

CERTIFICATION STATEMENT

Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania, we, the undersigned Juozas Bartlingas, Chief Executive Officer, Eglė Čiužaitė, Director of Finance and Legal Department, and Giedruolė Guobienė, Chief Financier, hereby confirm that, to the best of our knowledge, "Lietuvos Energijos gamyba", AB and consolidated financial statements for the nine months period of the financial year 2013 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of "Lietuvos Energijos gamyba", AB and its consolidated group assets, liabilities, financial position, period profit or loss and cash flows.

Chief Executive Officer



Juozas Bartlingas

Director of Finance and Legal Department



Eglė Čiužaitė

Chief Financier



Giedruolė Guobienė

"Lietuvos energijos gamyba", AB

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VAT code - LT100006256115
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Register of Legal Entities

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Bank "Swedbank", AB
Bank code - 73000



Lietuvos
energija

GAMYBA

“LIETUVOS ENERGIJOS GAMYBA“, AB

**CONSOLIDATED AND COMPANY'S
CONDENSED INTERIM FINANCIAL INFORMATION**

for the nine-month period
ended 30 September 2013
(unaudited)

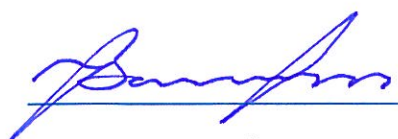
TABLE OF CONTENTS

This condensed interim financial information has been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of condensed interim financial information takes precedence over the English language version.

Condensed interim financial information

Condensed interim statements of financial position	3-4
Condensed interim statements of comprehensive income	5-8
Condensed interim statements of changes in equity	9-10
Condensed interim statements of cash flows	11
Notes to the condensed interim financial information	12-26


The condensed interim financial information was approved by the General Director, Director of Finance and Legal Department and Chief Financier of „Lietuvos energijos gamyba“, AB on 29 November 2013.



Juozas Bartlingas
Chief Executive Officer



Eglė Čiužaitė
Director of Finance and Legal
Department



Giedruolė Guobienė
Chief Financier

Condensed interim statements of financial position at 30 September 2013

All amounts in LTL thousands unless otherwise stated

ASSETS	Note	Group at 30 September 2013	Company at 30 September 2013	Group at 31 December 2012	Company at 31 December 2012
		(unaudited)	(unaudited)		
Non-current assets					
Intangible assets	4	31,528	29,649	58,541	56,060
Property, plant and equipment	5	3,118,747	3,067,272	3,198,591	3,146,388
Prepayments for property, plant, equipment		519	10,479	14	14
Investment property		800	-	800	-
Investments in subsidiaries		-	54,651	-	54,651
Investments in associates and joint ventures		153,381	155,427	153,496	155,427
Deferred income tax assets		691	-	622	-
Other financial assets		18,163	18,163	23,723	23,723
Amounts receivable		17,166	17,166	10,927	10,927
Total non-current assets		3,340,995	3,352,807	3,446,714	3,447,190
Current assets					
Inventories		26,001	24,359	63,636	61,427
Prepayments		12,138	3,428	2,348	1,489
Trade receivables		290,480	255,644	288,855	253,916
Other receivables		9,026	8,231	23,793	23,549
Prepaid income tax		9,284	9,132	4,262	4,148
Other financial assets		86	-	20	-
Cash and cash equivalents		139,957	107,537	34,345	8,157
		486,972	408,331	417,259	352,686
Non-current assets classified as held for sale		586	-	603	-
Total current assets		487,558	408,331	417,862	352,686
TOTAL ASSETS		3,828,553	3,761,138	3,864,576	3,799,876

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EQUITY AND LIABILITIES	Note	Group at 30 September 2013	Company at 30 September 2013	Group at 31 December 2012	Company at 31 December 2012
		(unaudited)	(unaudited)		
Capital and reserves					
Share capital	6	635,084	635,084	635,084	635,084
Share premium		295,767	295,767	295,767	295,767
Revaluation reserve		11,321	7,374	12,055	7,774
Legal reserve		37,852	37,540	36,145	35,867
Other reserves		677,775	677,775	717,775	717,775
Retained earnings		70,313	85,347	(30,037)	(10,572)
Total equity attributable to owners of the Company		1,728,112	1,738,887	1,666,789	1,681,695
Non-controlling interest		42,563	-	41,498	-
Total equity		1,770,675	1,738,887	1,708,287	1,681,695
Non-current liabilities					
Borrowings	7	520,839	512,039	552,370	544,098
Finance lease liabilities		44	-	44	-
Grants	8	1,071,139	1,071,139	1,100,461	1,100,461
Other non-current accounts payable and liabilities		63,826	61,941	34,397	32,403
Deferred income tax liabilities		132,667	132,343	128,983	128,815
Total non-current liabilities		1,788,515	1,777,462	1,816,255	1,805,777
Current liabilities					
Borrowings	7	61,151	59,951	126,409	116,492
Finance lease liabilities		60	-	327	-
Trade payables		91,444	75,922	138,558	128,130
Advance amounts received		23,720	22,030	15,995	15,035
Income tax payable		319	-	545	-
Provisions for emission allowances	9	8,379	8,379	13,915	13,915
Other accounts payable and liabilities		84,290	78,507	44,285	38,832
Total current liabilities		269,363	244,789	340,034	312,404
Total liabilities		2,057,878	2,022,251	2,156,289	2,118,181
TOTAL EQUITY AND LIABILITIES		3,828,553	3,761,138	3,864,576	3,799,876

Condensed interim statements of comprehensive income for the nine-month period ended 30 September 2013

