



2014-02-28

## 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 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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Bank "Swedbank", AB  
Bank code – 73000



**Lietuvos  
energija**

**GAMYBA**

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**“LIETUVOS ENERGIJOS GAMYBA“, AB**

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**CONSOLIDATED AND COMPANY'S 2013 Y.  
CONDENSED INTERIM FINANCIAL INFORMATION**  
(unaudited)

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*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.*

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The condensed interim financial information was approved by the General Director, Director of Finance and Law Department and Chief Financier of "Lietuvos energijos gamyba", AB on 28 February 2014.



**Juozas Bartlingas**  
General Director



**Eglė Čiužaitė**  
Director of Finance and Law  
Department



**Giedrūolė Guobienė**  
Chief Financier

## Condensed interim statements of financial position at 31 December 2013

All amounts in LTL thousands unless otherwise stated

<b>ASSETS</b>	<b>Note</b>	<b>Group at 31 December 2013 (unaudited)</b>	<b>Company at 31 December 2013 (unaudited)</b>	<b>Group at 31 December 2012 (restated)</b>	<b>Company at 31 December 2012 (restated)</b>	<b>Group at 31 December 2011 (restated)</b>	<b>Company at 31 December 2011 (restated)</b>
<b>Non-current assets</b>							
Intangible assets	4	29,542	28,968	58,541	56,060	39,735	36,345
Property, plant and equipment	5	2,636,265	2,597,392	2,745,970	2,693,767	2,660,272	2,600,109
Prepayments for property, plant, equipment		385	10,479	14	14	2,769	2,769
Investment property		-	-	800	-	1,824	1,824
Investments in subsidiaries		-	52,397	-	54,651	-	54,651
Investments in associates and joint ventures		154,833	153,884	153,496	155,427	146,966	151,648
Deferred income tax assets		988	-	622	-	81	-
Other long term assets		17,850	17,850	23,723	23,723	9,657	9,657
Amounts receivable		20,949	20,949	10,927	10,927	1,426	1,426
<b>Total non-current assets</b>		<b>2,860,812</b>	<b>2,881,919</b>	<b>2,994,093</b>	<b>2,994,569</b>	<b>2,862,730</b>	<b>2,858,429</b>
<b>Current assets</b>							
Inventories		24,032	23,113	63,636	61,427	125,537	123,721
Prepayments		15,725	5,659	2,348	1,489	2,936	1,909
Trade receivables		169,973	133,274	288,855	253,916	233,479	207,498
Other receivables		10,513	9,242	23,793	23,549	7,007	12,648
Prepaid income tax		10,147	10,073	4,262	4,148	3,157	3,147
Other financial assets		86	-	20	-	267	-
Cash and cash equivalents		219,746	178,087	34,345	8,157	27,907	8,281
		<b>450,222</b>	<b>359,448</b>	<b>417,259</b>	<b>352,686</b>	<b>400,290</b>	<b>357,204</b>
Non-current assets classified as held for sale		571	-	603	-	3,283	1,543
<b>Total current assets</b>		<b>450,793</b>	<b>359,448</b>	<b>417,862</b>	<b>352,686</b>	<b>403,573</b>	<b>358,747</b>
<b>TOTAL ASSETS</b>		<b>3,311,605</b>	<b>3,241,367</b>	<b>3,411,955</b>	<b>3,347,255</b>	<b>3,266,303</b>	<b>3,217,176</b>

