b>				
	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31 03 2010</b>	<b>31 12 2009</b>	<b>31 03 2010</b>	<b>31 12 2009</b>
Revenue	360 991	338 406	360 964	338 695
Other operating income	1	-	-	-
Purchase of electricity	( 206 806)	( 157 276)	( 206 806)	( 157 276)
Electricity transmission service expense	( 61 463)	( 46 541)	( 61 462)	( 46 541)
Depreciation and amortization	( 53 109)	( 62 433)	( 52 081)	( 60 858)
Employee benefits and related social insurance contributions	( 25 969)	( 29 252)	( 21 539)	( 24 006)
Repair and maintenance expense	( 6 451)	( 6 104)	( 9 422)	( 9 940)
Transportation expense	( 300)	( 559)	( 2 158)	( 2 259)
Effect of revaluation of property, plant and	-	( 12 928)	-	( 12 928)
Gain on disposal of property, plant and	36	159	29	-
Other operating expenses	( 6 889)	( 8 678)	( 6 286)	( 8 664)
<b>Operating (loss) profit</b>	<b>41</b>	<b>14 794</b>	<b>1 239</b>	<b>16 223</b>
Income from financing activities	2 404	1 180	2 403	2 038
(Expenses) from financing activities	( 720)	( 1 733)	( 712)	( 1 714)
Gain (loss) from financing activities – net	1 684	( 553)	1 691	324
<b>Profit (loss) before income tax</b>	<b>1 725</b>	<b>14 241</b>	<b>2 930</b>	<b>16 547</b>
Income tax expense	( 818)	( 6 161)	( 715)	( 6 078)
<b>Net profit (loss)</b>	<b>907</b>	<b>8 080</b>	<b>2 215</b>	<b>10 469</b>
Other comprehensive income (expenses):				
Losses on revaluation of property, plant and	-	-	-	-
Deferred income tax effect	-	-	-	-
<b>Other comprehensive income (expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gross profit (loss) for the period</b>	<b>907</b>	<b>8 080</b>	<b>2 215</b>	<b>10 469</b>



**10. Statement of changes in equity, in LTL'000**

GROUP	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2009</b>	<b>492 405</b>	<b>1 462 054</b>	<b>49 516</b>	<b>336 169</b>	<b>82 495</b>	<b>2 422 639</b>
Gross profit for the period	-	-	-	-	8 080	8 080
Transfers to retained earnings	-	( 32 280)	-	-	32 280	-
Transfer to reserves	-	-	35	1 638	( 1 673)	-
Reserves utilized	-	-	-	( 2 650)	2 650	-
<b>Balance at 31 March 2009</b>	<b>492 405</b>	<b>1 429 774</b>	<b>49 551</b>	<b>335 157</b>	<b>123 832</b>	<b>2 430 719</b>
<b>Balance at 1 January 2010</b>	<b>492 405</b>	<b>1 243 355</b>	<b>49 551</b>	<b>1 638</b>	<b>490 362</b>	<b>2 277 311</b>
Gross profit for the period	-	-	-	-	907	907
Transfers to retained earnings	-	( 28 398)	-	-	28 398	-
Transfer to reserves	-	-	-	-	-	-
Reserves utilized	-	-	-	-	-	-
<b>Balance at 31 March 2010</b>	<b>492 405</b>	<b>1 214 957</b>	<b>49 551</b>	<b>1 638</b>	<b>519 667</b>	<b>2 278 218</b>