All amounts in LTL thousands unless otherwise stated

	No- te	Group 1 January – 30 September 2013	Company 1 January – 30 September 2013	Group 1 January – 30 September 2012	Company 1 January – 30 September 2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue					
Sales revenue		853,148	846,916	1,006,580	869,706
Other operating income		78,837	4,539	72,630	2,321
		931,985	851,455	1,079,210	872,027
Operating expenses					
Purchase of electricity or related services		(281,942)	(281,942)	(488,812)	(354,555)
Purchase of gas, oil and emission allowances		(321,659)	(321,659)	(373,824)	(373,824)
Depreciation and amortisation		(72,033)	(62,172)	(54,684)	(43,987)
Salaries and related expenses		(46,368)	(24,688)	(47,728)	(23,646)
Revaluation and Impairment of property plant		-	-	77	-
Repair and maintenance expenses		(22,916)	(23,732)	(3,788)	(10,960)
Expenses of revaluation emission allowances		(9,803)	(9,803)	(487)	(487)
Impairment of other non-current assets		(5,511)	(5,511)	-	-
Provisions for emission allowances acquisition contract (expense) / recovery		-	-	(6,828)	(6,828)
Impairment write-down of inventories		(722)	(722)	(717)	(717)
Other expenses		(60,596)	(18,962)	(62,485)	(21,381)
Total operating expenses		(821,550)	(749,191)	(1,039,276)	(836,385)
OPERATING PROFIT		110,435	102,264	39,934	35,642
Finance income:					
Share of result of operations of associates and joint ventures		(102)	-	2,985	-
Other finance income		1,097	2,629	1,474	4,158
Finance (costs)		(15,791)	(15,537)	(4,714)	(4,479)
		(14,796)	(12,908)	(255)	(321)
PROFIT BEFORE INCOME TAX		95,639	89,356	39,679	35,321
Current year income tax expense		(4,426)	(3,234)	(8,498)	(7,171)
Deferred income tax income/(expense)		(3,357)	(3,527)	4,916	4,213
		(7,783)	(6,761)	(3,582)	(2,958)
PROFIT FOR THE PERIOD		87,856	82,595	36,097	32,363

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	No- te	Group 1 January – 30 September 2013	Company 1 January – 30 September 2013	Group 1 January – 30 September 2012	Company 1 January – 30 September 2012
Other comprehensive income (loss)					
Loss for the period from revaluation of fixed assets		-	-	(619)	-
Deferred income tax due to revaluation of fixed assets		-	-	93	-
Other comprehensive income less deferred income tax		-	-	(526)	-
COMPREHENSIVE INCOME		87,856	82,595	35,571	32,363
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		86,791	82,595	34,826	32,363
Non-controlling interest		1,065	-	1,271	-
		87,856	82,595	36,097	32,363
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		86,791	82,595	34,300	32,363
Non-controlling interest		1,065	-	1,271	-
		87,856	82,595	35,571	32,363
Basic and diluted earnings per share (in LTL)		0.14		0.06	

	No- te	Group 1 July – 30 September 2013	Company 1 July – 30 September 2013	Group 1 July – 30 September 2012	Company 1 July – 30 September 2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue					
Sales revenue		370,589	368,837	390,417	352,210
Other operating income		30,063	713	23,924	1,220
		400,652	369,550	414,341	353,430
Operating expenses					
Purchase of electricity or related services		(69,950)	(69,943)	(157,537)	(121,415)
Purchase of gas, oil and emission allowances		(222,039)	(222,039)	(188,921)	(188,921)
Depreciation and amortisation		(24,187)	(20,734)	(18,406)	(14,900)
Salaries and related expenses		(14,771)	(7,796)	(15,027)	(7,738)
Revaluation and Impairment of property plant				77	
Repair and maintenance expenses		(12,017)	(12,433)	(893)	(3,119)
Expenses of revaluation emission allowances		5,028	5,028	(487)	(487)
Impairment of other non-current assets		3,118	3,118	-	-
Provisions for emission allowances acquisition contract (expense) / recovery		-	-	(4,468)	(4,486)
Impairment write-down of inventories		(451)	(451)	(258)	(258)
Other expenses		(24,980)	(5,894)	(18,916)	(5,642)
Total operating expenses		(360,249)	(331,144)	(404,836)	(346,948)
OPERATING PROFIT		40,403	38,406	9,505	6,482
Finance income:					
Share of result of operations of associates and joint ventures		(1,327)	-	1,830	-
Other finance income		274	156	631	460
Other finance (costs)		(5,707)	(5,623)	(2,084)	(2,015)
		(6,760)	(5,467)	(377)	(1,555)
PROFIT BEFORE INCOME TAX		33,643	32,939	9,882	4,927
Current year income tax expense		(473)	(302)	(1,856)	(1,337)
Deferred income tax income/(expense)		(3,203)	(3,239)	1,893	1,740
		(3,676)	(3,541)	37	403
PROFIT FOR THE PERIOD		29,967	29,398	9,919	5,330

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	No- te	Group 1 July – 30 September 2013	Company 1 July – 30 September 2013	Group 1 July – 30 September 2012	Company 1 July – 30 September 2012
Other comprehensive income (loss)					
Profit from revaluations of emission allowances		-	-	(1,416)	(1,416)
Loss for the period from revaluation of fixed assets		-	-	-	-
Deferred income tax due to revaluation of fixed assets		-	-	-	-
Other comprehensive income less deferred income tax		-	-	(1,416)	(1,416)
COMPREHENSIVE INCOME		29,967	29,398	8,503	3,914
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		30,138	29,938	9,380	3,914
Non-controlling interest		(171)	-	539	-
		29,967	29,938	9,919	3,914
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		30,138	29,938	7,964	3,914
Non-controlling interest		(171)	-	539	-
		29,967	29,938	8,503	3,914
Basic and diluted earnings per share (in LTL)		0.05		0.01	

Condensed interim statements of changes in equity for the nine-month period ended 30 September 2013