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No- te	Group at 31 December 2013 (unaudited)	Company at 31 December 2013 (unaudited)	Group at 31 December 2012 (restated)	Company at 31 December 2012 (restated)	Group at 31 December 2011 (restated)	Company at 31 December 2011 (restated)
<b>Capital and reserves</b>						
	635,084	635,084	635,084	635,084	635,084	635,084
Share capital	295,767	295,767	295,767	295,767	295,767	295,767
Share premium	7,928	37,540	12,055	7,774	13,735	8,395
Revaluation reserve	37,852	4,015	36,145	35,867	35,972	35,867
Legal reserve	677,775	677,775	717,775	717,775	717,775	717,775
Other reserves	(285,309)	(277,530)	(404,806)	(385,341)	(442,912)	(420,385)
Retained earnings						
<b>Total equity attributable to owners of the Company</b>	<b>1,369,097</b>	<b>1,372,651</b>	<b>1,292,020</b>	<b>1,306,926</b>	<b>1,255,421</b>	<b>1,272,503</b>
Non-controlling interest	43,896	-	41,498	-	39,951	-
<b>Total equity</b>	<b>1,412,993</b>	<b>1,372,651</b>	<b>1,333,518</b>	<b>1,306,926</b>	<b>1,295,372</b>	<b>1,272,503</b>
<b>Non-current liabilities</b>						
Borrowings	506,761	498,261	552,370	544,098	247,006	247,006
Finance lease liabilities	36	-	44	-	319	-
Grants	1,062,730	1,062,730	1,100,461	1,100,461	1,008,569	1,008,569
Other non-current accounts payable and liabilities	78,000	75,631	34,397	32,403	46,137	45,863
Deferred income tax liabilities	39,688	39,688	51,131	50,963	47,022	45,902
<b>Total non-current liabilities</b>	<b>1,687,215</b>	<b>1,676,310</b>	<b>1,738,403</b>	<b>1,727,925</b>	<b>1,349,053</b>	<b>1,347,340</b>
<b>Current liabilities</b>						
Borrowings	57,729	57,129	126,409	116,492	395,160	393,991
Finance lease liabilities	8	-	327	-	584	-
Trade payables	85,428	76,753	138,558	128,130	116,830	103,759
Advance amounts received	29,489	27,564	15,995	15,035	17,628	14,885
Income tax payable	1,222	-	545	-	1,787	-
Provisions for emission allowances	9,745	9,745	13,915	13,915	61,931	61,931
Other accounts payable and liabilities	27,776	21,215	44,285	38,832	27,958	22,767
<b>Total current liabilities</b>	<b>211,397</b>	<b>192,406</b>	<b>340,034</b>	<b>312,404</b>	<b>621,878</b>	<b>597,333</b>
<b>Total liabilities</b>	<b>1,898,612</b>	<b>1,868,716</b>	<b>2,078,437</b>	<b>2,040,329</b>	<b>1,970,931</b>	<b>1,944,673</b>
<b>TOTAL EQUITY AND LIABILITIES</b>						
	<b>3,311,605</b>	<b>3,241,367</b>	<b>3,411,955</b>	<b>3,347,255</b>	<b>3,266,303</b>	<b>3,217,176</b>

## Condensed interim statements of financial position at 31 December 2013

All amounts in LTL thousands unless otherwise stated

	Note	Group 2013 (unaudited)	Company 2013 (unaudited)	Group 2012	Company 2012
<b>Revenue</b>					
Sales revenue		1,088,008	1,079,590	1,347,634	1,172,696
Other operating income		111,388	7,572	96,180	3,895
		<b>1,199,396</b>	<b>1,087,162</b>	<b>1,443,814</b>	<b>1,176,591</b>
<b>Operating expenses</b>					
Purchase of electricity or related services		(415,375)	(415,346)	(665,127)	(494,716)
Purchase of gas and oil		(374,164)	(374,164)	(463,690)	(463,690)
Depreciation and amortisation		(91,524)	(78,693)	(77,411)	(63,353)
Salaries and related expenses		(61,952)	(33,555)	(63,733)	(32,417)
Repair and maintenance expenses		(23,664)	(23,197)	(4,266)	(14,630)
Expenses of revaluation and provisions for emission allowances		(14,320)	(14,320)	(12,113)	(12,113)
Impairment of other non-current assets		(5,873)	(5,873)	(606)	(606)
Impairment of investments in subsidiaries and associates		117	(3,799)	-	-
(Loss) on revaluation and impairment of property, plant and equipment / reversal		(1,021)	(1,021)	-	-
Provisions for emission allowances acquisition contract (expense) / recovery		-	-	(12,824)	(12,824)
Inventory write-down income / (expenses)		2,263	2,263	363	363
Other expenses		(91,178)	(33,659)	(87,235)	(29,837)
		<b>(1,076,691)</b>	<b>(981,364)</b>	<b>(1,386,642)</b>	<b>(1,123,823)</b>
<b>OPERATING PROFIT</b>		<b>122,705</b>	<b>105,798</b>	<b>57,172</b>	<b>52,768</b>
<b>Finance income</b>		441	2,310	2,236	4,776
<b>Finance (costs):</b>					
Share of result of operations of associates and joint ventures		1,348		2,686	
Other finance (costs)		(21,441)	(21,037)	(13,757)	(13,454)
		(19,652)	(18,727)	(8,835)	(8,678)
<b>PROFIT BEFORE INCOME TAX</b>		<b>103,053</b>	<b>87,071</b>	<b>48,337</b>	<b>44,090</b>
Current year income tax expense		(5,912)	(3,421)	(6,066)	(4,606)
Deferred income tax income / (expense)		11,467	10,706	(3,664)	(5,061)
		5,555	7,285	(9,730)	(9,667)
<b>NET PROFIT FOR THE YEAR</b>		<b>108,608</b>	<b>94,356</b>	<b>38,607</b>	<b>34,423</b>