COMPANY	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2009</b>	<b>492 405</b>	<b>1 452 735</b>	<b>49 240</b>	<b>333 519</b>	<b>89 277</b>	<b>2 417 176</b>
Gross profit for the period	-	-	-	-	10 469	10 469
Transfers to retained earnings	-	( 32 237)	-	-	32 237	-
Transfer to reserves	-	-	-	-	-	-
Reserves utilized	-	-	-	-	-	-
<b>Balance at 31 March 2009</b>	<b>492 405</b>	<b>1 420 498</b>	<b>49 240</b>	<b>333 519</b>	<b>131 983</b>	<b>2 427 645</b>
<b>Balance at 1 January 2010</b>	<b>492 405</b>	<b>1 237 738</b>	<b>49 240</b>	<b>-</b>	<b>497 175</b>	<b>2 276 558</b>
Gross profit for the period	-	-	-	-	2 215	2 215
Transfers to retained earnings	-	( 28 382)	-	-	28 382	-
Transfer to reserves	-	-	-	-	-	-
Reserves utilized	-	-	-	-	-	-
<b>Balance at 31 March 2010</b>	<b>492 405</b>	<b>1 209 356</b>	<b>49 240</b>	<b>-</b>	<b>527 772</b>	<b>2 278 773</b>

## 11. Cash flow statement, in LTL'000

	GROUP		COMPANY	
	31 03 2010	31 12 2009	31 03 2010	31 12 2009
<b>Cash flows from operating activities</b>				
Net profit (loss)	907	8 080	2 215	10 469
<b>Reversals:</b>				
Depreciation and amortization	53 415	62 576	52 224	61 001
Impairment of property, plant and equipment	12	1 590	12	1 590
Revaluation of property, plant and equipment	-	12 928	-	12 928
Income tax expense	822	6 161	715	6 077
Amortization of deferred income	( 2 806)	( 1 918)	( 2 806)	( 1 918)
Amortization of grants	( 143)	( 143)	( 143)	( 143)
Provisions	95	90	102	89
(Gain) loss on disposal/write-off of property, plant and equipment	-	-	-	( 812)
Dividends				
Financing (income)	( 2 404)	( 1 180)	( 2 403)	( 1 226)
Financing cost	720	1 626	712	1 562
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other receivables	( 4 972)	( 2 986)	( 10 615)	( 6 827)
(Increase) decrease in inventories, prepayments and other assets	( 9)	41	377	( 141)
Increase in amounts payable and advance amounts received	12 015	( 19 636)	17 705	( 18 538)
Income tax (paid)	( 3 025)	( 6 493)	( 3 000)	( 6 412)
<b>Net cash from operating activities</b>	<b>54 627</b>	<b>60 736</b>	<b>55 095</b>	<b>57 699</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	( 35 925)	( 32 032)	( 35 875)	( 31 655)
Proceeds from sale of property, plant and equipment	66	19	59	-
Loans repaid by subsidiaries	-	-	-	500
Loan repayments received	13	74	13	74
Deposits	16 500	-	16 500	-
Dividends received	-	-	-	812
Interest received	2 404	1 180	2 403	1 226
<b>Net cash flow from investing activities</b>	<b>( 16 942)</b>	<b>( 30 759)</b>	<b>( 16 900)</b>	<b>( 29 043)</b>
<b>Net cash from financing activities</b>				
Proceeds from borrowings	-	-	-	-
(Repayments) of borrowings	-	-	-	-
Dividends (paid) to the Company's shareholders	( 20)	( 35)	( 20)	( 35)
Interest (paid)	( 687)	( 2 064)	( 680)	( 2 000)
<b>Net cash from financing activities</b>	<b>( 707)</b>	<b>( 2 099)</b>	<b>( 700)</b>	<b>( 2 035)</b>
<b>Net increase in cash flows</b>	<b>36 978</b>	<b>27 878</b>	<b>37 495</b>	<b>26 621</b>
Cash and cash equivalents at beginning of the year	( 6 333)	7 478	( 9 101)	11 660
<b>Cash and cash equivalents at the end of the period</b>	<b>30 645</b>	<b>35 356</b>	<b>28 394</b>	<b>38 281</b>

## 12. Explanatory note

### 12.1 General information

The main activities of RST include electricity distribution in low and medium voltage power networks as well as power supply (sale) to customers in the eastern part of Lithuania.

As a distribution network operator, RST is responsible for the maintenance and development of low and medium voltage electricity networks. As a public electricity supplier, it supplies electricity to residents and business customers in the territory serviced.

