

Rytų Skirstomieji Tinklai AB
consolidated and parent company
interim financial statements
for six months of 2008

29 August 2008

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

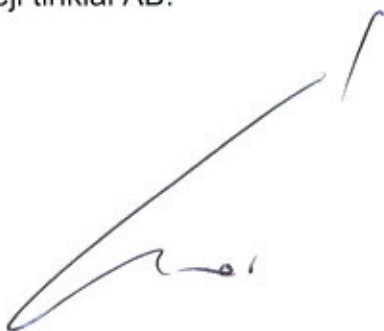
2008-08-28 No. 10430-761

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, Gintautas Mažeika, Director General of Rytų skirstomieji tinklai AB, and, Arvydas Zakalskis, Finance Director, hereby do confirm, to the best of our knowledge, that the enclosed and unaudited Interim Financial Statements for the Six Months of 2008 of Rytų skirstomieji tinklai AB, prepared in accordance with International Standards of Accounting acknowledged in the EU fairly shows the assets of Rytų skirstomieji tinklai AB and the assets of the Group, the liabilities, financial status and profit or loss.

ENCLOSURE: Interim Consolidated Financial Statements for the Six Months of 2008 of Rytų skirstomieji tinklai AB.

Director General



Gintautas Mažeika

Finance Director



Arvydas Zakalskis

Artur Grigorian, tel. 251 26 38

TABLE OF CONTENTS

I. BALANCE STATEMENT	3
II. INCOME STATEMENT	4
III. STATEMENT OF CHANGES IN EQUITY	5
IV. CASH FLOW STATEMENT	7
V. NOTES TO THE FINANCIAL STATEMENTS	8

I. BALANCE STATEMENT

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 2006 have been checked by auditors. 30 06 2006 and 30 Jun 2007 financial statements have not been audited yet.

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
ASSETS				
Non-current assets				
Property, plant and equipment	3514 665 727	3528 584 468	3474 627 007	3488 251 486
Intangible assets	9 360 825	10 700 654	9 348 603	10 694 856
Investments into subsidiaries	-	-	36 643 000	36 643 000
Deferred tax asset	50 250	62 623	-	-
Non-current accounts receivable and prepayments	4 662 576	6 736 239	4 662 576	6 736 239
	3528 739 378	3546 083 984	3525 281 186	3542 325 581
Current assets				
Inventories	7 624 951	8 690 922	1 663 903	3 320 024
Trade and other receivables	99 526 562	100 676 636	101 880 841	103 718 811
Derivative financial instruments	559 764	415 241	559 764	415 241
Prepaid current income tax	185 702	2 583 332	12 214	2 442 192
Cash and cash equivalents	1 168 893	4 126 860	853 364	3 887 416
	109 065 872	116 492 991	104 970 086	113 783 684
Non-current assets classified as held for sale	218 750	461 964	218 750	461 964
	109 284 622	116 954 955	105 188 836	114 245 648
Total assets	3638 024 000	3663 038 939	3630 470 022	3656 571 229
EQUITY				
Equity attributable to equity holders and reserves				
Share capital	492 404 653	492 404 653	492 404 653	492 404 653
Revaluation reserve	1826 994 888	1913 340 243	1820 441 507	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
Retained earnings	88 891 005	170 091 977	95 152 607	174 997 519
Total equity	2793 975 537	2785 453 371	2790 758 024	2781 950 772
LIABILITIES				
Non-current liabilities				
Borrowings	109 647 117	95 835 917	109 647 117	95 835 917
Deferred income tax liability	359 185 787	372 269 097	359 336 643	372 428 853
Other non-current liabilities	146 874 007	118 561 145	146 874 007	118 561 145
	615 706 911	586 666 159	615 857 767	586 825 915
Current liabilities				
Trade and other payables	200 650 506	237 481 584	198 105 600	237 445 943
Current income tax liabilities	6 364 878	208 225	6 233 876	-
Borrowings	21 326 168	53 229 600	19 514 755	50 348 599
	228 341 552	290 919 409	223 854 231	287 794 542
Total liabilities	844 048 463	877 585 568	839 711 998	874 620 457
Total equity and liabilities	3638 024 000	3663 038 939	3630 470 022	3656 571 229

