

## CONFIRMATION OF RESPONSIBLE PERSONS

November 28, 2013 Vilnius

Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and Submission of the Periodic and Additional Information of the Securities Commission of the Republic of Lithuania, we, the undersigned Daivis Virbickas, Chief Executive Officer, Rimantas Busila, Deputy CEO for Finance and Svetlana Sokolskytė, Chief Financier-Accounting Division Manager of LITGRID AB, hereby confirm that, to the best of our knowledge, the unaudited interim consolidated financial information of LITGRID AB for the period ended 30 September 2013 is prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period.

Daivis Virbickas

Chief Executive Officer

Rimantas Busila

Deputy CEO for Finance

Svetlana Sokolskytė

Chief Financier

Company code  
VAT number  
Address  
Phone  
Fax  
E-mail  
Site  
Register of legal entities  
administered by the state enterprise

302564383  
LT 100005748413  
A. Juozapavičiaus str. 13, LT-09311, Vilnius, Lithuania  
+370 5 278 2777  
+370 5 272 3986  
info@litgrid.eu  
www.litgrid.eu  
Registru Centras



---

## LITGRID AB

CONSOLIDATED AND THE COMPANY'S CONDENSED INTERIM  
FINANCIAL INFORMATION FOR A NINE-MONTH PERIOD  
ENDED 30 SEPTEMBER 2013, PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS,  
AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)

	<b>PAGE</b>
<b>CONDENSED INTERIM FINANCIAL INFORMATION</b>	
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	3
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	4-5
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
CONDENSED INTERIM STATEMENT OF CASH FLOWS	7
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	8-20

The condensed interim financial information was signed on 28 November 2013.



---

Dainis Virbickas  
Chief Executive Officer



---

Rimantas Busila  
Deputy CEO for Finance



---

Svetlana Sokolskytė  
Chief Financier

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

(All amounts in LTL thousand unless otherwise stated)

	Note	Group As of 30 September 2013 (unaudited)	Company As of 30 September 2013 (unaudited)	Group As of 31 December 2012	Company As of 31 December 2012
<b>Non-current assets:</b>					
Intangible assets		2,043	1,818	1,749	1,432
Property, plant and equipment	4	1,954,981	1,951,666	1,978,378	1,974,781
Prepayments for property, plant, equipment		126,499	126,499	110,510	110,510
Investments in subsidiaries	5		15,360	-	8,608
Investments in associates and jointly controlled entities	5	16,668	16,601	16,052	16,601
Deferred income tax assets		409	-	218	-
Available-for-sale financial assets		7,722	7,722	7,722	7,722
<b>Total non-current assets</b>		<b>2,108,322</b>	<b>2,119,666</b>	<b>2,114,629</b>	<b>2,119,654</b>
<b>Current assets:</b>					
Inventories		10,935	3,293	14,003	2,438
Prepayments		477	310	351	106
Trade receivables		103,552	91,588	72,156	51,646
Other accounts receivable	6	130,271	36,754	97,034	95,844
Other financial assets	7	7,585	5,272	63,490	62,312
Held-to-maturity investments	8	70,000	70,000	-	-
Cash and cash equivalents		124,396	123,490	127,387	126,097
<b>Total current assets</b>		<b>447,216</b>	<b>330,707</b>	<b>374,421</b>	<b>338,443</b>
Non-current assets held for sale	5	-	-	5,620	4,731
<b>TOTAL ASSETS</b>		<b>2,555,538</b>	<b>2,450,373</b>	<b>2,494,670</b>	<b>2,462,828</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves :</b>					
Share capital		504,331	504,331	504,331	504,331
Share premium		29,621	29,621	29,621	29,621
Revaluation reserve		231,412	231,042	246,582	246,339
Legal reserve		50,467	50,433	50,464	50,433
Other reserves		654,654	654,654	654,738	654,654
Retained earnings		41,575	48,282	44,742	47,160
<b>Equity attributable to the shareholders of the parent company</b>		<b>1,512,060</b>	<b>1,518,363</b>	<b>1,530,478</b>	<b>1,532,538</b>
<b>Non-controlling interest</b>		<b>305</b>	<b>-</b>	<b>4,390</b>	<b>-</b>
<b>Total equity</b>		<b>1,512,365</b>	<b>1,518,363</b>	<b>1,534,868</b>	<b>1,532,538</b>
<b>Non-current liabilities :</b>					
Grants	9	396,012	396,012	304,971	304,971
Non-current borrowings	10	129,825	129,825	138,112	138,112
Deferred income		13,441	13,441	13,990	13,990
Other non-current accounts payable and liabilities		6,291	6,100	6,291	6,100
Deferred income tax liabilities		157,291	157,291	166,775	166,775
<b>Total non-current liabilities</b>		<b>702,860</b>	<b>702,669</b>	<b>630,139</b>	<b>629,948</b>
<b>Current liabilities :</b>					
Current portion of non-current borrowings and other current borrowings	10	50,028	42,815	45,956	41,434
Trade payables		132,269	126,001	102,618	83,931
Advance amounts received		5,092	4,591	3,397	2,571
Income tax payable		17,192	17,192	10,430	10,430
Other accounts payable	11	135,732	38,742	167,262	161,976
<b>Total current liabilities</b>		<b>367,656</b>	<b>229,341</b>	<b>329,663</b>	<b>300,342</b>
<b>Total liabilities</b>		<b>1,043,173</b>	<b>932,010</b>	<b>959,802</b>	<b>930,290</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,555,538</b>	<b>2,450,373</b>	<b>2,494,670</b>	<b>2,462,828</b>

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME  
 FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
 (All amounts in LTL thousand unless otherwise stated)

	Notes	Group January- September 2013 (unaudited)	Company January- September 2013 (unaudited)	Group January- September 2012 (unaudited)	Company January- September 2012 (unaudited)
<b>Revenue</b>					
Sales of electricity and related services	14	384,425	384,045	315,947	315,647
Other revenue		54,533	5,065	43,893	6,269
<b>Total revenue</b>		<b>438,958</b>	<b>389,110</b>	<b>359,840</b>	<b>321,916</b>
<b>Operating expenses</b>					
Purchase of electricity and related services		(207,662)	(207,720)	(161,509)	(162,697)
Depreciation and amortisation	4	(98,407)	(97,341)	(94,427)	(93,450)
Wages and salaries and related expenses		(26,700)	(12,868)	(25,496)	(11,892)
Repair and maintenance expenses		(9,361)	(15,270)	(10,422)	(16,735)
Telecommunications and IT systems expenses		(10,154)	(9,668)	(11,011)	(10,198)
Write-off of property, plant and equipment	12	(4,149)	(4,142)	(93)	(93)
Other expenses	13	(51,084)	(9,272)	(39,479)	(7,966)
<b>Total operating expenses</b>		<b>(407,517)</b>	<b>(356,281)</b>	<b>(342,437)</b>	<b>(303,031)</b>
<b>OPERATING PROFIT (LOSS)</b>	14	<b>31,441</b>	<b>32,829</b>	<b>17,403</b>	<b>18,885</b>
Income from disposal of associate	5	2,403	3,293	-	-
Income from financial activities		247	241	2,291	2,173
Expenses from financial activities		(215)	(124)	(499)	(490)
<b>Income (expenses) from financial and investment activities, net</b>		<b>2,435</b>	<b>3,410</b>	<b>1,792</b>	<b>1,683</b>
Share of profit/(loss) of associates and jointly controlled entities		616	-	277	-
Gain on change in ownership interest in associate		-	-	232	-
		616	-	509	-
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>34,492</b>	<b>36,239</b>	<b>19,704</b>	<b>20,568</b>
Current year income tax expense		(14,919)	(14,898)	(12,056)	(12,040)
Deferred tax income (expense)		9,676	9,484	8,638	8,700
		(5,243)	(5,414)	(3,418)	(3,340)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>29,249</b>	<b>30,825</b>	<b>16,286</b>	<b>17,228</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>COMPREHENSIVE INCOME (LOSS)</b>		<b>29,249</b>	<b>30,825</b>	<b>16,286</b>	<b>17,228</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO :</b>					
Owners of the Company		29,449	30,825	16,480	17,228
Non-controlling interest		(200)	-	(194)	-
		<b>29,249</b>	<b>30,825</b>	<b>16,286</b>	<b>17,228</b>
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		29,449	30,825	16,480	17,228
Non-controlling interest		(200)	-	(194)	-
		<b>29,249</b>	<b>30,825</b>	<b>16,286</b>	<b>17,228</b>
<b>Basic and diluted earnings (deficit) per share (in LTL)</b>	16	<b>0.06</b>	-	<b>0.03</b>	-