There are 25 territorial customer service offices in Vilnius, Panevėžys, Alytus and Utena counties and part of Kaunas and Marijampolė counties.

RST and its subsidiaries Elektros Tinklo Paslaugos UAB, Rytra UAB and Tetas UAB make up the group of companies of Rytų skirstomieji tinklai AB:

Subsidiary	Country of incorporation	Year of establishment	Group's share (%)		Activities
			31 03 2009	31 12 2008	
Rytra UAB	Lithuania	2004	100	100	Provides transport rent services. Rents lorries and passenger cars, building and special purpose mechanisms
Elektros Tinklo Paslaugos UAB	Lithuania	2004	100	100	Provides the services of technical maintenance, exploitation, repair of the electric network, performs the works of internal electric installation
Tetas UAB	Lithuania	2005	100	100	Provides specialized electric network services – exploits the electric equipment of substations, distribution points, transformer stations, performs the testing works

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.

On 4 January 2010, an extraordinary general meeting of shareholders of AB Rytų skirstomieji tinklai was convened where it was decided to reorganise AB Rytų skirstomieji tinklai and AB VST by way of merger.

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

### 12.2 Information on the activities and results of the Company and the Group

The RST Group operating income during 1<sup>st</sup> quarter of 2010 reached LTL 361 million, which is 6.7% more than during 1<sup>st</sup> quarter of 2009 (LTL 338.4 million).

During reporting period earnings interest, tax, depreciation, effect of revaluation of property, plant and equipment and amortization (EBITDA) was LTL 55.6 million; it is 39.2% less than in 1<sup>st</sup> quarter of 2009, when EBITDA was LTL 91.3 million.

RST Group earned LTL 0.9 million of net profit during 1<sup>st</sup> quarter of 2010, while last year RST group had a profit of LTL 8.1 million during the same period. Subsidiaries receive more than 90% of income from the RST Group and therefore consolidated operating results do not differ much from RST results.

**The main financial indicators of the RST Group**

Indicators	31 03 2010	31 03 2009	31 03 2008	31 03 2007
Income (LTL thousand)	360 992	338 406	328 188	283 783
EBITDA margin (%)	15,4%	27,0%	27,1%	24,2%
Operating profit (loss) (LTL thousand)	41	14 794	17 433	24 943
Operating profit margin (%)	0,0%	4,4%	5,3%	8,8%
Profit (loss) before tax (LTL thousand)	1 725	14 241	15 731	23 782
Profit margin before tax (%)	0,5%	4,2%	4,8%	8,4%
Net profit (loss) (LTL thousand)	907	8 080	13 087	19 125
Net profit margin (%)	0,3%	2,4%	4,0%	6,7%

RST Group profitability decrease was determined by decreased electricity distribution price and higher cost price of purchased electricity.

**Income**

In the 1st quarter of 2010 RST distributed to costumers 1 051.8 million kWh of electricity, i.e. by 3.8% less than during the same period in 2009.

Some of the largest consumers chose independent suppliers for this reason the amount of sold electricity went down by 10% compared to the 1<sup>st</sup> quarter of 2009.

Consolidated income of RST Group during three months of this year consisted LTL 361 million that is LTL 22.6 million or 6.7% more compared to the same period last year. This increase was determined by higher electricity sales price.

**Costs**

RST purchased 1 118.4 million kWh of electricity or 8.9% less than in 2009, the amount of purchased electricity went down because of lower consumption. Price of purchased electricity rose 2.5 times during 1<sup>st</sup> quarter of 2010, because of Ignalina NPP closure.

Variable costs (purchase and transmission of electricity) during the 1<sup>st</sup> quarter of 2010 composed LTL 268.3 million, i.e. they increased by LTL 64.4 million or 31.6%. The increase of variable costs in 2010 was affected by increased electricity purchase price.

The RST Group's operating costs, excluding variable, depreciation costs and the effect of revaluation, made up LTL 39.6 million, down by LTL 5 million from 2009, because of lower payments for employees.