II. INCOME STATEMENT

	GROUP		COMPANY	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
Revenue	603 324 363	525 143 261	603 170 391	527 432 167
Other income	485 396	461 847	1 416 595	995 873
Electricity purchase	(244 553 193)	(214 917 715)	(244 553 193)	(214 917 715)
Electricity transmission services expense	(83 525 370)	(79 860 682)	(83 525 370)	(79 860 682)
Depreciation and amortisation	(141 157 135)	(86 793 563)	(137 954 640)	(83 092 285)
Employee benefits and related social insurance contributions	(73 201 423)	(63 058 426)	(55 589 043)	(47 275 729)
Repair and maintenance expense	(26 953 514)	(26 569 646)	(40 096 711)	(39 824 621)
Transport expense	(733 842)	(459 052)	(7 747 008)	(6 819 241)
Other gain (loss), net value	524 880	360 003	370 562	361 062
Other expenses	(20 363 081)	(20 016 335)	(21 550 734)	(22 748 975)
Operating profit	13 847 081	34 289 692	13 940 849	34 249 854
Finance income	206 756	249 304	206 227	247 026
Finance costs	(3 287 486)	(2 574 251)	(3 205 065)	(2 488 709)
Finance costs, net value	(3 080 730)	(2 324 947)	(2 998 838)	(2 241 683)
Profit before tax	10 766 351	31 964 745	10 942 011	32 008 171
Income tax expense	(2 346 483)	(5 913 914)	(2 237 057)	(5 732 849)
Net profit	8 419 868	26 050 831	8 704 954	26 275 322

	GROUP		COMPANY	
	2008 II quarter	2007 II quarter	2008 II quarter	2007 II quarter
Revenue	274 281 414	241 614 495	273 613 657	242 239 079
Other income	288 413	207 669	312 491	696 617
Electricity purchase	(108 172 504)	(95 816 260)	(108 172 504)	(95 816 260)
Electricity transmission services expense	(37 240 066)	(36 245 716)	(37 240 066)	(36 245 716)
Depreciation and amortisation	(69 948 636)	(43 348 628)	(68 332 297)	(41 524 679)
Employee benefits and related social insurance contributions	(37 852 060)	(32 207 089)	(29 658 752)	(24 889 271)
Repair and maintenance expense	(13 824 215)	(14 232 278)	(20 259 815)	(20 655 479)
Transport expense	(429 116)	(275 637)	(3 909 317)	(3 481 597)
Other gain (loss), net value	630 620	554 851	476 302	461 003
Other expenses	(11 372 771)	(10 905 204)	(12 163 110)	(12 335 349)
Operating profit	(3 638 921)	9 346 203	(5 333 411)	8 448 348
Finance income	179 657	158 406	179 982	158 463
Finance costs	(1 505 601)	(1 321 735)	(1 453 943)	(1 265 288)
Finance costs, net value	(1 325 944)	(1 163 329)	(1 273 961)	(1 106 825)
Profit before tax	(4 964 865)	8 182 874	(6 607 372)	7 341 523
Income tax expense	297 893	(1 256 643)	382 288	(1 139 942)
Net profit	(4 666 972)	6 926 231	(6 225 084)	6 201 581

III. STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total equity
Balance as of 31 December 2006	492 404 653	1166 123 149	49 356 490	61 850 362	123 119 404	1892 854 058
Property, plant, and equipment revaluation reserve decrease	-	(49 621 986)	-	-	49 621 986	-
Transferred to reserves	-	-	52 730	98 356 916	(98 409 646)	-
Dividends for 2006	-	-	-	-	(34 468 326)	(34 468 326)
Accounting period profit	-	-	-	-	26 050 831	26 050 831
Balance as of 30 June 2007	492 404 653	1116 501 163	49 409 220	160 207 278	65 914 249	1884 436 563
Property, plant, and equipment revaluation reserve decrease	-	(55 923 103)	-	-	55 923 103	-
Revaluation of property, plant, and equipment	-	1003 249 627	-	-	-	1003 249 627
Calculated deferred income tax liabilities as a result of revaluation of property, plant and equipment	-	(150 487 444)	-	-	-	(150 487 444)
Accounting period profit	-	-	-	-	48 254 625	48 254 625
Balance as of 31 December 2007	492 404 653	1913 340 243	49 409 220	160 207 278	170 091 977	2785 453 371
Property, plant, and equipment revaluation reserve decrease	-	(86 345 355)	-	-	86 447 653	102 298
Transferred to reserves	-	-	107 188	175 961 305	(176 068 493)	-
Accounting period profit	-	-	-	-	8 419 868	8 419 868
Balance as of 30 June 2008	492 404 653	1826 994 888	49 516 408	336 168 583	88 891 005	2793 975 537