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME  
 FOR A THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
 (All amounts in LTL thousand unless otherwise stated)

Notes	Group July- September 2013	Company July- September 2013	Group July- September 2012	Company July- September 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>				
Sales of electricity and related services	160,541	160,411	106,052	105,937
Other revenue	20,766	1,693	18,944	2,577
<b>Total revenue</b>	<b>181,307</b>	<b>162,104</b>	<b>124,996</b>	<b>108,514</b>
<b>Operating expenses</b>				
Purchase of electricity and related services	(110,707)	(110,707)	(55,069)	(55,329)
Depreciation and amortisation	(32,736)	(32,374)	(31,354)	(31,013)
Wages and salaries and related expenses	(8,882)	(4,189)	(8,224)	(3,742)
Repair and maintenance expenses	(4,164)	(6,440)	(3,921)	(6,688)
Telecommunications and IT systems expenses	(3,044)	(2,892)	(3,782)	(3,583)
Write-off of property, plant and equipment	(204)	(197)	-	-
Other expenses	(17,855)	(2,740)	(16,747)	(2,709)
<b>Total operating expenses</b>	<b>(177,592)</b>	<b>(159,539)</b>	<b>(119,097)</b>	<b>(103,064)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>3,715</b>	<b>2,565</b>	<b>5,899</b>	<b>5,450</b>
Income from financial activities	146	145	339	332
Expenses from financial activities	(160)	(118)	(277)	(271)
<b>Income (expenses) from financial and investment activities, net</b>	<b>(14)</b>	<b>27</b>	<b>62</b>	<b>61</b>
Share of profit/(loss) of associates and jointly controlled entities	(59)	-	257	-
Gain on change in ownership interest in associate	-	-	-	-
	(59)	-	257	-
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>3,642</b>	<b>2,592</b>	<b>6,218</b>	<b>5,511</b>
Current year income tax expense	(3,381)	(3,381)	(3,860)	(3,861)
Deferred tax income (expense)	2,527	2,705	2,674	2,742
	(854)	(676)	(1,186)	(1,119)
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>2,788</b>	<b>1,916</b>	<b>5,032</b>	<b>4,392</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>2,788</b>	<b>1,916</b>	<b>5,032</b>	<b>4,392</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO :</b>				
Owners of the Company	2,860	1,916	4,701	4,392
Non-controlling interest	(72)	-	331	-
	<b>2,788</b>	<b>1,916</b>	<b>5,032</b>	<b>4,392</b>
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	2,860	1,916	4,701	4,392
Non-controlling interest	(72)	-	331	-
	<b>2,788</b>	<b>1,916</b>	<b>5,032</b>	<b>4,392</b>
<b>Basic and diluted earnings (deficit) per share (in LTL)</b>	<b>0.01</b>	<b>-</b>	<b>0.01</b>	<b>-</b>

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousands unless otherwise stated)

Group	Note	Equity attributable to owners of the Company						Non-controlling interest	Total equity	
		Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings			Total
<b>Balance at 1 January 2012</b>		<b>504,331</b>	<b>29,621</b>	<b>267,179</b>	<b>50,477</b>	<b>979,738</b>	<b>63,942</b>	<b>1,895,288</b>	<b>4,253</b>	<b>1,899,541</b>
<b>Comprehensive income</b>										
Net profit (loss)		-	-	-	-	-	16,480	16,480	(194)	16,286
Revaluation of property, plant and equipment		-	-	49	-	-	-	49	33	82
Depreciation of revaluation reserve and amounts written off		-	-	(14,914)	-	-	14,914	-	-	-
<b>Total comprehensive income (loss)</b>		-	-	<b>(14,865)</b>	-	-	<b>31,394</b>	<b>16,529</b>	<b>(161)</b>	<b>16,368</b>
Transfers to retained earnings		-	-	-	(44)	(325,000)	325,044	-	-	-
Transfers to reserves		-	-	-	32	-	(32)	-	-	-
Dividends		-	-	-	-	-	(390,857)	(390,857)	-	(390,857)
<b>Balance at 30 September 2012 (unaudited)</b>		<b>504,331</b>	<b>29,621</b>	<b>252,314</b>	<b>50,465</b>	<b>654,738</b>	<b>29,491</b>	<b>1,520,960</b>	<b>4,092</b>	<b>1,525,052</b>
<b>Balance at 1 January 2013</b>		<b>504,331</b>	<b>29,621</b>	<b>246,582</b>	<b>50,464</b>	<b>654,738</b>	<b>44,742</b>	<b>1,530,478</b>	<b>4,390</b>	<b>1,534,868</b>
<b>Comprehensive income</b>										
Net profit (loss)		-	-	-	-	-	29,449	29,449	(200)	29,249
Depreciation of revaluation reserve and amounts written off		-	-	(15,324)	-	-	15,324	-	-	-
<b>Total comprehensive income (loss) for the year</b>		-	-	<b>(15,324)</b>	-	-	<b>44,773</b>	<b>29,449</b>	<b>(200)</b>	<b>29,249</b>
Change in ownership interest in subsidiary	5									
Transfers to retained earnings		-	-	154	-	-	(3,021)	(2,867)	(3,885)	(6,752)
Transfers to reserves		-	-	-	-	(126)	126	-	-	-
Dividends		-	-	-	3	42	(45)	-	-	-
<b>Balance at 30 September 2013 (unaudited)</b>		<b>504,331</b>	<b>29,621</b>	<b>231,412</b>	<b>50,467</b>	<b>654,654</b>	<b>41,575</b>	<b>1,512,060</b>	<b>305</b>	<b>1,512,365</b>

Company	Note	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2012</b>		<b>504,331</b>	<b>29,621</b>	<b>266,960</b>	<b>50,433</b>	<b>979,654</b>	<b>66,951</b>	<b>1,897,950</b>
<b>Comprehensive income</b>								
Net profit (loss)		-	-	-	-	-	12,836	12,836
Depreciation of revaluation reserve and amounts written off		-	-	(14,901)	-	-	14,901	-
<b>Total comprehensive income (loss)</b>		-	-	<b>(14,901)</b>	-	-	<b>32,129</b>	<b>17,228</b>
Transfers to retained earnings		-	-	-	-	(325,000)	325,000	-
Dividends		-	-	-	-	-	(390,857)	(390,857)
<b>Balance at 30 September 2012 (unaudited)</b>		<b>504,331</b>	<b>29,621</b>	<b>252,059</b>	<b>50,433</b>	<b>654,654</b>	<b>33,223</b>	<b>1,524,321</b>
<b>Balance at 1 January 2013</b>		<b>504,331</b>	<b>29,621</b>	<b>246,339</b>	<b>50,433</b>	<b>654,654</b>	<b>47,160</b>	<b>1,532,538</b>
<b>Comprehensive income</b>								
Net profit (loss)		-	-	-	-	-	30,825	30,825
Depreciation of revaluation reserve and amounts written off		-	-	(15,297)	-	-	15,297	-
<b>Total comprehensive income (loss)</b>		-	-	<b>(15,297)</b>	-	-	<b>46,122</b>	<b>30,825</b>
Dividends		-	-	-	-	-	(45,000)	(45,000)
<b>Balance at 30 September 2013 (unaudited)</b>		<b>504,331</b>	<b>29,621</b>	<b>231,042</b>	<b>50,433</b>	<b>654,654</b>	<b>48,282</b>	<b>1,518,363</b>