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	Note	Group 2013	Company 2013	Group 2012	Company 2012
<b>Other comprehensive income (loss)</b>					
Gain on revaluation of property, plant and equipment		(4,301)	(3,798)	(619)	-
Deferred income tax related to (gain) on revaluation of property, plant and equipment and impairment of investment property		569	569	93	-
Gain on revaluation of non-current assets of associates, net of deferred income tax		-	-	65	-
Other comprehensive income, net of deferred income tax		(3,732)	(3,229)	(461)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>104,876</b>	<b>91,127</b>	<b>38,146</b>	<b>34,423</b>
<b>ATTRIBUTABLE TO:</b>					
Owners of the Company		106,210	94,356	37,060	34,423
Non-controlling interests		2,398	-	1,547	-
		<b>108,608</b>	<b>94,356</b>	<b>38,607</b>	<b>34,423</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>					
Owners of the Company		102,479	91,127	36,599	34,423
Non-controlling interests		2,398	-	1,547	-
		<b>104,876</b>	<b>91,127</b>	<b>38,146</b>	<b>34,423</b>
<b>Basic and diluted earnings per share (in LTL)</b>		<b>0.17</b>		<b>0.06</b>	

Note	Group October- December 2013 (unaudited)	Company October- December 2013 (unaudited)	Group October- December 2012 (unaudited)	Company October- December 2012 (unaudited)
<b>Revenue</b>				
Sales revenue	234,860	232,674	341,054	302,990
Other operating income	32,551	3,033	23,550	1,574
	<b>267,411</b>	<b>235,707</b>	<b>364,604</b>	<b>304,564</b>
<b>Operating expenses</b>				
Purchase of electricity or related services	(133,433)	(133,404)	(176,315)	(140,047)
Purchase of gas and oil	(52,505)	(52,505)	(89,866)	(89,866)
Depreciation and amortisation	(19,491)	(16,521)	(22,727)	(19,373)
Salaries and related expenses	(15,584)	(8,867)	(16,005)	(8,771)
Repair and maintenance expenses	(748)	535	(478)	(3,735)
Expenses of revaluation and provisions for emission allowances	(4,517)	(4,517)	(11,626)	(11,626)
Provisions for emission allowances acquisition contract (expense) / recovery			(5,996)	(5,996)
Impairment of other non-current assets	(362)	(362)	(606)	(606)
Inventory write-down income / (expenses)	2,985	2,985	1,080	1,080
Impairment of investments in subsidiaries and associates	117	(3,799)	-	-
(Loss) on revaluation and impairment of property, plant and equipment / reversal	(1,021)	(1,021)	(77)	-
Other expenses	(30,582)	(14,697)	(24,750)	(8,498)
	<b>(255,141)</b>	<b>(232,173)</b>	<b>(347,366)</b>	<b>(287,438)</b>
<b>OPERATING PROFIT</b>	<b>12,270</b>	<b>3,534</b>	<b>17,238</b>	<b>17,126</b>
<b>Finance income</b>	(656)	(319)	762	618
<b>Finance (costs):</b>				
Share of result of operations of associates and joint ventures	1,450	-	(299)	-
Other finance (costs)	(5,650)	(5,500)	(9,043)	(8,975)
	<b>(4,856)</b>	<b>(5,819)</b>	<b>(8,580)</b>	<b>(8,357)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>7,414</b>	<b>(2,285)</b>	<b>8,658</b>	<b>8,769</b>
Current year income tax expense	(1,486)	(187)	2,432	2,565
Deferred income tax income / (expense)	14,824	14,233	(8,580)	(9,274)
	<b>13,338</b>	<b>14,046</b>	<b>(6,148)</b>	<b>(6,709)</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>20,752</b>	<b>11,761</b>	<b>2,510</b>	<b>2,060</b>