COMPANY	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total equity
Balance as of 31 December 2006	492 404 653	1158 657 074	49 240 465	60 574 527	129 948 304	1890 825 023
Property, plant, and equipment revaluation reserve decrease	-	(49 621 986)	-	-	49 621 986	-
Transferred to reserves	-	-	-	97 946 746	(97 946 746)	-
Dividends for 2006	-	-	-	-	(34 468 326)	(34 468 326)
Accounting period profit	-	-	-	-	26 275 322	26 275 322
Balance as of 30 June 2007	492 404 653	1109 035 088	49 240 465	158 521 273	73 430 540	1882 632 019
Property, plant, and equipment revaluation reserve decrease	-	(55 010 409)	-	-	55 010 409	-
Revaluation of property, plant, and equipment	-	1003 249 627	-	-	-	1003 249 627
Calculated deferred income tax liabilities as a result of revaluation of property, plant and equipment	-	(150 487 444)	-	-	-	(150 487 444)
Accounting period profit	-	-	-	-	46 556 570	46 556 570
Balance as of 31 December 2007	492 404 653	1906 786 862	49 240 465	158 521 273	174 997 519	2781 950 772
Property, plant, and equipment revaluation reserve decrease	-	(86 345 355)	-	-	86 447 653	102 298
Transferred to reserves	-	-	-	174 997 519	(174 997 519)	-
Accounting period profit	-	-	-	-	8 704 954	8 704 954
Balance as of 30 June 2008	492 404 653	1820 441 507	49 240 465	333 518 792	95 152 607	2790 758 024

IV. CASH FLOW STATEMENT

	GROUP		COMPANY	
	30 Jun 2008	30 Jun 2007	30 Jun 2008	30 Jun 2007
Operating activities				
Net profit	8 419 868	26 050 831	8 704 954	26 275 322
Adjustments:				
– Profit tax	2 346 483	5 913 914	2 237 057	5 732 849
– Depreciation and amortization	141 411 520	87 068 080	138 209 025	83 156 899
– Retirement of assets	2 298 326	3 784 268	2 460 973	3 782 347
– (Reversal of)/impairment charge on property, plant, and equipment (PPE)	740 674	(58 710)	740 674	(58 710)
– (Reversal of)/impairment charge on accounts receivable	879 269	(251 625)	878 473	(249 026)
– (Reversal of)/impairment charge on inventory	298 169	161 410	201 848	(75 387)
– Interest income	(235 098)	(366 705)	(331 354)	(485 844)
– Interest expense	3 267 223	2 555 100	3 204 583	2 476 376
– Dividend income	-	-	(857 505)	(421 836)
Changes in working capital:				
– reserves	727 834	(5 163 686)	1 414 304	(2 281 587)
– trade and other receivables	(33 645)	3 444 455	2 347 331	4 351 199
– trade and other payables	(1 161 428)	19 968 094	(5 052 521)	18 150 644
Operating activities cash flows	158 959 195	143 105 426	154 157 842	140 353 246
Interest paid	(3 010 223)	(2 470 510)	(2 947 583)	(2 391 786)
Income tax paid	(8 535 644)	(14 046 047)	(8 350 770)	(13 991 136)
Net cash flows received from operating activities	147 413 328	126 588 869	142 859 489	123 970 324
Investing activities				
Acquisition of tangible and intangible non-current assets	(133 363 575)	(94 095 083)	(130 742 551)	(87 812 784)
Proceeds from sale of tangible and intangible non-current assets	652 114	688 461	485 495	412 258
Loans granted to subsidiaries	-	-	-	(3 000 000)
Loan repayments received	257 300	303 556	257 300	303 556
Interest received	235 098	366 705	331 354	485 844
Dividends received	-	-	857 505	421 836
Net cash flows from investing activities	(132 219 063)	(92 736 361)	(128 810 897)	(89 189 290)
Financing activities				
Loans received	24 169 600	-	24 169 600	-
Repayment of loans	(13 811 200)	-	(13 811 200)	-
Dividends paid to company shareholders	(60 000)	(34 554 768)	(60 000)	(34 554 768)
Net cash flows from financing activities	10 298 400	(34 554 768)	10 298 400	(34 554 768)
Increase (decrease) of cash and cash equivalents (including overdraft)	25 492 665	(702 260)	24 346 992	226 266
Cash and cash equivalents (including overdraft) at the beginning of the period	(30 047 888)	(41 223 385)	(27 406 331)	(38 388 443)
Cash and cash equivalents (including overdraft) at the end of the period	(4 555 223)	(41 925 645)	(3 059 339)	(38 162 177)