All amounts in LTL thousands unless otherwise stated

Equity attributable to shareholders of the Company

Group	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	635,084	295,767	13,735	35,972	717,775	(67,183)	1,631,150	39,951	1,671,101
Depreciation of revaluation reserve	-	-	(749)	-	-	749	-	-	-
Formation of reserves	-	-	-	270	-	(270)	-	-	-
Other adjustments	-	-	-	-	-	100	100	-	100
Comprehensive income	-	-	(526)	-	-	34,825	34,299	1,271	35,570
Balance at 30 September 2012 (unaudited)	635,084	295,767	12,460	36,242	717,775	(31,780)	1,665,548	41,222	1,706,770
Balance at 1 January 2013	635,084	295,767	12,055	36,145	717,775	(30,037)	1,666,789	41,498	1,708,287
Depreciation of revaluation reserve	-	-	(669)	-	-	669	-	-	-
Formation of reserves	-	-	(65)	-	-	-	(65)	-	(65)
Transfer to reserves	-	-	-	1,707	-	(1,707)	-	-	-
Transfer to retained earnings	-	-	-	-	(40,000)	40,000	-	-	-
Dividends paid	-	-	-	-	-	(25,403)	(25,403)	-	(25,403)
Comprehensive income	-	-	-	-	-	86,791	86,791	1,065	87,856
Balance at 30 September 2013 (unaudited)	635,084	295,767	11,321	37,852	677,775	70,313	1,728,112	42,563	1,770,675

Company	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total equity
Balance at 1 January 2012	635,084	295,767	8,395	35,867	717,775	(44,656)	1,648,232
Depreciation of revaluation reserve	-	-	(480)	-	-	480	-
Other adjustments	-	-	-	-	-	216	216
Comprehensive income	-	-	-	-	-	32,363	32,363
Balance at 30 September 2012 (unaudited)	635,084	295,767	7,915	35,867	717,775	(11,597)	1,680,811
Balance at 1 January 2013	635,084	295,767	7,774	35,867	717,775	(10,572)	1,681,695
Depreciation of revaluation reserve	-	-	(400)	-	-	400	-
Transfer to reserves	-	-	-	1,673	-	(1,673)	-
Transfer to retained earnings	-	-	-	-	(40,000)	40,000	-
Dividends paid	-	-	-	-	-	(25,403)	(25,403)
Comprehensive income	-	-	-	-	-	82,595	82,595
Balance at 30 September 2013 (unaudited)	635,084	295,767	7,374	37,540	677,775	85,347	1,738,887

Condensed interim statements of cash flows for the nine-month period ended 30 September 2013

All amounts in LTL thousands unless otherwise stated

	Group 1 January – 30 September 2013	Company 1 January – 30 September 2013	Group 1 January – 30 September 2012	Company 1 January – 30 September 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period	87,856	82,595	36,097	32,363
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	101,410	91,549	63,465	52,768
Loss on revaluation of emission allowances and provision expense	9,803	9,803	487	487
Impairments	5,242	5,232	5,774	5,154
Share of (profit) of associates and joint ventures	102	-	(2,985)	-
Income tax expenses	4,426	3,234	8,498	7,171
Change in deferred income tax liability	3,357	3,527	(4,916)	(4,231)
(Income) from grants	(29,377)	(29,377)	(8,788)	(8,788)
Increase in other provisions	8,379	8,379	13,600	13,600
Gains on disposal/write-off of non-current assets (except of financial assets)	102	17	150	118
Elimination of results of financing and investing activities:				
- Interest (income)	(12)	(7)	(886)	(621)
- Interest expense	17,504	17,361	2,070	1,925
- Other finance costs (income)	(2,798)	(4,446)	2,056	(983)
Changes in working capital				
(Increase) decrease in trade receivables and other amounts receivable	8,361	8,401	(88,018)	(102,522)
Decrease in inventories and prepayments	23,176	30,529	61,730	61,810
(Decrease) increase in accounts payable, grants and advance amounts received	111,574	105,307	(2,555)	29,064
Cash flows generated from operations				
Income tax (paid)	(9,833)	(8,380)	(3,581)	(2,846)
Net cash generated from operating activities	339,272	323,724	82,198	84,469
Cash flows from investing activities				
(Purchase) of property, plant and equipment (PPE) and intangible assets	(94,119)	(95,152)	(24,806)	(21,513)
Loans	-	-	-	(3,000)
Loans retrieved	-	-	-	3,000
Proceeds from sale of PPE and intangible assets	411	165	11	-
Term deposits and other financial assets	-	-	60	-
Dividends received	-	2,000	-	3,000
Interest received	12	7	49	320
Net cash used in investing activities	(93,696)	(92,980)	(24,686)	(18,193)
Cash flows from financing activities				
Proceeds from borrowings	11,893	10,465	2,672	-
Repayments of borrowings	(47,536)	(44,381)	(25,547)	(25,547)
Finance lease payments	(267)	-	(398)	-
Interest (paid)	(14,760)	(14,617)	(21,288)	(21,166)
Dividends (paid)	(25,403)	(25,403)	(9)	(9)
Cash flows from financing activities	-	-	(39)	-
Net cash (used in)/ generated from financing activities	(76,073)	(73,936)	(44,609)	(46,722)
Net increase in cash and cash equivalents	169,503	156,808	12,903	19,554
Cash and cash equivalents at the beginning of the period	(29,546)	(49,271)	21,349	2,893
Cash and cash equivalents at the end of the period	139,957	107,537	34,252	22,447

The accompanying notes form an integral part of this condensed interim financial information.

Notes to the condensed interim financial information for the nine-month period ended 30 September 2013

All amounts in LTL thousands unless otherwise stated

1. GENERAL INFORMATION

“Lietuvos energijos gamyba”, AB (hereinafter referred to as the “Company”) is a public limited liability company registered in the Republic of Lithuania. “Lietuvos energijos gamyba”, AB is a limited liability profit-making entity, registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company’s registration date is 20 July 2011, company code 302648707, VAT payer’s code LT100006256115. The Company has been established for an unlimited period. The address of the Company’s registered office is Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania.