**Assets**

During the reporting period the value of RST Group assets shrank by LTL 45.7 million and reached LTL 2 790.8 million. Drop of value was affected by investments, which level were lower than the level of depreciation.

The RST Group current assets in 2010 slightly changed and at the end of the period consisted LTL 257.8 million.

**Equity**

The consolidated RST Group equity increased by LTL 0.9 million and at the end of the 1st quarter of 2009 amounted to LTL 2 278.2 million.

**Liabilities**

During the 1st quarter of 2010 RST Group liabilities decrease by LTL 46.3 million and consisted LTL 770.4 million.

Non current liabilities went down by LTL 4.1 million, while decrease of current liabilities was LTL 42.2 million.

Significant decrease of current liabilities is a result of refunded current borrowings and shrank of trade debts.

At the end of reporting period, financial debts of the RST Group amounted to LTL 150.14 million (including LTL 125.5 million of non-current and LTL 25.6 million of current debts).

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

### 13. Essential events in the Issuer's activities

In implementing its duties according to the binding legislation that regulates the securities market, RST announces material events (as well as all further regulated information) for the whole of the European Union. Information published by the Company is available on its website [www.rst.lt](http://www.rst.lt) and the website of NASDAQ OMX Vilnius AB at [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com).

#### Events of major importance after the end of the reporting period

#### 04.01.2010 The decisions, adopted in the Extraordinary General Shareholders Meeting of Rytų skirstomieji tinklai, AB on January 4, 2010

The Extraordinary General Shareholders Meeting of Rytų skirstomieji tinklai, AB (company code 110870890, registered office P. Lukšio 5B, LT-08221, Vilnius) held on January 4, 2010, 10 a.m., adopted the following decision:

1. To assign the preparation of conditions of reorganization of Rytų skirstomieji tinklai, AB and "VST", AB by the way of merger to the Management Boards of Rytų skirstomieji tinklai, AB and "VST", AB, in cooperation with the Management Board of Parent Company or with its functions implementing person.

#### 06.01.2010 Regarding liquidation of LEO LT, AB

LEO LT, AB, which owns 351 316 161 shares of Rytų skirstomieji tinklai, AB, on January 6, 2010 announced that on December 31, 2009 a resolution, taken on December 30, 2009 by the sole shareholder of LEO LT, AB (the Government of the Republic of Lithuania) to liquidation LEO LT, AB, took force.

#### 13.01.2010 Regarding preparation merger strategy and detailed action plan for Rytų skirstomieji tinklai, AB and VST, AB

The Lithuanian Ministry of Energy on 13th January 2010 publicly announced that International audit and consulting company Ernst&Young Baltic subsidiary of Ernst&Young in Lithuania was selected in public tender to prepare merger strategy and detailed action plan for Rytų skirstomieji tinklai, AB and "VST", AB.

More information can be found on the web page of Lithuanian Ministry of Energy <http://www.enmin.lt>.

#### 27.01.2010 Regarding information announced in media

The Lithuanian Ministry of Energy on 26th January 2010 publicly announced that national energy company "LEO LT", which received a loan in amount of 192 million from its subsidiaries VST, Rytų skirstomieji tinklai (RST) ir "Lietuvos energija" last December, is going to refund the loan by dividends. The payment scheme and amount of dividends are not announced.

Rytų skirstomieji tinklai, AB notifies, that information about annual financial results and associated decisions will be announced following the requirements determined for disclosure of such information.

#### 26.02.2010 Preliminary unaudited operating results of Rytų skirstomieji tinklai AB company group for 2009

The preliminary unaudited operating results of Rytų skirstomieji tinklai AB company group in 2009 is a net loss of LTL 37.3 million (EUR 10.8 million) according to International Financial Reporting Standards. Loss before taxes of the Group - LTL 50.98 million (EUR 14.8 million).