V. NOTES TO THE FINANCIAL STATEMENTS

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 June 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	Year established	Group's share (%) as of		Type of activities
			30 Jun 2008	31 Dec 2007	
Rytra UAB	Lithuania	2004	100	100	Provides transport rent services. Rents civil engineering and special purpose mechanisms, cargo and passenger vehicles
Elektros Tinklo Paslaugos UAB	Lithuania	2004	100	100	Provides electricity network, equipment maintenance, operation, repair services, performs interior electric installation work
Tetas UAB	Lithuania	2005	100	100	Provides specialised services: electricity network design, construction, repair and maintenance services, customer connections to the grid 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 valuation 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. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Other PPE	Construction in progress	Total
GROUP						
31 December 2007						
Cost or revaluation		4082 861 573	473 681 081	178 930 385	71 237 370	4806 710 409
Accumulated depreciation and impairment		(1070030296)	(141 063 596)	(66 496 683)	(535 366)	(1278 125 941)
Net book amount		3012 831 277	332 617 485	112 433 702	70 702 004	3528 584 468
01 January 2008						
Opening net book amount		3012 831 277	332 617 485	112 433 702	70 702 004	3528 584 468
Additions	39 952	628 266	892 963	3 221 099	123 727 421	128 509 701
Disposals		(256 824)		(6 588)		(263 412)
Retirements		(2 161 805)	(500 489)	(24 734)		(2 687 028)
Reclassification		71 772 199	11 677 847	6 801 810	(90 251 856)	-
Reversal of impairment provision		55 793	400 829		9 015	465 637
Impairment charge				(922 968)		(922 968)
Depreciation		(109 575 208)	(16 271 371)	(13 174 092)		(139 020 671)
Closing net book amount	39 952	2973 293 698	328 817 264	108 328 229	104 186 584	3514 665 727
30 June 2008						
Cost or revaluation	39 952	3826 195 525	451 422 887	186 752 220	104 712 935	4569 123 519
Accumulated depreciation and impairment		(852 901 827)	(122 605 623)	(78 423 991)	(526 351)	(1054 457 792)
Net book amount	39 952	2973 293 698	328 817 264	108 328 229	104 186 584	3514 665 727
COMPANY						
31 December 2007						
Cost or revaluation		4062 331 199	470 614 595	144 486 610	71 134 191	4748 566 595
Accumulated depreciation and impairment		(1068151918)	(140 140 768)	(51 487 057)	(535 366)	(1260 315 109)
Net book amount		2994 179 281	330 473 827	92 999 553	70 598 825	3488 251 486
01 January 2008						
Opening net book amount		2994 179 281	330 473 827	92 999 553	70 598 825	3488 251 486
Additions	39 952	1 070 865	405 726	399 921	123 682 419	125 598 883
Disposals		(256 248)		(3 209)		(259 457)
Retirements		(2 161 806)	(500 489)	(24 717)		(2 687 012)
Reclassification		71 772 199	11 677 846	6 698 630	(90 148 675)	-
Reversal of impairment provision		55 793	400 829		9 015	465 637
Impairment charge				(922 967)		(922 967)
Depreciation		(109 024 857)	(16 018 640)	(10 776 066)		(135 819 563)
Closing net book amount	39 952	2955 635 227	326 439 099	88 371 145	104 141 584	3474 627 007
30 June 2008						
Cost or revaluation	39 952	3805 900 908	447 869 163	149 526 088	104 667 935	4508 004 046
Accumulated depreciation and impairment		(850 265 681)	(121 430 064)	(61 154 943)	(526 351)	(1033 377 039)
Net book amount	39 952	2955 635 227	326 439 099	88 371 145	104 141 584	3474 627 007