At the extraordinary general meeting of shareholders which was held on 29 July 2013, adopted decision to change Lietuvos energija, AB (code 302648707) business name to “Lietuvos energijos gamyba”, AB. Starting from 5 August 2013 company name is “Lietuvos energijos gamyba”, AB. All relevant information regarding the change of the name of company is published in the Register of Legal Entities electronic publication according to the legislation of Lithuanian Republic. Other contacts and details of the “Lietuvos energijos gamyba”, AB remain the same.

“Lietuvos energijos gamyba”, AB was established as a result of implementation of the National Energy Strategy, as a result of reorganisation by way of merger of the following two public companies: AB “Lietuvos energija”, company code 220551550, including its branch offices Kruonis Pumped Storage Power Plant, Kaunas Hydro Power Plant, and AB Lietuvos elektrinė, company code 110870933.

AB “Lietuvos energija” and AB Lietuvos elektrinė were reorganised by way of merger pursuant to paragraph 4 of Article 2.97 of the Lithuanian Civil Code by merging the companies under reorganisation, which ceased their activities as legal entities after the reorganisation, into new company “Lietuvos energija, AB” (today – “Lietuvos energijos gamyba, AB”), which continues the activities of the reorganised companies after the reorganisation and to which all assets, rights and obligations of the companies under reorganisation were transferred, i.e. a new legal entity “Lietuvos energijos gamyba”, AB was formed which continues its activities on the basis of companies which ceased their activities.

The reorganisation was aimed at combining and optimising electricity generation capacities that are under the state’s control by way of forming a single electricity generation block. As a result, electricity generation activities were singled out and concentrated in one company, electricity generation capacities were reorganised and centralised in order to ensure energetic independence of the Republic of Lithuania.

The authorised share capital of “Lietuvos energijos gamyba”, AB amounts to LTL 635,083,615 and it is divided into 635,083,615 ordinary registered shares with par value of LTL 1 each. There were no changes in the Company’s authorised share capital during 2012 and 2013. All the shares issued are fully paid. With effect from 1 September 2011, the shares of “Lietuvos energijos gamyba”, AB were included in the Main List of NASDAQ OMX Vilnius stock exchange. As at 30 September 2013 and 31 December 2012, the Company had not acquired any own shares.

In 2013 and 2012, the Company was engaged in electricity generation, electricity trading and export activities. In addition to these principal activities, the Company can be engaged in any other business activities not forbidden under the laws and stipulated in the Company’s Articles of Association.

The Company has permits of unlimited validity to engage in electricity generation activities at the Lithuanian Power Plant, Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant, as well as in electricity import and export activities. The Company also holds permits to expand electricity generation capacities at the Lithuanian Power Plant and Kruonis Pumped Storage Power Plant, and certificates entitling to engage in maintenance and operation of electric, thermal power, natural gas and oil facilities. On 29 July 2011, based on the decision of the National Control Commission for Prices and Energy, "Lietuvos energijos gamyba", AB obtained a licence of an independent electricity supplier. The Company's subsidiary Energijostiekimas UAB also holds a licence of an independent electricity supplier.

As of the date of these financial statements, the Company directly participated (had control or significant influence) in the management of the following companies: UAB "Kauno energetikos remontas" (Lithuania), Energijos tiekimas UAB (Lithuania), UAB Technologijų ir inovacijų centras (Lithuania), Nordic Energy Link AS (Estonia), UAB "Geoterma" (Lithuania), NT Valdos, UAB (Lithuania). Indirectly, the Company had the majority of votes in UAB "Gotlitas" (Lithuania) through UAB "Kauno energetikos remontas", and the majority of votes in VŠĮ Respublikinis energetikų mokymo centras (Lithuania) through UAB Technologijų ir inovacijų centras.

The consolidated financial statements of "Lietuvos energijos gamyba", AB and its subsidiaries and the stand-alone financial statements of "Lietuvos energijos gamyba", AB as a parent company are presented in these financial statements.

As at 30 September 2013 and 31 December 2012, the Group consisted of "Lietuvos energijos gamyba", AB and the following directly and indirectly controlled subsidiaries:

Company	Address of the company's registered office	The Group's shareholding at 30 September 2013	The Group's shareholding at 31 December 2011	Profit (loss) for 1 January– 30 September 2012	Equity at 30 September 2013	Profile of activities
UAB "Kauno energetikos remontas"	Chemijos str. 17, Kaunas, Lithuania	100%	100%	1,210	22,885	Repair of energy equipment, production of metal constructions
UAB "Gotlitas"	R.Kalantos str. 119, Kaunas, Lithuania	100%	100%	(9)	1,425	Accommodation services, trade
Energijos tiekimas UAB	P.Lukšio str. 1, Vilnius, Lithuania	100%	100%	3,857	9,272	Independent electricity supply
Energijos tiekimas OU	Narva mnt 5, 10117 Tallinn	100%	-	(13)	108	Independent electricity supply
Energijos tiekimas SIA	Elizabetes iela 45/47, Riga, LV-1010	100%	-	(8)	91	Independent electricity supply
UAB Technologijų ir inovacijų centras	Juozapavičiaus str. 13, Vilnius, Lithuania	54.04%	54.04%	2,363	59,524	IT services
VŠĮ Respublikinis energetikų mokymo centras	Jeruzalės str. 21, Vilnius, Lithuania	54.04%	54.04%	(46)	(1,452)	Professional development of energy specialists and continual professional training

As at 30 September 2013 and 31 December 2012, Group's investments into associates and joint ventures consisted:

Company	Address of the company's registered office	The Group's shareholding at 30 September 2013	The Group's shareholding at 31 December 2012	Profile of activities
UAB "Geoterma"	Lypkių str. 53, Klaipėda, Lithuania	23.44%	23.44%	Geothermal energy production
UAB "NT Valdosa"	Geologų str. 16, Vilnius, Lithuania	42.32%	42.32%	Asset management services
AS Nordic Energy Link	Laki 24, Tallinn	25.00%	25.00%	Management of electricity transmission line between Finland and Estonia

As at 30 September 2013, the number of employees of the Group was 1,110 (31 December 2012 – 1,180). As at 30 September 2013, the number of employees of the Company was 506 (31 December 2012 - 511).