In 2009 the operating income of the Group reached LTL 1163.2 million (EUR 336.9 million). Investments of Rytų skirstomieji tinklai AB made up LTL 149.5 million (EUR 43.3 million) over this period.

#### 26.02.2010 Rytų skirstomieji tinklai AB Interim Report for the twelve months of 2009

Rytų skirstomieji tinklai AB Interim Report for the twelve months of 2009.

#### 19.03.2010 Regarding information announced in media

The mass media has announced information on merger of Rytų skirstomieji tinklai, AB and VST, AB.

Rytų skirstomieji tinklai, AB notifies that it has never got any official information regarding the facts that were announced in media.

Rytų skirstomieji tinklai, AB notifies that information on reorganization and associated decisions will be announced following the requirements determined for disclosure of such information.

### 30.03.2010 Convocation of The Annual General Meeting of Shareholders of Rytų Skirstomieji Tinklai, AB.

On 29th of March, 2010 The Board of RST, AB adopted a decision to convoke the Annual General Meeting of Shareholders of RST, AB (company code 110870890 registered office at P. Lukšio 5B, LT-08221, Vilnius) and approved the following agenda of the meeting:

1. Consideration of the Consolidated Annual Report of the Group of Undertakings of RST, AB for 2009.
2. Approval of the Set of Audited Consolidated and RST, AB Financial Reports for 2009.
3. Appropriation of profit (loss) of RST, AB of 31st of December, 2009.
4. Formation of the Audit Committee of RST, AB.

Initiator of the Annual Meeting of Shareholders: the Board of RST, AB.

The date and time of the Annual Meeting of Shareholders: 30th of April, 2010, 10.00 AM.

The place of the Annual Meeting of Shareholders: Vilnius, P. Lukšio 5B (6<sup>th</sup> floor).

The account date of the Annual General Meeting of Shareholders: 23rd of April, 2010. Shareholders that own shares of RST, AB in the end of the account date (23rd of April, 2010) shall have the right to participate and vote in convoked Annual General Meeting.

The account date of the rights of Shareholders: 14th of May, 2010. Only the persons, who will be the Shareholders of the Company in the end of the account date (14th of May, 2010) will have the rights of Shareholders, provided in Article 15 paragraph 1 particles 1-4, of the Law of Companies.

Registration starts: 30th of April, 2010, 9.25 AM.

Registration ends: 30th of April, 2010, 9.55 AM.

Shareholders who participate in the Annual General Meeting of Shareholders must submit an identity document.

Each shareholder may authorize in writing either a natural or a legal person to participate and to vote on the shareholder's behalf at the Annual General Meeting of Shareholders. The authorized persons must have documents, confirming their personal identity and power of attorney, approved in the manner, specified by law, which must be submitted to the Company, address P. Lukšio 5B, Vilnius (4th floor) no later than before the end of registration for the Annual General Meeting of Shareholders. The authorized persons at the Annual General Meeting of Shareholders shall have the same rights as represented shareholder. Shareholder's right to attend the Annual General Meeting of Shareholders also includes the right to ask.

The agenda of the Annual General Meeting of Shareholders may be supplemented by initiative of shareholders, who own shares no less than 1/20 of all votes. Along with a proposal to supplement the agenda of the Annual General Meeting of Shareholders must be submitted the drafts of proposed decisions or, if the decisions shall not be adopted, explanations on each of the proposed issue. Shareholders, who own shares no less than 1/20 of all votes own the right at any time before the Annual General Meeting of Shareholders or during the meeting in writing or by e-mail info@rst.lt propose new draft decisions on the issues already included or to be included in the agenda of the Annual General Meeting of Shareholders.

Shareholders own the right to ask the questions, concerning the agenda of the Annual General Meeting of Shareholders, held on the 30th of April, 2010.

Questions may be submitted by e-mail info@rst.lt or delivered directly to the Company's registered office at P. Lukšio 5B, Vilnius (4th floor) not later than 3 working days before the Annual General Meeting of Shareholders.