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

	Notes	Group January- September 2013	Company January- September 2013	Group January- September 2012	Company January- September 2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>					
Net profit (loss)		29,249	30,825	16,286	17,228
<b>Reversal of non-monetary expenses (income) and other adjustments</b>					
Depreciation and amortisation expenses	4	99,687	98,623	95,709	94,733
Gain on revaluation of property, plant and equipment		-	-	(83)	-
Impairment of property, plant and equipment		28	28	-	-
Share of profit/(loss) of associates and jointly controlled entities		(616)	-	(277)	-
Gain on change in ownership interest in associate		-	-	(232)	-
(Gain) on disposal of associate	5	(2,405)	(3,294)	-	-
Income tax expense/(income)		5,243	5,414	3,418	3,340
Loss on write-off of property, plant and equipment	4	4,149	4,142	93	93
(Depreciation) of grants	6	(1,281)	(1,281)	(1,283)	(1,283)
Interest income		(988)	(985)	(2,268)	(2,164)
Expenses from financial activity		1,519	1,431	476	481
<b>Changes in working capital</b>					
Decrease (increase) in trade receivables and other receivables		(64,419)	19,050	(7,341)	(14,860)
Decrease (increase) in inventories and prepayments		3,241	(753)	(10,103)	2,080
(Decrease) increase in accounts payable, grants and advance amounts received		1,901	(77,253)	19,342	24,647
Change in other financial assets		55,905	57,040	(24,627)	(24,567)
<b>Adjusted cash flows from operating activities</b>					
		<b>131,213</b>	<b>132,987</b>	<b>89,110</b>	<b>99,728</b>
Income tax paid		( 8,468)	( 8,136)	( 2,249)	( 2,005)
<b>Net cash flows from operating activities</b>					
		<b>122,745</b>	<b>124,851</b>	<b>86,861</b>	<b>97,723</b>
<b>Cash flows from investment activities</b>					
(Purchase) of property, plant and equipment and intangible assets		(99,589)	(98,705)	(57,333)	(57,128)
Grants received	6	92,144	92,144	76,151	76,151
Interest received		1,086	1,083	3,421	3,317
Investments in time deposits		-	-	108,441	108,441
(Purchase)/Disposal of held-to-maturity investments		(70,000)	(70,000)	21,539	21,539
Disposal (purchase) of subsidiary (associate)	5	1,273	1,273	-	-
Other		(54)	(45)	(66)	(80)
<b>Net cash flows from investment activities</b>					
		<b>(75,140)</b>	<b>(74,250)</b>	<b>152,153</b>	<b>152,240</b>
<b>Cash flows from financing activities</b>					
Received loans		13,811	13,811	-	-
Repayment of loans		(20,717)	(20,717)	-	-
Overdraft		2,691	-	4,596	-
Interest paid		(1,465)	(1,386)	(410)	(401)
Dividends paid		(44,916)	(44,916)	(188,983)	(189,065)
<b>Net cash flows from financing activities</b>					
		<b>(50,596)</b>	<b>(53,208)</b>	<b>(184,797)</b>	<b>(189,466)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>					
		<b>(2,991)</b>	<b>(2,607)</b>	<b>54,217</b>	<b>60,497</b>
<b>Cash and cash equivalents at the beginning of the period</b>					
		127,387	126,097	65,185	57,131
<b>Cash and cash equivalents at the end of the period</b>					
		<b>124,396</b>	<b>123,490</b>	<b>119,402</b>	<b>117,628</b>

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



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

## 1. General information

LITGRID AB is a public company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. LITGRID AB (hereinafter LITGRID or "the Company") is a limited liability profit-making entity established as a result of spin-off of Lietuvos Energija AB operations based the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010 which was passed to approve the spin-off of Lietuvos Energija AB. The Company was registered with the Register of Legal Entities managed by the public institution Registrų Centras on 16 November 2010. The Company's code is 302564383; VAT payer's code is LT100005748413.

LITGRID is an operator of electricity transmission system operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is responsible for the integration and development of the Lithuanian electricity market, as well as for the maintenance and development of electricity transmission network – the strategic projects for electricity interconnections with Sweden and Poland that will ensure the country's energetic independence.

The principal objectives of the Company's activities include ensuring the stability and reliability of electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances, management of companies engaged in transmission trading and operator's activities including management of companies owing electricity interconnections with other countries or those that develop, manage, use or dispose them.

On 24 February 2011, the Company was granted a license of the electricity transmission system operator by the National Control Commission for Prices and Energy (the Commission), which was effective starting 1 March 2011. On 27 August 2013 the Commission passed a resolution stating that separation of the Company's transmission operations from those of power generation and distribution companies under the Law on Electricity has been duly completed and that the company has been appointed the electricity transmission system operator. A transmission system operator licence of unlimited duration was granted to the Company.

With effect from 18 June 2012, LITGRID organises an additional trade session for electricity market participants as stipulated in the Electricity Trading Rules approved by the Order of the Lithuanian Minister of Energy.

The Company was responsible for carrying out the function of the administrator of public service obligation (hereinafter "PSO") services in the electricity sector till 31 December 2012. Under Resolution No. 1338 of 7 November 2012 of the Lithuanian Government the Company's subsidiary BALTPPOOL UAB was assigned with the responsibility to carry out the function of the administrator of PSO services in the electricity sector. Following the provisions of the mentioned resolution, the Company ceases its activities as an PSO services administrator with effect from 1 January 2013, however, the Company collects the PSO funds from entities connected to the power transmission grid and transfers them to BALTPPOOL UAB - the administrator of PSO funds according to Resolution of the Government of the Republic of Lithuania No 1157 of 19 September 2012 "Procedure for the Administration of the Public Interest Service Funds in the Power Sector".

As at 30 September 2013 and 31 December 2012, the authorised share capital of the Company amounted to LTL 504,331,380 and was divided into 504,331,380 ordinary registered shares with par value of LTL 1 each. All shares are fully paid.

As at 30 September 2013 and 31 December 2012, the Company's shareholders were as follows:

	Ownership interest (in LTL)	Number of shares held (%)
UAB „EPSO-G“	491,736,153	97.5 %
Other shareholders	12,595,227	2.5 %
<b>Total</b>	<b>504,331,380</b>	<b>100 %</b>

The ultimate controlling shareholder of UAB „EPSO-G“ is the Ministry of Energy of the Republic of Lithuania.

The shares of the Company are listed on the NASDAQ OMX Vilnius Stock Exchange.

As of the date of this condensed interim financial information the Group included LITGRID and its directly controlled subsidiaries, which are listed below.

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
BALTPPOOL UAB	A. Juozapavičiaus str. 13, Vilnius, Lithuania	67%	67%	Electricity market operator and natural gas, supporting instruments as well as biofuel market operator
TETAS UAB	Senamiesčio str. 102B, Panevėžys, Lithuania	100%	61%	Transformer substation, distribution station design, construction, repair and maintenance services

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

### 1. General information (continued)

The structure of the Group's investments in the associates and the jointly controlled entity as at 30 September 2013 and 31 December 2012 was as follows:

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
Duomenų logistikos centras UAB (former name: Technologijų ir Inovacijų Centras UAB)	Žvejų str. 14, Vilnius, Lithuania	20 %	20%	IT services
Elektros Tinklo Paslaugos UAB	Motorų str. 2, Vilnius, Lithuania	-	25%	Power network and related equipment repair, maintenance and construction services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50 %	50%	Designing of electricity transmission interconnection facilities

As at 30 September 2013, the Group had 681 employees (31 December 2012: 701 employees), whereas, the Company had 223 employees (31 December 2012: 203 employees).