The Company's and Group's operations are not affected by seasonality.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The Company's and consolidated Group's condensed interim financial information for a nine-month period ended 30 September 2013 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting'). This condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS as adopted by the EU.

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

2.2. Accounting policies

Except as described below, the accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2012.

Income taxes for the interim reporting periods have been estimated using the tax rate that would be applicable to the estimation of income taxes on the expected gross profit for the year.

Adoption of new and (or) amended IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

There are no new standards, amendments and interpretations that are mandatory for the Company and the Group with effect from 2013, and that have a significant impact on the Company's and the Group's financial information.

The Company's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Company's and the Group's reporting periods beginning on or after 1 January 2013 will have a significant impact on the Company's and the Group's financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND UNCERTAINTIES

The preparation of condensed interim financial information in conformity with IFRS requires management to make estimates and assumptions that affect the accounting policies applied and the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The actual results may ultimately differ from these estimates, as future events can amend assumptions that were used. Such changes in estimates will be recorded in the financial statements when determinable. Significant judgments made by management in relation to accounting policies and key sources of identification of contingencies were consistent with those applied in preparation of the financial statements for the year ended 31 December 2012.

- **Tax audits**

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's and Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

- **Depreciation rates of property, plant and equipment**

When assessing the remaining useful life of property, plant and equipment, management takes into consideration the conclusions provided by employees responsible for technical maintenance of assets.

- **Revaluation of property, plant and equipment**

On 31 December 2011 an independent property valuator Census Optimus UAB carried out a valuation of market value of the Company's assets stated at revaluated amount. The valuation was performed using the replacement cost method.

On 31 December 2011, revaluation was carried out for property, plant and equipment of the Company's subsidiary Kauno Energetikos Remontas UAB. Property, plant and equipment were revaluated on 31 December 2011 based on the report submitted by an independent property valuator Latmas Nekilnojamosis Turtas UAB on changes in the fair values of immovable property in Lithuania by region. This report was based on observable market evidence on prices of immovable property.

Considering the date of the last revaluation of these assets and the periods of their acquisition, in the opinion of management, the fair value of the Group's/Company's property, plant and equipment stated at revaluated amounts as at 30 September 2013 not significantly differ from its carrying amounts.

- **Impairment of property, plant and equipment**

The Group and the Company make an assessment, at least annually, whether there are any indications that the carrying amount of property, plant and equipment has been impaired.

In 2013 and 2012, the Group and the Company accounted for property, plant and equipment (except for assets of the Hydro Power Plant, Pumped Storage Power Plant and Thermal Power Plant) at fair value in accordance with International Accounting Standard No.16 'Property, plant and equipment'.

As 31 December 2012 the management of the Company did not identified any impairment indicators for property, plant and equipment of Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant and Combined-cycle block. There were no changes as at reporting period in key assumptions, used in performing the impairment test as at 31 December 2012. The carrying amount of property, plant and equipment will be tested for the impairment as at 31 December 2013.

- **Write-down of inventory to net realisable value**

Write-down of inventory to the net realisable value was determined based on the management's estimates on inventory obsolescence and estimated possible selling prices. This determination requires significant judgment. Judgment is exercised based on historical and future usage of spare parts and materials as well as estimated possible selling price and other factors.

- **Provisions for emission allowances**

The Group/Company estimates the provisions for emission allowances based on actual quantity of emission during the reporting period multiplied by the market price of one emission allowance. The actual quantity of emission is approved by the responsible regulating state authority within 4 months after the year-end. Based on historical experience, the management of the Group does not expect any material differences between the amount of estimated provisions as at 30 September 2013 and emission quantities which will be approved in 2014.

- **Accrual of PSO service fees**

The variable part of PSO service fees is estimated with reference to variable costs incurred during the reporting period. The producers ensuring the security of electric power supply and reserves of energy system, submit their PSO service fee estimates to the Commission which include breakdown of variable electric power production costs – natural gas, heavy fuel oil, emission allowance costs, costs for reagent desulphurisation. The variable part of PSO service fees in future calendar year is estimated with reference to scheduled variable costs to be incurred for the production of approved quota of electricity subject to support.

4. INTANGIBLE ASSETS

The movements of the Group's intangible assets were as follows:

Group	Patents and licenses	Computer software	Emission allowances	Other intangible assets	Total
At 30 September 2012					
Opening net book amount	1,092	3,053	35,457	133	39,735
Additions	359	83	-	143	585
Grant received	-	-	14,832	-	14,832
Lending of emission allowances	-	-	(15,239)	-	(15,239)
Reclassified from property, plant and equipment	148	-	-	-	148
Emission allowances utilised	-	-	(16,268)	-	(16,268)
Amortisation	(467)	(1,096)	-	-	(1,563)
Reclassification from inventories	-	-	-	8	8
Revaluation costs of emission allowances	-	-	(486)	-	(486)
Net book amount at 30 September 2012	1,132	2,040	18,296	284	21,752
At 30 September 2013					
Opening net book amount	877	2,053	55,413	198	58,541
Additions	16	223	181	23	443
Grant received	-	-	1,040	-	1,040
Disposals	-	-	(4,041)	-	(4,041)
Reclassified from property, plant and equipment	652	-	-	-	652
Emission allowances utilised	-	-	(13,895)	-	(13,895)
Amortisation	(553)	(1,221)	-	(28)	(1,802)
Revaluation costs of emission allowances	-	-	(9,410)	-	(9,410)
Net book amount at 30 September 2013	992	1,055	29,288	193	31,528