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Note	Group October- December 2013	Company October- December 2013	Group October- December 2012	Company October- December 2012
<b>Other comprehensive income (loss)</b>				
Gain on revaluation of property, plant and equipment	(4,301)	(3,798)	-	-
Deferred income tax related to (gain) on revaluation of property, plant and equipment and impairment of investment property	569	569	-	-
Gain on revaluation of non-current assets of associates, net of deferred income tax	-	-	65	-
Other comprehensive income, net of deferred income tax	(3,732)	(3,229)	65	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>17,020</b>	<b>8,532</b>	<b>2,575</b>	<b>2,060</b>
<b>NET PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>				
Owners of the Company	19,419	11,761	2,234	2,060
Non-controlling interests	1,333	-	276	v
	<b>20,752</b>	<b>11,761</b>	<b>2,510</b>	<b>2,060</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>				
Owners of the Company	15,687	11,761	2,299	2,060
Non-controlling interests	1,333	-	2,299	-
	<b>17,020</b>	<b>11,761</b>	<b>2,575</b>	<b>2,060</b>
<b>Basic and diluted earnings per share (in LTL)</b>	<b>0.03</b>		<b>0.00</b>	

## Condensed interim statements of changes in equity for the year ended 31 December 2013

All amounts in LTL thousands unless otherwise stated

Group	Note	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total	Non controlling interest	Total equity
<b>Balance at 31 December 2011</b>		635,084	295,767	13,735	35,972	717,775	(67,183)	1,631,150	39,951	1,671,101
Recalculation of depreciation		-	-	-	-	-	(375,728)	(375,728)	-	(375,728)
<b>Balance at 31 December 2011 (restated)</b>		635,084	295,767	13,735	35,972	717,775	(442,911)	1,255,422	39,951	1,295,373
Depreciation of revaluation reserve		-	-	(1,154)	-	-	1,154	-	-	-
Formation of reserves		-	-	-	173	-	(173)	-	-	-
Comprehensive income		-	-	(526)	-	-	37,125	36,599	1,547	38,146
<b>Balance at 31 December 2012</b>		635,084	295,767	12,055	36,145	717,775	(404,805)	1,292,021	41,498	1,333,519
Depreciation of revaluation reserve		-	-	(900)	-	-	900	-	-	-
Revaluation of assets		-	-	(3,227)	-	-	3,227	-	-	-
Formation of reserves		-	-	-	1,707	(40,000)	38,293	-	-	-
Dividends (paid)		-	-	-	-	-	(25,403)	(25,403)	-	(25,403)
Comprehensive income		-	-	-	-	-	102,479	102,479	2,398	104,876
<b>Balance at 31 December 2013 (unaudited)</b>		635,084	295,767	7,928	37,852	677,775	(285,309)	1,369,097	43,896	1,412,992

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Company	Notes	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total equity
<b>Balance at 31 December 2011</b>		<b>635,084</b>	<b>295,767</b>	<b>8,395</b>	<b>35,867</b>	<b>717,775</b>	<b>(44,656)</b>	<b>1,648,232</b>
Recalculation of depreciation		-	-	-	-	-	(375,728)	(375,728)
<b>Balance at 31 December 2011 (restated)</b>		<b>635,084</b>	<b>295,767</b>	<b>8,395</b>	<b>35,867</b>	<b>717,775</b>	<b>(420,384)</b>	<b>1,272,504</b>
Depreciation of revaluation reserve		-	-	(621)	-	-	621	-
Comprehensive income		-	-	-	-	-	34,423	34,423
<b>Balance at 31 December 2012</b>		<b>635,084</b>	<b>295,767</b>	<b>7,774</b>	<b>35,867</b>	<b>717,775</b>	<b>(385,340)</b>	<b>1,306,927</b>
Formation of reserves		-	-	-	1,673	(40,000)	38,327	-
Depreciation of revaluation reserve		-	-	(532)	-	-	532	-
Revaluation of assets		-	-	(3,227)	-	-	3,227	-
Dividends (paid)		-	-	-	-	-	(25,403)	(25,403)
Comprehensive income		-	-	-	-	-	91,127	91,127
<b>Balance at 31 December 2013 (unaudited)</b>		<b>635,084</b>	<b>295,767</b>	<b>4,015</b>	<b>37,540</b>	<b>677,775</b>	<b>(277,530)</b>	<b>1,372,651</b>