### 2. Basis of preparation

The Company's separate and the Group's consolidated condensed interim financial information as of 30 September 2013 has been prepared in accordance with International Financial Reporting Standards 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.

This condensed interim financial information has been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

The condensed interim financial information for the 9 month period ended 30 September was not audited.

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

### 3. Accounting policies

The accounting policies applied in the preparation of this condensed interim financial information, except for the ones described in the section *New standards, amendments and interpretations* below, are consistent with those of the annual financial statements for the year ended 31 December 2012.

#### 3.1. New standards, amendments and interpretations

##### Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

During this reporting period the Group and the Company have adopted the following IFRS amendments:

- IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*;
- IAS 19 *Employee Benefits*;
- IAS 32 *Financial instruments: Presentation*;
- IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*;
- IFRS 13 *Fair Value Measurement*.

The adoption of these amendments did not have significant impact on the financial position as of 30 September 2013 and/or performance of the Group and the Company.

### 3.1. New standards, amendments and interpretations (continued)

#### Standards issued but not yet effective

The Group and the Company have not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

**Amendment to IAS 27 *Separate Financial Statements*** (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 *Separate Financial Statements* requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 *Financial Instruments*. The Group and the Company have not yet evaluated the impact of the implementation of this amendment.

**Amendment to IAS 28 *Investments in Associates and Joint Ventures*** (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The Group and the Company have not yet evaluated the impact of the implementation of this amendment.

**Amendment to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*** (effective for financial years beginning on or after 1 January 2014)

This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group and the Company have not yet evaluated the impact of the implementation of this amendment.

**Amendment to IAS 36 *Impairment of Assets*** (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment will not have any impact on the financial position or performance of the Group and the Company, however may result in additional disclosures.

**IFRS 9 *Financial Instruments*** (effective for financial years beginning on or after 1 January 2015, once endorsed by the EU)

IFRS 9 will eventually replace IAS 39. The IASB has issued the first two parts of the standard, establishing a new classification and measurement framework for financial assets and requirements on the accounting for financial liabilities. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

**IFRS 10 *Consolidated Financial Statements*** (effective for financial years beginning on or after 1 January 2014)

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 *Consolidated and Separate Financial Statements* related to consolidated financial statements and replaces SIC 12 *Consolidation — Special Purpose Entities*. The Group has not yet evaluated the impact of the implementation of this amendment.

**IFRS 11 *Joint Arrangements*** (effective for financial years beginning on or after 1 January 2014)

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

### 3.1. New standards, amendments and interpretations (continued)

**IFRS 12 Disclosures of Interests in Other Entities** (effective for financial years beginning on or after 1 January 2014)

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. The Group and the Company have not yet evaluated the impact of the implementation of this standard.

**Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities** (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this amendment will have no impact on the financial statements of the Group and the Company.

**IFRIC Interpretation 21 Levies** (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. The Group and the Company have not yet evaluated the impact of the implementation of this interpretation.

The Group and the Company plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

**Amendment to IAS 39 Financial Instruments: Recognition and Measurement** (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment will not have any impact on the financial position or performance of the Group and the Company, since they do not apply hedge accounting.

### 3.2. Critical accounting estimates and uncertainties

The preparation of condensed interim financial information in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the account policy and reported amounts of assets, liabilities, income and costs and contingencies. Actual results may differ from such estimates. Preparing this interim financial information, significant decisions of the management regarding the application of the accounting policy and the main uncertainties were as follows:

#### Impairment of property, plant and equipment

According to the IAS 36, the recoverable value of the asset is the higher from the net realizable value and the value-in-use. It is important to note, that there is no possibility to calculate the realizable value for the vast majority of the Company's infrastructural asset units. According to the IAS 36, in such case, the recoverable value of the asset is estimated by calculating its value-in-use. The latter is calculated by discounting the future cash flows that would be generated by the asset. The price regulation mechanism for the Company's services that is legally determined by the Commission has a very huge influence for the assessment of the indicators of possible infrastructural assets impairment.

It is important to note that the reliable value-in-use may be calculated as long the regulation is stable and predictable. However, in recent years, the price cap calculation principles were changed frequently (until 2010, the price caps of transmission services were determined according to the value of the assets that is used in the service provider's operations and is set according to the service provider's financial statements; from 2010 the determination of the price caps for electricity transmission services is to include the value of assets used in licensed activities of the service provider, which is equal to the net book value (carrying amount) of property, plant and equipment as at 31 December 2002 as increased by the amount of capital expenditures implemented and agreed with the Commission and reduced by the depreciation amount calculated pursuant to the procedure stipulated in the Lithuanian Law on Corporate Income Tax. On 12 April 2012 the Commission initiated the development of LRAIC (Long Run Average Incremental Costs) method for the determination of the price caps of transmission services. This method shall be used for the determination of the price caps of transmission services from the beginning of the next regulatory period (2015).

It should be noted that determining the value-in-use of the assets is mostly influenced by the assumptions of transmission service tariffs in the future periods. In case the Company valued the assets assuming that the price cap determination process will remain the same, it is possible that estimated value-in-use of the assets might significantly differ from the carrying amount of the assets. The Company intends to perform value in use calculation and potential estimation of impairment of property, plant and equipment by the end of 2013, because currently too high uncertainties exist in respect of planned implementation of the new method (LRAIC).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

**4. Property, plant and equipment**

The movement of the Group's property, plant and equipment is as follows:

<b>Group</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Vehicles</b>	<b>Other PP&amp;E</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Net book value as of 31 December 2011</b>							
Opening net book value	1,961	34,851	1,841,223	1,639	38,160	72,353	1,990,187
Additions	-	-	26	43	8,566	67,472	76,107
Revaluation	-	83	-	-	-	-	83
Write-offs	-	-	(95)	-	-	-	(95)
Reclassification between categories	-	848	13,580	-	1,492	(15,920)	-
Depreciation charge	-	(1,638)	(86,769)	(374)	(6,231)	5	(95,007)
<b>Net book value as of 30 September 2012</b>	<b>1,961</b>	<b>34,144</b>	<b>1,767,965</b>	<b>1,308</b>	<b>41,987</b>	<b>123,910</b>	<b>1,971,275</b>
<b>Net book value as of 31 December 2012</b>							
Opening net book value	1,961	34,726	1,773,601	1,182	42,243	124,665	1,978,378
Additions	-	-	3	21	669	79,690	80,383
Write-offs	-	(15)	(4,431)	-	(2)	-	(4,448)
Reclassification to intangible assets	-	-	-	-	-	(28)	(28)
Reclassification between categories	-	112	15,164	-	1,712	(16,988)	-
Depreciation charge	-	(1,660)	(91,812)	(372)	(5,468)	8	(99,304)
<b>Net book value as of 30 September 2013</b>	<b>1,961</b>	<b>33,163</b>	<b>1,692,525</b>	<b>831</b>	<b>39,154</b>	<b>187,347</b>	<b>1,954,981</b>

The movement of the Company's property, plant and equipment is as follows:

<b>Company</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Other PP&amp;E</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Net book value as of 31 December 2011</b>						
Opening net book value	1,961	33,613	1,840,627	36,573	72,763	1,985,537
Additions	-	-	-	8,253	68,454	76,707
Write-offs	-	-	(95)	-	-	(95)
Reclassification between categories	-	848	13,580	1,492	(15,920)	-
Depreciation charge	-	(1,558)	(86,703)	(5,846)	-	(94,107)
<b>Net book value as of 30 September 2012</b>	<b>1,961</b>	<b>32,903</b>	<b>1,767,409</b>	<b>40,472</b>	<b>125,297</b>	<b>1,968,042</b>
<b>Net book value as of 31 December 2012</b>						
Opening net book value	1,961	33,513	1,773,053	40,660	125,594	1,974,781
Additions	-	-	-	554	79,157	79,711
Write-offs	-	(15)	(4,431)	(2)	-	(4,448)
Reclassification to intangible assets	-	-	-	-	(28)	(28)
Reclassification between categories	-	112	15,164	1,712	(16,988)	-
Depreciation charge	-	(1,574)	(91,743)	(5,033)	-	(98,350)
<b>Net book value as of 30 September 2013</b>	<b>1,961</b>	<b>32,036</b>	<b>1,692,043</b>	<b>37,891</b>	<b>187,735</b>	<b>1,951,666</b>

Write-offs mainly represent derecognition of replaced parts of the assets upon their reconstruction.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

**4. Property, plant and equipment (continued)**

During the unbundling process that took place in 2010, the Company took over property, plant and equipment from Lietuvos Energija AB. The fair value of property, plant and equipment, depending on the type of asset, of Lietuvos Energija AB as at 31 December 2008 was determined by independent valuers who used either method of comparative prices, or depreciated replacement value, or discounted cash flows methods to determine the fair value of the assets.