The movement of the Company's intangible assets is presented below:

Company	Computer software	Emission allowances	Other intangible assets	Total
At 30 September 2012				
Opening net book amount	888	35,457	-	36,345
Additions	51	-	5	56
Grant received	-	14,832	-	14,832
Emission allowances utilised	-	(16,268)	-	(16,268)
Amortisation	(263)	-	-	(263)
Lending of emission allowances	-	(15,239)	-	(15,239)
Revaluation costs of emission allowances	-	(486)	-	(486)
Net book amount at 30 September 2012	676	18,296	5	18,977
At 30 September 2013				
Opening net book amount	582	55,413	65	56,060
Additions	4	181	-	185
Grant received	-	1,040	-	1,040
Disposals	-	(4,041)	-	(4,041)
Emission allowances utilised	-	(13,895)	-	(13,895)
Amortisation	(277)	-	(13)	(290)
Revaluation costs of emission allowances	-	(9,410)	-	(9,410)
Net book amount at 30 September 2013	309	29,288	52	29,649

5. PROPERTY, PLANT AND EQUIPMENT

Movements in the Group's PP&E account were as follows:

Group	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-cycle block	Motor vehicles	Other PP&E	Construction in progress	Total
At 30 September 2012										
Opening net book amount	5,737	17,096	27,612	537,320	1,330,667	-	1,038	27,420	1,167,520	3,114,410
Additions	-	-	520	168	594	-	81	1,971	89,870	93,204
Disposals	-	-	-	-	-	-	(5)	(4)	-	(9)
Write-offs	-	(1)	(26)	(4)	(114)	-	-	(7)	-	(152)
Reclassifications between groups	-	-	-	-	5,756	-	(7)	34	(5,783)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	(148)	-	(148)
Reclassification from inventories	-	-	-	-	-	-	-	39	-	39
Impairment	-	(619)	-	-	-	-	-	-	-	(619)
Depreciation	-	(423)	(2,766)	(20,543)	(31,160)	-	(208)	(6,802)	-	(61,902)
Net book amount at 30 September 2012	5,737	16,053	25,340	516,941	1,305,743	-	899	22,503	1,251,607	3,144,823
At 30 September 2013										
Opening net book amount	5,737	16,396	24,378	511,539	1,289,502	1,316,537	884	21,471	12,147	3,198,591
Additions	-	-	454	189	362	136	-	3,171	12,748	17,060
Disposals	-	-	-	-	(165)	-	-	(246)	-	(411)
Write-offs	-	(77)	-	-	(17)	-	-	(8)	-	(102)
Reclassifications between groups	-	-	940	175	(248)	248	-	2,471	(3,586)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	-	(652)	(652)
Reclassification from inventories	-	-	-	405	1,356	2,117	-	(9)	-	3,869
Depreciation	-	(347)	(2,472)	(21,651)	(31,071)	(37,830)	(164)	(6,073)	-	(99,608)
Net book amount at 30 September 2013	5,737	15,972	23,300	490,657	1,259,719	1,281,208	720	20,777	20,657	3,118,747

Movements in the Company's PP&E account were as follows:

Company	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-cycle block	Motor vehicles	Other PP&E	Construction in progress	Total
At 30 September 2012										
Opening net book amount	5,737	1,438	11,153	537,320	1,330,667	-	343	172	1,167,417	3,054,247
Additions	-	-	-	168	594	-	31	-	89,723	90,516
Reclassifications between groups	-	-	-	-	5,756	-	(7)	-	(5,749)	-
Write-offs	-	-	-	(4)	(114)	-	-	-	-	(118)
Depreciation	-	(104)	(582)	(20,543)	(31,160)	-	(95)	(21)	-	(52,505)
Net book amount at 30 September 2012	5,737	1,334	10,571	516,941	1,305,743	-	272	151	1,251,391	3,092,140
At 30 September 2013										
Opening net book amount	5,737	1,420	10,371	511,539	1,289,502	1,316,537	296	215	10,771	3,146,388
Additions	-	-	-	189	362	136	-	69	7,691	8,447
Disposals	-	-	-	-	(165)	-	-	-	-	(165)
Write-offs	-	-	-	-	(17)	-	-	-	-	(17)
Reclassifications between groups	-	-	-	175	(248)	248	-	-	(175)	-
Reclassification from inventories	-	-	-	405	1,356	2,117	-	-	-	3,878
Depreciation	-	(21)	(599)	(21,651)	(31,071)	(37,830)	(49)	(38)	-	(91,259)
Net book amount at 30 September 2013	5,737	1,399	9,772	490,657	1,259,719	1,281,208	247	246	18,287	3,067,272

6. SHARE CAPITAL

As at 30 September 2013 and 31 December 2012, the share capital of the Company was LTL 635,083,615 and it was divided into 635,083,615 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 trading session in 2013 was LTL1.419 per share (2012 – 1.571), and the lowest share price was LTL 1.243 per share (2012 – 1.288). The total number of shareholders as at 30 September 2013 was 6,198 (31 December 2012 – 6,406).

The shareholders' structure of the Company is as follows:

Shareholders	Share capital at 30 September 2013		Share capital at 31 December 2012	
	(LTL)	%.	(LTL)	%.
"Lietuvos energija", UAB	610,515,515	96.13	610,515,515	96.13
Other shareholders	24,568,100	3.87	24,568,100	3.87
Total	635,083,615	100.00	635,083,615	100.00

"Lietuvos energija", UAB is wholly owned by the State of Lithuania represented by the Lithuanian Ministry of Finance (100.00%).