The accompanying notes form an integral part of the financial statements.

(End)

## Condensed interim statements of cash flows for the year ended 31 December 2013

All amounts in LTL thousands unless otherwise stated

	No- tes	Group At 31 December 2013 (unaudited)	Company At 31 December 2013 (unaudited)	Group At 31 December 2012 (unaudited)	Company At 31 December 2012 (unaudited)
<b>Net profit for the year</b>		<b>108,608</b>	<b>94,356</b>	<b>38,607</b>	<b>34,423</b>
<b>Reversal of non-monetary expenses (income) and other adjustments</b>					
Depreciation and amortisation expense		130,669	117,781	95,978	81,920
Loss on revaluation of property, plant and equipment		1,021	1,021	(619)	-
Impairment write-down of inventories / (reversal)		(2,281)	(2,263)	(457)	(457)
(Gain) on disposal of investments in subsidiaries and associates		-	3,799	-	-
Revaluation for emission allowances		9,994	9,994	17,634	17,634
Other impairments / (reversals)		12,330	12,282	5,566	3,445
Share of (profit) of associates and joint ventures		(1,348)	-	(2,686)	-
Income tax expense		5,912	3,356	6,066	4,606
Change in deferred income tax liability		(11,467)	(10,706)	3,664	5,061
(Income) from grants		(39,088)	(39,088)	(18,560)	(18,560)
(Decrease) in other provisions		9,745	9,745	5,541	5,541
Loss on write-off of non-current assets		118	47	140	308
Elimination of results of financing and investing activities:					
- Interest (Income)		(118)	(46)	(550)	(724)
- Interest expense		23,130	22,852	9,148	8,971
- Other finance (income) costs		(2,012)	(4,079)	2,924	431
<b>Changes in working capital</b>					
(Increase) decrease in trade receivables and other accounts receivable		115,715	118,518	2,338	12,802
(Increase) decrease in inventories and prepayments		21,882	29,835	62,611	62,837
Increase (decrease) in accounts payable and advance amounts received		82,712	83,833	(45,656)	(42,041)
Income tax (paid)		(10,315)	(9,508)	(6,736)	(5,607)
<b>Net cash generated from operating activities</b>		<b>455,207</b>	<b>441,729</b>	<b>174,953</b>	<b>170,590</b>
<b>Cash flows from investing activities</b>					
(Purchase) of property, plant and equipment and intangible assets		(122,011)	(120,104)	(195,195)	(190,511)
Disposal of property, plant and equipment and intangible assets		15,408	166	-	-
Loan repayments received		-	-	-	6,500
Investments in associates		-	-	247	-
Term deposits		-	(2)	-	-
Grants received		-	-	22,015	22,015
Dividends received		-	2,000	-	3,000
Interest received		113	46	231	90
<b>Net cash (used in) investing activities</b>		<b>(106,490)</b>	<b>(117,894)</b>	<b>(172,702)</b>	<b>(158,906)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		11,893	10,465	11,726	-
Repayments of borrowings		(62,204)	(58,159)	(32,155)	(32,155)
Finance lease payments		(327)	-	(532)	-
Interest (paid)		(23,374)	(23,369)	(32,173)	(31,681)
Dividends (paid out)		(25,414)	(25,414)	(12)	(12)
<b>Net cash (used in) financing activities</b>		<b>(99,426)</b>	<b>(96,477)</b>	<b>(53,146)</b>	<b>(63,848)</b>
<b>Net increase (decrease) in cash flows</b>		<b>249,291</b>	<b>227,358</b>	<b>(50,895)</b>	<b>(52,164)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(29,545)</b>	<b>(49,271)</b>	<b>21,349</b>	<b>2,893</b>
<b>Cash and cash equivalents at end of the year</b>		<b>219,746</b>	<b>178,087</b>	<b>(29,546)</b>	<b>(49,271)</b>

The accompanying notes form an integral part of the financial statements.