Lietuvos Energija AB revised the carrying amounts of property, plant and equipment. Having assessed the fall in construction cost indices during the 11 months of 2009 of the relevant categories of assets as published by the Lithuanian Statistics Department, Lietuvos Energija AB reduced the carrying amount of property, plant and equipment. Lietuvos Energija AB applied a 12.27 per cent statistical index in respect of the category of buildings and a 9.68 per cent index in respect of other categories of property, plant and equipment that at 31 December 2008 were revalued based on the depreciated replacement cost method.

According to the Company's accounting policy, periodical revaluation must be performed at least once in a 5-year period. The Company intends to perform the revaluation of property, plant and equipment by the end of 2013, when more information in the regulating environment is available (Note 3.2).

As of 30 September 2013 and 31 December 2012, the Group/Company had significant contractual commitments to purchase property, plant and equipment to be fulfilled in the upcoming periods.

	<b>As of 30 September 2013</b>	<b>As of 31 December 2012</b>
Interconnection between the electricity transmission systems of Lithuania and Sweden (NordBalt)	597,783	597,783
Interconnection between the electricity transmission systems of Lithuania and Poland (LitPolLink)	274,671	2,165
Transformer substations	103,702	73,386
Construction of 330 kV overhead transmission line Klaipėda-Telšiai	17,894	43,360
Cabling of 110 kV overhead transmission line near Viršuliškės	3,244	4,318
Other	5,992	4,512
<b>Total</b>	<b>1,003,286</b>	<b>725,524</b>

**5. Investments in subsidiaries (for the Company) and investments in associates and jointly controlled entities (for the Company and the Group)**

Investments in subsidiaries in the Company's financial statements

As of 30 September 2013 and 31 December 2012, the Company had direct control over the following subsidiaries:

<b>Subsidiary As of 30 September 2013</b>	<b>Investment cost</b>	<b>Ownership interest (%)</b>	<b>Impairment</b>	<b>Carrying amount</b>
UAB „TETAS“	15,042	100	-	15,042
BALTPOOL UAB	318	67	-	318
<b>Total</b>	<b>15,360</b>		<b>-</b>	<b>15,360</b>

  

<b>Subsidiary As of 31 December 2012</b>	<b>Investment cost</b>	<b>Ownership interest (%)</b>	<b>Impairment</b>	<b>Carrying amount</b>
UAB „TETAS“	8,290	61	-	8,290
BALTPOOL UAB	318	67	-	318
<b>Total</b>	<b>8,608</b>		<b>-</b>	<b>8,608</b>

In the implementation of the electricity sector reorganisation plan and following the decision of 17 October 2012 of the Board of LITGRID, LITGRID and LESTO AB signed the share exchange agreement. According to this agreement, on 7 January 2013, LITGRID disposed to the company LESTO AB shares of Elektros Tinklo Paslaugos UAB for the amount of LTL 8,025 thousand (which represent 25.03% of the authorised share capital of Elektros Tinklo Paslaugos UAB) in exchange for shares of Tetas UAB received from LESTO AB for LTL 6,752 thousand (which represent 38.87% of the authorised share capital of Tetas UAB). The difference between the determined fair values of the shares in the amount of LTL 1,273 thousand was paid to the Company by LESTO AB.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

**5. Investments in subsidiaries (for the Company) and investments in associates and jointly controlled entities (for the Company and the Group) (cont'd)**

Investments in associates and jointly controlled entities in the Company's and the Group's financial statements

Movement in the account of investments in associates and jointly controlled entities is given in the table below:

	<b>Group January- September 2013</b>	<b>Company January- September 2013</b>	<b>Group January- December 2012</b>	<b>Company January- December 2012</b>
Opening balance	16,052	16,601	20,804	21,332
Gain on change in ownership interest in associate	-	-	232	-
Share of profit/(loss) of associates and jointly controlled entities	616	-	636	-
Re-classified to assets held for sale	-	-	(5,620)	(4,731)
<b>Closing balance</b>	<b>16,668</b>	<b>16,601</b>	<b>16,052</b>	<b>16,601</b>

In the financial statements of the Company and the Group for the period ended 31 December 2012, the amount representing the shares of Elektros Tinklo Paslaugos UAB held by the right of ownership was classified as non-current assets held for sale (LTL 4,731 thousand and LTL 5,620 thousand respectively). The Company's and the Group's profit from the disposal of these shares amounted LTL 3,294 thousand and LTL 2,405 thousand respectively.

**6. Other accounts receivable**

Company's other accounts receivable balance as at the end of the reporting period decreased from LTL 59,090 thousand to LTL 36,754 because from 1 January 2013 LESTO AB transfers PSO fees not to the Company, but directly to BALTPool UAB, PSO fee administrator (Note 1.), that has caused a decrease of Company's PSO receivable/administrated PSO fees amount by LTL 55,895 thousand to LTL 32,253 thousand.

**7. Other financial assets**

The other financial assets of the Group and the Company as of 30 September 2013 and 31 December 2012 are presented below:

	<b>Group 30 September 2013</b>	<b>Company 30 September 2013</b>	<b>Group 31 December 2012</b>	<b>Company 31 December 2012</b>
Administrated PSO fees	2,073	-	59,847	59,847
Guaranties and deposits	5,509	5,272	2,465	2,465
Funds of the exchange members	3	-	1,178	-
<b>Total</b>	<b>7,585</b>	<b>5,272</b>	<b>63,490</b>	<b>62,312</b>

According to the Commissions' approved PSO fee administration precept, PSO fee balance must be separated from the other Company's/Group's cash and cash equivalents and may be used for PSO fee payments only. Group's administrated PSO fees balance has decreased because during the reported nine month period amount of PSO fees paid by PSO fee administrator was greater than amount of PSO fees collected by PSO fee administrator.

**8. Held-to-maturity investments**

	<b>Group 30 September 2013</b>	<b>Company 30 September 2013</b>	<b>Group 31 December 2012</b>	<b>Company 31 December 2012</b>
Swedbank AB bonds in LTL, maturity as of 7 March 2014	70,000	70,000	-	-
<b>Total</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>	<b>-</b>

As at 31 December 2012, the Group and the Company had no held-to-maturity investments. The annual interest rate of the held-to maturity of the Group and the Company is 0.71%.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

## 9. Grants

The balance of grants consists of grants related to the financing of assets acquisition. Movement in the account of grants during the nine-month period ended 30 September 2013 and 30 September 2012 was as follows:

	<u>Group</u>	<u>Company</u>
<b>Balance as of 31 December 2011</b>	<b>182,359</b>	<b>182,359</b>
Grants received	76,151	76,151
Recognised as income during the period	(1,283)	(1,283)
<b>Balance as of 30 September 2012</b>	<b>257,227</b>	<b>257,227</b>
<b>Balance as of 31 December 2012</b>	<b>304,971</b>	<b>304,971</b>
Grants received	92,322	92,322
<i>out of which – recognised as grants receivable</i>	178	178
Recognised as income during the period	(1,281)	(1,281)
<b>Balance as of 30 September 2013</b>	<b>396,012</b>	<b>396,012</b>

Grants received during the nine-month period ended 30 September 2013 included:

- amounts received from the EU Structural Funds for financing reconstruction of the Company's property, plant and equipment LTL 27,134 thousand (during nine months of 2012: LTL 10,992 thousand);
- funds from International Ignalina Decommissioning Support Fund for the preparation works and implementation of interconnection between the electricity transmission systems of Lithuania and Poland (LitPolLink) project – 1,438 thousand LTL (during nine months of 2012: 1,409 thousand LTL);
- funds from public service obligations for the preparation works and implementation of interconnection between the electricity transmission systems of Lithuania and Sweden (NordBalt) project – 63,750 thousand LTL (during nine months of 2012: 63,750 thousand LTL).