7. BORROWINGS

The Group's and the Company's borrowings by maturity grouping are presented below:

	Group at 30 September 2013	Company at 30 September 2013	Group at 31 December 2012	Company at 31 December 2012
Non-current borrowings				
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD AB Bank, DanskeBank A/S), in EUR, to be repaid by 3 June 2016	237,818	237,818	259,438	259,438
Loan from the European Bank for Reconstruction and Development, in EUR, to be repaid by 18 February 2025	214,505	214,505	224,720	224,720
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD Bankas AB) in EUR, to be repaid by 1 April 2018	49,251	49,251	59,940	59,940
Loan from Nordea Bank Finland Plc, Lithuania Branch, in EUR, to be repaid by 31 March 2027	10,465	10,465	-	-
Loan from Nordea Bank Finland Plc, Lithuania Branch, in EUR, to be repaid by 1 December 2017	8,800	-	8,272	-
Total non-current borrowings	520,839	512,039	552,370	544,098
Current borrowings				
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch and DnB NORD Bank AB, Danske Bank A/S) in EUR, to be repaid by 3 June 2016	21,620	21,620	21,620	21,620
Loan from the European Bank for Reconstruction and Development, accrued interest, in EUR, to be repaid by 18 February 2025	20,429	20,429	20,429	20,429
Syndicated loan (Swedbank AB, SEB Bank AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD Bankas AB) in EUR, to be repaid by 1 April 2018	14,253	14,253	14,253	14,253
Overdrafts	-	-	63,890	57,428
Loan from the European Bank for Reconstruction and Development, accrued interest	3,649	3,649	905	905
Nordea Bank Finland Plc, Lithuania Branch, in EUR, to be repaid by 1 December 2017	1,200	-	300	-
Nordea BankFinlandPlc, LithuaniaBranch, in LTL, to be repaid by 27 March 2013	-	-	3,155	-
Loan from DnB NORD AB, in EUR, to be repaid by 1 May 2013	-	-	1,857	1,857
Total current borrowings	61,151	59,951	126,409	116,492

As at 30 September 2013, according to the above-mentioned agreements the balances of undrawn loans and overdrafts of the Company/Group amounted to LTL 190,000 thousand.

8. GRANTS

The grants balance consists of grants to finance acquisition of assets. Movements in grants during the nine months period ended 30 September 2013 and 30 September 2012 were as follows:

Group/Company	Assets-related grants		Grants for emission allowances	Total
	Fuel combustion equipment and other assets	Project for renovation, improvement of environmental and safety standards		
Balance at 1 January 2012	93,853	914,716	-	1,008,569
Grants received	202	59,435	14,832	74,469
Depreciation of immovable property, plant and equipment	(1,567)	(7,221)	-	(8,788)
Utilisation of grant for emission allowances	-	-	(12,213)	(12,213)
Balance at 30 September 2012	92,488	966,930	2,619	1,062,037
Balance at 1 January 2013	91,729	1,008,732	-	1,100,461
Grants received	55	-	1,040	1,095
Depreciation of immovable property, plant and equipment	(1,641)	(27,736)	-	(29,377)
Utilisation of grant for emission allowances	-	-	(1,040)	(1,040)
Balance at 30 September 2013	90,143	980,996	-	1,071,139

During 2013, Company's assets-related grants decreased by LTL 29,377 thousand, i.e. by the amount of depreciation of property, plant and equipment (nine-month period ended 30 September 2012 - LTL 8,788 thousand). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of comprehensive income.

In 2012, the Company received a grant of LTL 37,420 thousand from the International Fund for Support of Decommissioning of Ignalina Nuclear Power Plant for the construction of a new unit of 400 MW combined cycle gas turbine. In 2013 the Company received LTL 78 thousand grant for equipment of engineering infrastructure in Kruonis industrial park.

In 2013 the Company received an additional grant of LTL 1,040 thousand for emission allowances to utilise for 2012. In 2012 the Company receives a grant of LTL 14,832 thousand for emission allowances.

9. PROVISIONS FOR EMISSION ALLOWANCES

Provisions for emission allowances were accounted for as follows:

	Group	Company
Balance at 31 December 2011	61,931	61,931
Provisions for pollution emitted*	23,640	23,640
Provisions for onerous contracts	6,827	6,827
Emission allowances utilised	(16,268)	(16,268)
Balance at 30 September 2012	76,130	76,130
Balance at 31 December 2012	13,915	13,915
Provisions for pollution emitted*	8,379	8,379
Emission allowances utilised	(13,895)	(13,895)
Decrease/Increase due to changes in assumptions	(20)	(20)
Likutis 2013 m. rugsėjo 30 d.	8,379	8,379

*For the purpose of the statement of comprehensive income, expenses related to provisions for emission rights utilised are accounted for net of government grants utilised.

10. INVESTMENTS IN ASSOCIATES

On 31 January 2012, share subscription agreement was signed between Lietuvos energija AB and NT Valdosi UAB. According to the agreement, the Company subscribed for 37,790 ordinary NT Valdosi UAB shares of LTL 100 par value each. The total emission price was LTL 3,799,000 thousand. The total issue price has been paid in non-monetary contribution, consisting of real estate and other assets. After this transaction, the Company's share in NT Valdosi UAB increased by 0.64% and as at 30 September 2013 was 41.74%.

11. SEGMENT INFORMATION

In 2013, management distinguished operating segments based on the reports reviewed by the Board. The Board is a primary decision maker within the Group. The Board analyses business operations separating activities to regulated and commercial. Operating profit (loss) is a profitability measure analysed by the Board. The reports reviewed by the Board are in line with the financial statements prepared in accordance with IFRS, except for the format of presentation.