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## Notes to the condensed interim financial information for the year ended 31 December 2013

All amounts in LTL thousands unless otherwise stated

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### 1. GENERAL INFORMATION

"Lietuvos energijos gamyba", AB is a public limited liability company registered in the Republic of Lithuania. "Lietuvos energijos gamyba", AB (hereinafter referred to as the "Company") 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 21 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: Lietuvos Energija AB, company code 220551550, including its branch offices Kruonis Pumped Storage Power Plant, Kaunas Hydro Power Plant, and Lietuvos Elektrinė AB, company code 110870933.

Lietuvos Energija AB and Lietuvos Elektrinė AB 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 31 December 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 Energijos Tiekimas 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: Kauno Energetikos Remontas UAB (Lithuania), Energijos Tiekimas UAB (Lithuania), Duomenų logistikos centras UAB (Lithuania), Nordic Energy Link AS (Estonia), Geoterma UAB (Lithuania), NT Valdosa UAB (Lithuania). Indirectly, the Company had the majority of votes in Energijos tiekimas SIA (Latvija) ir Energijos tiekimas OU (Estija) through Energijos tiekimas UAB, Gotlitas UAB (Lithuania) through Kauno Energetikos Remontas UAB, and VŠĮ Respublikinis Energetikų Mokymo Centras (Lithuania) through Duomenų logistikos centras UAB.

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 31 December 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 31 December 2013	Subsidiary's share capital at 31 December 2013	Profit (loss) for 2013	Profit (loss) for 2012	Profile of activities
UAB "Kauno energetikos remontas"	Chemijos str. 17, Kaunas, Lithuania	100 %	14,245	864	22,604	Repair of energy equipment, production of metal constructions
UAB "Gotlitas" (controlled through UAB "Kauno energetikos remontas")	R. Kalantos str. 119, Kaunas, Lithuania	100 %	1,100	(9)	1,425	Accommodation services, trade
Energijos tiekimas UAB	P. Lukšio str. 1, Vilnius, Lithuania	100 %	750	4,934	10,349	Independent electricity supply
Energijos tiekimas OU	Narva mnt 5, Tallinn, Harju county, Estonia	100 %	121	(13)	108	Independent electricity supply
Energijos tiekimas SIA	Elizabetes street 45/47, Riga, Latvia	100 %	99	(15)	84	Independent electricity supply
UAB Duomenų logistikos centras	Juozapavičiaus str. 13, Vilnius, Lithuania	54.04 %	58,907	5,334	62,231	IT services
VŠĮ Respublikinis energetikų mokymo centras (controlled through UAB Duomenų logistikos centras)	Jeruzalės str. 21, Vilnius, Lithuania	54.04 %	294	153	(1,253)	Professional development of energy specialists and continual professional training

As at 31 December 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 31 December 2013	The Group's shareholding at 31 December 2012	Profile of activities
UAB "Geoterma"	Lypkių str. 53, LT-94100 Klaipėda, Lithuania	23.44 %	23.44 %	Geothermal energy production
NT Valdos, UAB	Geologų str. 16, LT-02190 Vilnius, Lithuania	42.32 %	42.32 %	Asset management services
AS Nordic Energy Link	Laki 24, Tallinn 12915	25.00 %	25.00 %	Management of electricity transmission line between Finland and Estonia
UAB Technologijų ir inovacijų centras	Juozapavičiaus str. 13, Vilnius, Lithuania	20.00 %	-	IT services

As at 31 December 2013, the Group had 1,157 (31 December 2012: 1,180) employees. As at 31 December 2012, the Company had 503 (31 December 2012: 511) employees.

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 one year period ended 31 December 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.

The financial year of the 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 interpre-

tations 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.

### **Restatement of comparative figures of Property, plant and equipment revaluation**

Revaluation of Reserve Power Plant Property, plant and equipment were performed while processing financial statements of "Lietuvos energijos gamyba", AB for the year 2013.