In the statement of comprehensive income for the nine-month period ended 30 September 2013 depreciation and amortisation charges were reduced by income of grants of LTL 1,281 thousand (during nine months of 2012: LTL 1,283 thousand).

## 10. Borrowings

Loans of the Group/Company according to the repayment terms were as follows:

	<u>Group As of 30 September 2013</u>	<u>Company As of 30 September 2013</u>	<u>Group As of 31 December 2012</u>	<u>Company As of 31 December 2012</u>
Amounts payable from five to ten years	6,906	6,906	-	-
Amounts payable from one to five years	122,919	122,919	138,112	138,112
Amounts payable in one year	50,028	42,815	45,956	41,434
<b>Total</b>	<b>179,853</b>	<b>172,640</b>	<b>184,068</b>	<b>179,546</b>

On 16 July 2012, the Company's subsidiary Tetas UAB signed an overdraft agreement with SEB Bankas AB. Credit limit is LTL 5,200 thousand. On 5 June 2013, the amendment to this agreement (No. 4) and the credit limit was increased to LTL 10,000 thousand. The agreement expires on 31 May 2014. The overdraft is subject to a variable interest rate which is established based on the overnight Vilnius Interbank Offered Rate (VILIBOR) plus 1.10% lender's borrowing risk margin and profit margin. As of 30 September 2013, the withdrawn amount of the overdraft amounted LTL 7,213 thousand (as of 31 December 2012: LTL 4,522).

On 5 October 2012, the Company signed a loan agreement with Pahjola Bank Plc. The loan amount is EUR 58,000 thousand. As of 30 September 2013, EUR 12,000 thousand were repaid back. The loan is subject to the interest rate being 1-month EURIBOR + 0.94% margin.

On 12 September 2013, the Company signed a loan agreement with Nordic Investment Bank. The total amount of the loan is EUR 22,000 thousand. As of 30 September 2013, EUR 4,000 thousand were taken. The loan is subject to the interest rate being 6-month EURIBOR + 1.15% margin.

As at 30 September 2013, the weighted average interest rate on borrowings of the Group was 1.08% (As at 31 September 2012 – 0.94 %).



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

---

### 11. Other accounts payable

The decrease of the Company's other accounts payable balance as at the end of the reporting period from LTL 123,234 thousand to LTL 38,742 was due to the Company's ceasing its activities as an PSO services administrator. Accordingly, the Company's PSO payable amount decreased from LTL 121,587 thousand to LTL 11,997 thousand (Note 1.)

### 12. Write-off of property, plant and equipment

Followed by the increase in reconstruction works, the Company's and the Group's property, plant and equipment write-off expenses for the period from 1 January 2013 to 30 September 2013 compared to the respective prior year period have increased by LTL 4,049 thousand and LTL 4,056 thousand respectfully.

### 13. Other expenses

The other expenses of the Group for the period from 1 January 2013 to 30 September 2013 compared to the respective prior year period have increased by LTL 11,605 thousand as a result of the increase in services provided by the Company's subsidiary UAB TETAS. Accordingly, the required materials, raw materials and other inventory expenses increased from LTL 4,676 thousand to LTL 22,637 thousand, while sub-contracting expense increased from LTL 4,768 thousand to LTL 11,402 thousand.

### 14. Segment information

For management purposes, the Company/Group analyses its operations by geographical areas and types of services provided.

The Group has distinguished the following 6 segments:

- electricity transmission;
- trade in balancing/regulating electricity;
- provision of system (capacity reserve) services;
- provision of services under PSO (public service obligation) scheme;
- activities of the market operator;
- repair and maintenance activities.

The electricity transmission segment is engaged in transmitting electricity over high voltage (330-110 kV) networks from producers to users or suppliers not in excess of the limit established in the contract. The main objective of these activities is to ensure a reliable, effective, high quality, transparent and safe electricity transmission to distributions networks, large network users from power stations and neighbouring energy systems.

Trade in balancing/regulating electricity is a service ensuring the balancing of electricity generation/import and demand/export levels.

Provision of system (capacity reserve) services. In order to ensure a reliable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities, reaction power and voltage control, breakdown and disorder prevention and its liquidation and provides capacity reserve services to users. The capacity reserve is required in case of unexpected fall in electricity generation volumes or increase in electricity consumption.

The Company's/Group's services provided under PSO scheme comprise as follows:

- development and implementation of strategic projects for the improvement of energy security, installing interconnections between the electricity transmission systems abroad and (or) connecting the electricity transmission systems in the Republic of Lithuania with the electricity transmission systems in foreign countries (interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to continental Europe networks);
- connection of power generation facilities that use the renewable energy resources to transmission networks; optimisation, development and/or reconstruction of transmission networks ensuring the development of power generation that uses the renewable energy resources.
- balancing of electricity generated using the renewable energy resources;

Since 2013, the Company's subsidiary BALTPPOOL UAB carries out the activities of PSO fund administrator, natural gas, additional security against the fluctuations in electricity prices in power exchange market and biofuel market operator (until 2013, these activities were carried out by the Company). BALTPPOOL UAB earns revenue mainly for PSO fund administration. Until 18 June 2012, BALTPPOOL UAB used to act as power exchange operator.

Repair and maintenance services are carried out by the Company's subsidiary TETAS UAB. These services include reconstruction, repair and technical maintenance of medium voltage transformer substations and distribution stations.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

**14. Segment information (cont'd)**

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

2013	Operating segments							Total
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Activities of market operator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	185,690	125,826	69,899	7,599	534	55,284	-	444,832
Inter-segment revenue	-	-	-	-	(58)	(6,349)	533	(5,874)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>185,690</b>	<b>125,826</b>	<b>69,899</b>	<b>7,599</b>	<b>476</b>	<b>48,935</b>	<b>533</b>	<b>438,958</b>
<b>*Operating profit (loss)</b>	<b>(7,343)</b>	<b>18,843</b>	<b>21,291</b>	<b>-</b>	<b>(573)</b>	<b>(1,318)</b>	<b>541</b>	<b>31,441</b>
<b>Income (expenses) from financing activities, net</b>	<b>2,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(88)</b>	<b>-</b>	<b>2,435</b>
Share of result of associates and jointly controlled entities	616	-	-	-	-	-	-	616
<b>Profit (loss) before income tax</b>	<b>(4,207)</b>	<b>18,843</b>	<b>21,291</b>	<b>-</b>	<b>(570)</b>	<b>(1,406)</b>	<b>541</b>	<b>34,492</b>
<b>**Income tax</b>	<b>(5,414)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>169</b>	<b>-</b>	<b>(5,243)</b>
<b>Net profit (loss) for the year</b>	<b>(9,621)</b>	<b>18,843</b>	<b>21,291</b>	<b>-</b>	<b>(568)</b>	<b>(1,237)</b>	<b>541</b>	<b>29,249</b>
Depreciation and amortisation expenses	97,341	-	-	-	86	988	(8)	98,407
Write-offs of property, plant and equipment	4,149	-	-	-	-	-	-	4,149

\* On 26 September, 2013 the Commission set the price cap for the transmission service via high voltage transmission networks for 2014. According to the Commission's decision of September 2011 No. O3-139 of 25 on Methodology for Setting the Price Cap of the Electricity Transmission Services (changed by Commission's decision Nr. O3-255 of 21 September 2012), in calculation of Electricity transmission costs for the year 2014 amounts of profits of years 2011-2012 were taken into consideration, adding result from balancing/ regulating electricity services activity. For the nine-month period of the year 2013 balancing/ regulating electricity services profit was LTL 18,843 thousand. Profit that will be received in 2013 from balancing/ regulating electricity services may reduce operating profit of the Group and the Company in year 2015.