As at 30 September 2013 and 2012, the Board analyses the operations of the Company separating activities to regulated and commercial. The regulated activities include revenue from heat and electricity production of the Lithuanian Thermal Power Plant, revenue from balancing and regulating activities, power reserve, including electric power reservation income of Kruonis Pumped Storage Power Plant. Commercial activities include electricity trade in the market, export/import, electricity production in Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant, including related regulatory and balancing services. Administrative costs are allocated between the regulated and commercial activities with a reference to operating expenses, number of employees and purchase volumes. The operations of Energijos Tiekimas UAB representing trade in electricity also constitute a separate segment. Other activities within the Group include repair services of energy facilities and IT services.

Inter-company transactions within the Group are conducted at market prices, except for trade in electricity and related services, the prices of which are established by the National Control Commission for Prices and Energy.

The table below presents the Group's information on segments for the nine-month period ended 30 September 2013:

2013	Electricity production and trade (including export/import)			Other activities	Total
	"Lietuvos energijos gamyba", AB		Energijos tiekimas UAB (Group)		
	Regulated activities	Commercial activities			
Total segment revenue	478,638	372,817	136,795	78,183	1,066,433
Inter-segment revenue	-	-	(130,563)	(3,885)	(134,448)
Revenue from external clients	478,638	372,817	6,232	74,298	931,985
Expenses after elimination of turn-over among the Group companies	(440,424)	(308,767)	(2,166)	(70,193)	(821,550)
including depreciation and amortisation expenses	(47,890)	(14,282)	(31)	(9,830)	(72,033)
Operating profit	38,214	64,050	4,066	4,105	110,435
Finance income	491	138	405	63	1,097
Finance costs	(15,050)	(487)	(20)	(234)	(15,791)
Share of result of associates and joint ventures				(102)	(102)
Profit before income tax	23,655	63,701	4,451	3,832	95,639
Income tax					(7,783)
Profit for the period					87,856

The table below presents the Group's information on segments for the nine-month period ended 30 September 2012:

2012	Electricity production and trade (including export/import)			Other activities	Total
	"Lietuvos energijos gamyba", AB		Energijos tiekimas UAB (Group)		
	Regulated activities	Commercial activities			
Total segment revenue	447,272	424,755	243,743	85,060	1,200,830
Inter-segment revenue	-	-	(106,467)	(15,153)	(121,620)
Revenue from external clients	447,272	424,755	137,276	69,907	1,079,210
Expenses after elimination of turn-over among the Group companies	(455,273)	(381,112)	(137,257)	(65,635)	(1,039,276)
including depreciation and amortisation expenses	(30,793)	(13,195)	-	(10,697)	(54,684)
Operating profit	(8,001)	43,643	19	4,272	39,934
Finance income	426	487	397	164	1,474
Finance costs	(4,016)	(463)	(93)	(142)	(4,714)
Share of result of associates and joint ventures				2,985	2,985
Profit before income tax	(11,591)	43,668	(323)	7,279	39,679
Income tax					(3,582)
Profit for the period					36,097

All assets of the Group and the Company are located in Lithuania.

The Group's revenue received from a single external client during the nine-month period ended 30 September 2013 amounted to LTL 302,707 thousand (the half-year ended 30 September 2012 - LTL 412,940 thousand).

12. RELATED-PARTY TRANSACTIONS

Purchase and sale of goods and services:

The Group's transactions with related parties during the period of January to September 2013 and the balances arising on these transactions as at 30 September 2013 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Associates of the Group	1,478	237	9,228	1,507
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	34	52,248	228	323,941
"Lietuvos energija", UAB	-	61	18	410
Total	1,512	52,546	9,474	325,858

The Company's transactions with related parties during the period of January to September 2013 and the balances arising on these transactions as at 30 September 2013 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	733	29,846	3,425	132,489
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	6	46,153	71	302,707
"Lietuvos energija", UAB	-	-	18	-
Associates of the Company	63	-	4,740	-
Total	802	75,999	8,254	435,196

The Group's transactions with related parties during the period of January to September 2012 and the balances arising on these transactions as at 30 September 2012 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Associates of the Group	1,679	238	8,492	1,570
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	6,782	168,924	305,005	913,486
"Lietuvos energija", UAB	-	52	-	355
Total	8,461	169,214	313,497	915,411

The Company's transactions with related parties during the period of January to September 2012 and the balances arising on these transactions as at 30 September 2012 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	2,817	21,931	10,296	109,771
Associates of the Company	291	-	5,288	7
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	6,039	156,082	216,185	882,243
"Lietuvos energija", UAB	-	-	-	-
Total	9,147	178,013	231,769	992,021

The major related-party sale and purchase transactions in 2013 and 2012 comprised transactions with the entity controlled by the Ministry of Finance of the Republic of Lithuania AB LESTO. The Group's sales transactions to this entity mainly included sales of electricity.

Transactions with state-owned entities other than those controlled by the Ministry of Finance included regular business transactions and therefore they are not disclosed.

The Company sold capacity to its associate Nordic Energy Link AS, paid capacity, operation, transmission and balancing fees to this company, and purchased capacity from it.

Payments to key management personnel

	Group 1 January – 30 September 2013	Company 1 January – 30 September 2013	Group 1 January – 30 September 2012	Company 1 January – 30 September 2012
Employment-related payments	3,338	1,168	3,277	1,168
Termination benefits	288	-	108	-
Number of key management personnel	27	10	27	10

Management consists of heads of administration and their deputies, and the chief financier.

13. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Regarding the establishment of the jointly owned company

On 25 November, 2013 „Lietuvos energijos gamyba“, AB (company code 302648707) together with „Lietuvos energija“, UAB (company code 301844044), AB LESTO (company code 302577612) and LITGRID AB (company code 302564383) signed an agreement on establishment UAB Technologijų ir inovacijų centras company, which main objective is to provide IT and telecommunication services for the shareholders. The authorised capital of newly established company is 10 000 litas. „Lietuvos energija“, UAB, „Lietuvos energijos gamyba“, AB, AB LESTO, LITGRID AB respectively will acquire 50% , 20% , 20% and 10% of the shares of the newly established company.