The company was first introduced to the International Financial Reporting Standards from year 2004 and since depreciation rates calculation of fixed assets of Reserve Power Plant were incorrectly applied. Consequentially resulting distortions have not been corrected for the entire period since year 2004 to 2012 December 31.

In 2013 The company has performed revaluation of Plant Property, plant and equipment depreciation of Reserve Power Plant and made retrospective adjustments in financial statements.

Information on the impact of the adjustment of Property, plant and equipment on the Group, property and liabilities for 2012 December 31:

	As at 31 December 2012	Adjustment	As at 31 December 2012 (restated)
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	3,198,591	(452,621)	2,745,970
<b>Capital and reserves</b>			
<b>Retained earnings (deficit)</b>	(30,037)	(374,769)	(404,806)
<b>Non-current liabilities</b>			
<b>Deferred income tax liabilities</b>	128,983	(77,852)	51,131

Information on the impact of the adjustment of Property, plant and equipment on the Group, property and liabilities for 2011 December 31:

	As at 31 December 2011	Adjustment	As at 31 December 2011 (restated)
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	3,114,410	(454,138)	2,660,272
<b>Capital and reserves</b>			
<b>Retained earnings (deficit)</b>	(67,183)	(375,729)	(442,912)
<b>Non-current liabilities</b>			
<b>Deferred income tax liabilities</b>	125,431	(78,409)	47,022

Information on the impact of the adjustment of Property, plant and equipment on the Company's property and liabilities for 2012 December 31:

	As at 31 December 2012	Adjustment	As at 31 December 2012 (restated)
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	3,146,388	(452,621)	2,693,767
<b>Capital and reserves</b>			
<b>Retained earnings (deficit)</b>	(10,572)	(374,769)	(385,341)
<b>Non-current liabilities</b>			
<b>Deferred income tax liabilities</b>	128,815	(77,852)	50,963



Information on the impact of the adjustment of Plant Property, plant and equipment on the Company's property and liabilities for 2011 December 31:

	As at 31 December 2011	Adjustment	As at 31 December 2011 (restated)
<b>Non-current assets</b>			
Property, plant and equipment	3,054,247	(454,138)	2,600,109
<b>Capital and reserves</b>			
Retained earnings (deficit)	(44,656)	(375,729)	(420,385)
<b>Non-current liabilities</b>			
Deferred income tax liabilities	124,311	(78,409)	45,902

Information on the impact of the adjustment on the Group's expenses, operating and net profit for the year ended 2012 December 31:

	As at 31 December 2012	Adjustment	As at 31 December 2012 (restated)
<b>Operating expenses</b>			
Depreciation and amortisation	(78,928)	1,517	(77,411)
Deferred income tax expense	(3,107)	(557)	(3,664)
<b>Net profit for the year</b>	<b>37,647</b>	<b>960</b>	<b>38,607</b>

Information on the impact of the adjustment on the Company's expenses, operating and net profit for the year ended 2012 December 31:

	As at 31 December 2012	Adjustment	As at 31 December 2012 (restated)
<b>Operating expenses</b>			
Depreciation and amortisation	(64,870)	1,517	(63,353)
Deferred income tax expense	(4,504)	(557)	(5,061)
<b>Net profit for the year</b>	<b>33,463</b>	<b>960</b>	<b>34,423</b>

Impact of the adjustment on the Group's Basic and diluted earnings per share:

	2012
Impact of the adjustment	960
Weighted average number of shares (units)	635,083,615
<b>Basic and diluted earnings per share (in LTL)</b>	<b>0.00</b>

### 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 2013 an independent property valuator UAB "Turto ir verslo tyrimo centras" and UAB "OBER-HAUS" 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.

As 31 December 2012 the management of the Company did not identified any impairment indicators for property, plant and equipment accounted at fair value the revaluation for such assets of Company's and Group's assets hasn't been carried out.