According to the Methodology for Setting the Price of the Electricity System Services, approved on 27 July 2012, decision No. O3-200, the Commission while setting price of coming year electricity system services is taking into consideration previous year difference between planned and actual Provision's of system services costs and income. For the nine months of 2013 this difference (profit) was equal to LTL 12,620 thousand. The profit that will be received from provision of system services in 2013 will reduce Operating profit of the Group and the Company in year 2015.

\*\*Income tax and financing-investment activities are not allocated between the Company's operating segments and are attributed to electricity transmission activity.

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

2012	Operating segments							Total
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Activities of market operator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	183,157	81,600	47,190	9,905	1,552	45,123	-	368,527
Inter-segment revenue	-	-	-	-	(1,216)	(6,489)	(982)	(8,687)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>183,157</b>	<b>81,600</b>	<b>47,190</b>	<b>9,905</b>	<b>336</b>	<b>38,634</b>	<b>(982)</b>	<b>359,840</b>
<b>Operating profit (loss)</b>	<b>(512)</b>	<b>18,788</b>	<b>606</b>	<b>-</b>	<b>75</b>	<b>(577)</b>	<b>(977)</b>	<b>17,403</b>
<b>Income (expenses) from financing activities, net</b>	<b>1,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>7</b>	<b>-</b>	<b>1,792</b>
Share of result of associates and jointly controlled entities	277	-	-	-	-	-	-	277
<b>Gain on change in ownership interest in associate</b>	<b>232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>232</b>
<b>Profit (loss) before income tax</b>	<b>1,680</b>	<b>18,788</b>	<b>606</b>	<b>-</b>	<b>177</b>	<b>(570)</b>	<b>(977)</b>	<b>19,704</b>
<b>*Income tax</b>	<b>(3,340)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>63</b>	<b>-</b>	<b>(3,418)</b>
<b>Net profit (loss) for the year</b>	<b>(1,660)</b>	<b>18,788</b>	<b>606</b>	<b>-</b>	<b>162</b>	<b>(633)</b>	<b>(977)</b>	<b>16,286</b>
Depreciation and amortisation expenses	93,450	-	-	-	64	918	(5)	94,427
Write-offs of property, plant and equipment	93	-	-	-	-	-	-	93

\*Income tax and financing-investment activities are not allocated between the Company's operating segments and are attributed to electricity transmission activity.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
 FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
 (All amounts in LTL thousand unless otherwise stated)

**14. Segment information (cont'd)**

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 99% of total revenue.

The Company sells regulating electricity to transmission system operators in Latvia and Estonia and provides the electricity transit service to the Russian transmission system operator.

In 2013 and 2012, the Group's and the Company's revenue by geographical location of customers:

Country	Group January- September 2013	Company January- September 2013	Group January- September 2012	Company January- September 2012
Lithuania	430,219	380,371	356,427	318,503
Russia	1,628	1,628	1,482	1,482
Estonia	1,021	1,021	1,068	1,068
Latvia	6,063	6,063	845	845
Great Britain	27	27	-	-
Bulgaria	-	-	18	18
<b>Total</b>	<b>438,958</b>	<b>389,110</b>	<b>359,840</b>	<b>321,916</b>

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

During the nine-month period ended 30 September 2013, the Group's revenue from its major external customer LESTO AB amounted LTL 212,817 thousand (30 September 2012: LTL 187,446 thousand).

**15. Related-party transactions**

The Company's/Group's related parties in 2013 and 2012 were as follows:

- EPSO-G (the parent of the Company) (with effect from 28 September 2012). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and jointly controlled entities of the Company;
- Management of the Company.

The Ministry of Energy of the Republic of Lithuania is the ultimate shareholder of the Company. The Group/Company does not reckon the state-owned companies as a single customer as there is not a considerable economical integration among those companies. The Group/Company does not disclose the transactions with the state-owned companies LESTO AB, Lietuvos energija AB as the transactions with these companies are in regulatory terms, except for the share exchange agreement disclosed in the Note 5.

The Group's transactions and balances with related parties during the nine-month period ended 30 September 2013 were as follows:

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Associates	739	1,588	10,650	4,617
The Group's parent company (UAB EPSO-G)	-	-	-	-
<b>Total</b>	<b>739</b>	<b>1,588</b>	<b>10,650</b>	<b>4,617</b>

The Company's transactions and balances with related parties during the nine-month period ended 30 September 2013 were as follows:

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Subsidiaries	18,610	8,733	96,696	74,969
Associates	628	1,588	10,259	4,603
The Group's parent company (UAB EPSO-G)	-	-	-	-
<b>Total</b>	<b>19,238</b>	<b>10,321</b>	<b>106,955*</b>	<b>79,572**</b>

\*Whereof: LTL 71,729 thousand PSO service fees paid to related parties (PSO fund administrator). The Company acts as an agent for the Commission/State in these transactions. The Group does not recognise revenue and expenses from PSO funds that are collected from the electricity network users and transferred to the PSO fund administrator.

\*\*Whereof: LTL 74,671 thousand PSO service fees received from related parties (PSO fund administrator). Out of which LTL 3,322 thousand received under the transaction where the Company acts as an agent for the Commission/State in these

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(All amounts in LTL thousand unless otherwise stated)

**15. Related-party transactions (cont'd)**

The Group's transactions with related parties during the nine-month period ended 30 September 2012 and the balances arising on these transactions as of 31 December 2012 are presented below.

<b>Related parties</b>	<b>Trade and other payables and prepayments</b>	<b>Trade and other receivables</b>	<b>Purchases</b>	<b>Sales</b>
Associates	2,625	625	16,543	4,616
The Group's parent company (UAB EPSO-G)	-	-	-	-
<b>Total</b>	<b>2,625</b>	<b>625</b>	<b>16,543</b>	<b>4,616</b>

The Company's transactions with related parties during the nine-month period ended 30 September 2012 and the balances arising on these transactions as of 31 December 2012 are presented below.

<b>Related parties</b>	<b>Trade and other payables and prepayments</b>	<b>Trade and other receivables</b>	<b>Purchases</b>	<b>Sales</b>
Subsidiaries	6,548	13	29,290	83
Associates	1,353	622	15,763	4,609
The Group's parent company (UAB EPSO-G)	-	-	-	-
<b>Total</b>	<b>7,901</b>	<b>635</b>	<b>45,053</b>	<b>4,692</b>

**Payments to the key management personnel**

	<b>Group January-September 2013</b>	<b>Company January-September 2013</b>	<b>Group January-September 2012</b>	<b>Company January-September 2012</b>
Employment-related payments	2,192	1,514	2,084	1,273
<i>Out of which - termination benefits</i>	258	258	246	177
Average number of the key management personnel	17	9	15	8

Key management consists of heads of administration and their deputies/directors of departments and chief financiers.