On decisions which are included into the agenda of the Annual General Meeting of Shareholders can be voted in writing by completing the general voting bulletin. If shareholder requests, the Company shall send the general voting bulletin to the requesting shareholder by registered mail or shall deliver it in person against signature no later than 10 days prior to the Annual General Meeting of Shareholders free of charge. The filled general voting bulletin must be signed by the shareholder or its authorized representative. Document, confirming the right to vote, must be added to the general voting bulletin, if authorized person is voting.

The shareholders at the Annual General Meeting can't participate and vote by electronic means.

Documents, concerning the agenda of the Annual General Meeting of Shareholders, the drafts of decisions of each agenda question, documents to be submitted to the Annual General Meeting of Shareholders (the draft decisions of the Annual General Meeting of Shareholders, power of attorney to represent at the Annual General Meeting of Shareholders, voting bulletin of the Annual General Meeting of Shareholders, etc.), and other information, related to Shareholders rights, shareholders can access not later than 21 day until the Annual General Meeting on the web page of the company <http://www.rst.lt/> and also in the company's office (P. Lukšio 5B, Vilnius) during working hours (7.30-11.30; 12.15-16.30, on Fridays 7.30-11.30; 12.15-15.15).

### 30.03.2010 Convocation of The Annual General Meeting of Shareholders of Rytų skirstomieji tinklai, AB

The Board of RST, AB on 29th of March, 2010 adopted a decision to convoke the Annual General Meeting of Shareholders of RST, AB (company code 110870890 registered office at P. Lukšio 5B, LT-08221, Vilnius) and approved the Drafts of Decisions of the Annual General Meeting of Shareholders of RST, AB for the following items:

- Consideration of the Consolidated Annual Report of the Group of Undertakings of RST, AB for 2009.

Suggested Draft of Decision:

“To approve the Consolidated Annual Report of the Group of Undertakings of RST, AB for 2009 (included)”.

- Approval of the Set of Audited Consolidated and RST, AB Financial Reports for 2009.

Suggested Draft of Decision:

“To approve the Set of Audited Consolidated and RST, AB Financial Reports for 2009 (included)”.

- Formation of the Audit Committee of RST, AB.

Suggested Draft of Decision:

“According to Article 52 of the Law of Audit, to assign for the Board of RST, AB, to frame the proposal to formulate the Audit Committee and to submit it to the Annual General Meeting of Shareholders of RST, AB”.

Initiator of the Annual Meeting of Shareholders: the Board of RST, AB.

The date and time of the Annual Meeting of Shareholders: 30th of April, 2010, 10.00 AM.

The place of the Annual Meeting of Shareholders: Vilnius, P. Lukšio 5B (6<sup>th</sup> floor).

The account date of the Annual General Meeting of Shareholders: 23rd of April, 2010. Shareholders that own shares of RST, AB in the end of the account date (23rd of April, 2010) shall have the right to participate and vote in convoked Annual General Meeting.

The account date of the rights of Shareholders: 14th of May, 2010. Only the persons, who will be the Shareholders of the Company in the end of the account date (14th of May, 2010) will have the rights of Shareholders, provided in Article 15 paragraph 1 particles 1-4, of the Law of Companies. Registration starts: 30th of April, 2010, 9.25 AM. Registration ends: 30th of April, 2010, 9.55 AM.

Documents, concerning the agenda of the Annual General Meeting of Shareholders, the drafts of decisions of each agenda question, documents to be submitted to the Annual General Meeting of Shareholders (the draft decisions of the Annual General Meeting of Shareholders, power of attorney to represent at the Annual General Meeting of Shareholders, voting bulletin of the Annual General Meeting of Shareholders, etc.), and other information, related to Shareholders rights, shareholders can access not later than 21 day until the Annual General Meeting on the web page of the company <http://www.rst.lt/> and also in the company's office (P. Lukšio 5B, Vilnius) during working hours (7.30-11.30; 12.15-16.30, on Fridays 7.30-11.30; 12.15-15.15).