4. Non-current intangible assets

	Software, licences	Other assets	Total
GROUP			
31 December 2007			
Cost	18 677 769	448 737	19 126 506
Accumulated depreciation	(8 033 510)	(392 342)	(8 425 852)
Net book amount	10 644 259	56 395	10 700 654
30 June 2008			
Opening net book amount	10 644 259	56 395	10 700 654
Additions	1 051 020		1 051 020
Depreciation	(2 360 096)	(30 753)	(2 390 849)
Residual value of assets sold			-
Residual value of discarding property			-
Closing net book amount	9 335 183	25 642	9 360 825
30 June 2008			
Cost	19 718 589	448 737	20 167 326
Accumulated depreciation	(10 383 406)	(423 095)	(10 806 501)
Net book amount	9 335 183	25 642	9 360 825
COMPANY			
31 December 2007			
Cost	18 670 886	448 737	19 119 623
Accumulated depreciation	(8 032 425)	(392 342)	(8 424 767)
Net book amount	10 638 461	56 395	10 694 856
30 June 2008			
Opening net book amount	10 638 461	56 395	10 694 856
Additions	1 043 210		1 043 210
Depreciation	(2 358 710)	(30 753)	(2 389 463)
Residual value of assets sold			-
Residual value of discarding property			-
Closing net book amount	9 322 961	25 642	9 348 603
30 June 2008			
Cost	19 703 896	448 737	20 152 633
Accumulated depreciation	(10 380 935)	(423 095)	(10 804 030)
Net book amount	9 322 961	25 642	9 348 603

5. Non-current receivables and prepayments

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Prepayments for PPE and intangible assets	1 595 870	3 565 233	1 595 870	3 565 233
Loans granted	3 066 706	3 171 006	3 066 706	3 171 006
	4 662 576	6 736 239	4 662 576	6 736 239

6. Inventories

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Materials and spare parts	8 638 129	8 308 069	2 489 454	2 735 634
Electric meters	857 354	2 191 061	852 971	2 186 678
Fuel	301 693	246 960	8 019	6 093

Other	392 268	318 705	142 910	152 479
Inventory write-down allowances	(2 564 493)	(2 373 873)	(1 829 451)	(1 760 860)
	7 624 951	8 690 922	1 663 903	3 320 024

7. Trade and other receivables

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Trade receivables	106 710 874	115 362 336	105 091 735	114 279 061
Receivables from subsidiaries	-	-	4 622 295	4 273 237
Loans granted	365 519	369 694	365 519	369 694
Prepaid and recoverable taxes, other than income tax	9 784	379 762	9 784	379 302
Accrued income and deferred expense	1 184 493	1 576 880	746 921	1 487 204
Other receivables	10 082 900	1 496 964	9 828 644	1 402 176
Less: impairment provision	(18 827 008)	(18 509 000)	(18 784 057)	(18 471 863)
	99 526 562	100 676 636	101 880 841	103 718 811

8. Cash and cash equivalents

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Bank	549 688	3 737 295	234 159	3 497 851
Petty cash fund	56 375	116 785	56 375	116 785
Cash in transit	562 830	272 780	562 830	272 780
	1 168 893	4 126 860	853 364	3 887 416

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Cash and cash equivalents	1 168 893	4 126 860	853 364	3 887 416
Bank overdraft	(5 724 116)	(34 174 748)	(3 912 703)	(31 293 747)
	(4 555 223)	(30 047 888)	(3 059 339)	(27 406 331)

9. Other long term liabilities

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Deferred income of customer connection fees	128 799 732	102 387 645	128 799 732	102 387 645
Grants, subsidies	7 822 215	7 406 522	7 822 215	7 406 522
Other long term liabilities	10 252 060	8 766 978	10 252 060	8 766 978
	146 874 007	118 561 145	146 874 007	118 561 145

10. Trade and other payables

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Trade payables	117 105 851	163 659 142	120 187 774	167 045 148
Advances received	61 944 654	58 223 869	61 912 166	58 208 521
Deferred income of customer connection fees	2 227 688	3 590 862	2 227 688	3 590 862
Accruals and deferred income	7 295 324	6 725 634	5 730 370	5 101 692
Taxes other than income tax	7 312 839	4 661 285	4 800 921	2 883 086
Other current liabilities	4 764 150	620 792	3 246 681	616 634
	200 650 506	237 481 584	198 105 600	237 445 943

11. Borrowings

	GROUP		COMPANY	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
Non-current				
Bank borrowings	109 647 117	95 835 917	109 647 117	95 835 917
	109 647 117	95 835 917	109 647 117	95 835 917
Current				
Bank overdraft	5 724 116	34 174 748	3 912 703	31 293 747
Bank borrowings	15 602 052	19 054 852	15 602 052	19 054 852
	21 326 168	53 229 600	19 514 755	50 348 599
	130 973 285	149 065 517	129 161 872	146 184 516

12. Proceeds from sale

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