**16. Basic and diluted earnings per share**

In 2013 and 2012, basic and diluted earnings per share were as follows:

	<b>January-September 2013</b>	<b>January-September 2012</b>
Net profit (loss) attributable to the Company's shareholders (thousand LTL)	29,449	16,480
Weighted average number of shares (units)	504,331,380	504,331,380
<b>Basic and diluted earnings per share (in LTL)</b>	<b>0.06</b>	<b>0.03</b>

**17. Contingent liabilities**Litigations

Legal claim is filed by the Company against A. Blyskys, B. Černauskiene, A. Černauskas (hereinafter – the defendants) and SEB bankas AB, regarding the application of servitude in relation with construction and maintenance of 330 kV overhead transmission line Klaipėda-Telšiai. The defendants filed a counterclaim demanding the compensation for the application of servitude in the amount of LTL 700 thousand instead of the amount offered by the Company. Currently, the case is analysed in the first instance court. It is expected, that the outcome of the case will be favorable for the Company: the court shouldn't fully satisfy counterclaim demand of the defendants and award LTL 700 thousand from the Company. It is expected, that amount of compensation granted will be considerably smaller. If court would adopt an unfavorable decision with respect to the Company, it will have no impact on the Company's net profit (loss) because servitude expenses would be capitalised.

The civil legal case initiated by the Company against AB Achema for the claim of debt and related interest amount. The Company has submitted a lawsuit against AB Achema for the collection of debt in the amount of LTL 2,271,108.65 and related interest in the amount of LTL 20,918.25 in accordance with Electricity transmission agreement (hereinafter – the Agreement) signed between the Company and AB Achema for the respective public service obligations (hereinafter – PSO) for the period from April to June 2012. The investigation of this case was suspended by the decision of 14 June 2012 of Kaunas County Court until the completion of investigation of the civil case initiated by the claim of AB Achema against LITGRID requesting the recognition of the transaction as null and void and payment of restitutional compensation. The later civil case of AB Achema is also suspended until the final resolution of the administrative case at the Supreme Administrative Court of Lithuania (SACL) initiated on the 2 March 2011 by the claim (request) of the group of the Lithuanian Parliament (Seimas) members regarding non-compliance of post-legislative acts with the Lithuanian Law on Electric Energy. The latter case by the claim of the Lithuanian Parliament is also suspended since 30 January 2012 until the Constitutional Court of the Republic of Lithuania completes its investigation of the request submitted by the members of the Lithuanian Parliament to investigate whether the provisions of the Lithuanian Law on Electric Energy are not in breach of the Constitution of the Republic of Lithuania. As at 31 December 2012, the outstanding overdue debt of AB Achema amounted to LTL 7,445 thousand (31 December 2011: LTL 5,121 thousand). The outcome of the case may affect the balance of PSO fees administered by the Company, however, it will have no impact on the Company's net profit (loss) because the Company acts as an agent and PSO fees administered by it are recognised only as amounts receivable/payable.

### **17. Contingent liabilities (cont'd)**

The administrative case was initiated on the basis of Achema AB claim for damages caused by illegitimate actions of the state authorities. Achema AB claims that the state authorities acted illegitimately and beyond their competence when they adopted the Lithuanian Law on Electric Energy, the provisions of which are in breach of the Constitution of the Republic of Lithuania and EU legal acts, and post-legislative acts that are in breach of legal acts bearing superior power. Achema AB claims that damages incurred by it as a result of allegedly illegitimate actions of state authorities amounted to LTL 3,127,402.11. The Vilnius County Administrative Court on 7 December 2011 decided to suspend the investigation of this case until the Supreme Administrative Court of Lithuania completes the investigation of the aforementioned case, which is until the Constitutional Court of the Republic of Lithuania completes its investigation of the request submitted by the members of the Lithuanian Parliament. The resolution of this case will not have an impact on the net profit (loss) of the Company because the Company acts as an agent and PSO fees administered by it are recognised only as amounts receivable (payable). The management does not believe that these litigations will have any negative impact on the Group's/Company's financial statements.

Legal claim filed by the Company against AB Achema regarding the debt and interests for the January 2013 services and obligation to sign the PSO fee collecting agreement. The Company demands from AB Achema to pay outstanding PSO fees for January 2013 in amount of LTL 1,304,306.51 (interest included). Currently, the claim is in the preparation for analysis stage using the documentary process. It is important noting that since 2013, the Company acts as a PSO fee collector only. According to the agreement with PSO fee administrator Group's company BALTPPOOL UAB, in case the Company's customers do not pay PSO fees in 3 consecutive months, the Company has the right to reduce the funds transferrable to BALTPPOOL UAB (which acts as an agent and PSO fees administered by it are recognized only as amounts receivable (payable)) in the amount equal to the uncollected PSO fees. Taking this into consideration, Court's either favorable or unfavorable decision with respect to the Company, will not have any financial impact on the Company and the Group.

Legal claim filed by the Company against AB LIFOSA regarding the debt and interests for the January 2013 services and obligation to sign the PSO fee collecting agreement. The Company demands from AB LIFOSA to pay outstanding PSO fees for January 2013 in amount of LTL 362,517.60 (interest included). Currently, the claim is in the preparation for analysis stage using the documentary process. It is important noting that since 2013, the Company acts as a PSO fee collector only. According to the agreement with PSO fee administrator Group's company BALTPPOOL UAB, in case the Company's customers do not pay PSO fees in 3 consecutive months, the Company has the right to reduce the funds transferrable to BALTPPOOL UAB (which acts as an agent and PSO fees administered by it are recognized only as amounts receivable (payable)) in the amount equal to the uncollected PSO fees. Taking this into consideration, Court's either favorable or unfavorable decision with respect to the Company, will not have any financial impact on the Company and the Group.

Legal claim filed by the Company against AB ORLEN Lietuva regarding the debt and interests for the January 2013 services and obligation to sign the PSO fee collecting agreement. The Company demands from AB ORLEN Lietuva to pay outstanding PSO fees for January 2013 in amount of LTL 1,366,856.42 (interest included). Currently, the claim is in the preparation for analysis stage using the documentary process. It is important noting that since 2013, the Company acts as a PSO fee collector only. According to the agreement with PSO fee administrator Group's company BALTPPOOL UAB, in case the Company's customers do not pay PSO fees in 3 consecutive months, the Company has the right to reduce the funds transferrable to BALTPPOOL UAB (which acts as an agent and PSO fees administered by it are recognized only as amounts receivable (payable)) in the amount equal to the uncollected PSO fees. Taking this into consideration, Court's either favorable or unfavorable decision with respect to the Company, will not have any financial impact on the Company and the Group.

Legal claim filed by A. Žilinskio ir Ko UAB against the Company demanding to declare the one-sided set-off invalid and also decide in favor of payment for construction works and related overdue interest fee. According to the contract signed on 2 July 2010, A. Žilinskio ir Ko UAB was obliged to complete the construction of the 110 kV transmission line Nemunas-Murava no later than 18 November 2011. However, the construction was ended only on 30 January 2013. LITGRID AB charged A. Žilinskio ir Ko UAB the forfeit in the amount of LTL 880,187.45 which the Company set-off with the amount payable to A. Žilinskio ir Ko UAB and recognised as overdue interest income in 2012 (paaiškėjus naujoms aplinkybėms later this amount was decreased to LTL 861,738.84, amount of LTL 18,448.61 was returned to A. Žilinskio ir Ko UAB). A. Žilinskio ir Ko UAB was demanding to declare the set-off invalid, repay the set off amount and adjudge the overdue interest. On 16 October 2013 court took the decision to reject A. Žilinskio ir Ko UAB claim in full. On November 14, 2013 claimant appealed against court decision.

### **18. Commitments**

Property, plant and equipment purchase commitments are disclosed in Note 4.

### **19. Significant events after the balance sheet date**

On 25 November, 2013 the Company together with „Lietuvos energija“, UAB, „Lietuvos energijos gamyba“, AB and AB LESTO 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, and the Company respectively will acquire 50% , 20% , 20% and 10% of the shares of the newly established company.

\*\*\*\*\*