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

The Group and Company make as 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 2013 and 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 31 December 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 structure of the Group's intangible assets as at 31 December 2013 and 31 December 2012 was as follows:

Group	Patents and licenses	Computer software	Emission allowances	Other intangible assets	Total
<b>Year ended 31 December 2012</b>					
Opening net book amount	1,092	3,053	35,457	133	39,735
Additions	370	378	112,752	6	113,506
Grant received	-	-	14,832	-	14,832
Emission allowances utilised	-	-	(16,268)	-	(16,268)
Revaluation costs of emission allowances	-	-	(76,121)	-	(76,121)
Lending of emission allowances	-	-	(15,239)	-	(15,239)
Reclassification from property, plant and equipment	-	148	-	63	211
Reclassification from inventories	-	8	-	-	8
Amortisation	(585)	(1,534)	-	(4)	(2,123)
<b>Net book amount at 31 December 2012</b>	<b>877</b>	<b>2,053</b>	<b>55,413</b>	<b>198</b>	<b>58,541</b>
<b>Year ended 31 December 2013</b>					
Opening net book amount	878	2,185	55,413	65	58,541
Additions	15	366	181	47	609
Grant received	-	-	1,040	-	1,040
Emission allowances utilised	-	-	(13,895)	-	(13,895)
Revaluation costs of emission allowances	-	-	(9,994)	-	(9,994)
Disposal	(807)	(266)	(4,041)	(19)	(5,133)
Reclassification from property, plant and equipment	653	-	-	-	653
Amortisation	(739)	(1,520)	-	(20)	(2,279)
<b>Net book amount at 31 December 2013</b>	<b>-</b>	<b>765</b>	<b>28,704</b>	<b>73</b>	<b>29,542</b>

The structure of the Company's intangible assets as at 31 December 2013 and 31 December 2012 was as follows:

Company	Patents and licenses	Computer software	Emission allowances	Other intangible assets	Total
<b>Year ended 31 December 2012</b>					
Opening net book amount	-	888	35,457	-	36,345
Additions	-	51	112,752	6	112,809
Grant received	-	-	14,832	-	14,832
Emission allowances utilised	-	-	(16,268)	-	(16,268)
Revaluation costs of emission allowances	-	-	(76,121)	-	(76,121)
Lending of emission allowances	-	-	(15,239)	-	(15,239)
Reclassification from property, plant and equipment	-	-	-	63	63
Amortisation	-	(357)	-	(4)	(361)
<b>Net book amount at 31 December 2012</b>	<b>-</b>	<b>582</b>	<b>55,413</b>	<b>65</b>	<b>56,060</b>
<b>Year ended 31 December 2013</b>					
Opening net book amount	-	582	55,413	65	56,060
Additions	-	4	181	-	185
Grant received	-	-	1,040	-	1,040
Emission allowances utilised	-	-	(13,895)	-	(13,895)
Revaluation costs of emission allowances	-	-	(9,994)	-	(9,994)
Disposal	-	-	(4,041)	-	(4,041)
Amortisation	-	(370)	-	(17)	(387)
<b>Net book amount at 31 December 2013</b>	<b>-</b>	<b>216</b>	<b>28,704</b>	<b>48</b>	<b>28,968</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

The structure of the Group's property, plant and equipment as at 31 December 2013 and 31 December 2012 was 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
<b>Year ended 31 December 2012</b>										
Opening net book amount	5,737	17,096	27,612	537,320	876,294	-	1,038	27,420	1,167,520	2,660,037
Additions	-	-	125	207	1,055	-	127	3,382	175,549	180,445
Reclassification from / to assets held for sale	-	1,090	-	-	-	-	-	-	-	1,090
Write-offs	-	-	(52)	(5)	(68)	-	-	(15)	-	(140)
Disposals	-	-	(2)	(16)	(18)	(201)	(6)	(16)	-	(259)
Reclassifications between groups	-	92	-	1,398	(90)	1,329,353	-	32	(1,330,785)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	(148)	(63)	(211)
Reclassification to investment property	-	(726)	-	-	-	-	-	-	(74)	(800)
Reclassification from inventories	-	-	-	-	-	-	-	40	-	40
Adjustment of revaluation reserve	-	(619)	-	-	-	-	-	-	-	(619)
Depreciation	-	(537)	(3,305)	(27,365)	(40,292)	(12,615)	(275)	(9,224)	-	(93,613)
<b>Net book amount at 31 December 2012</b>	<b>5,737</b>	<b>16,396</b>	<b>24,378</b>	<b>511,539</b>	<b>836,881</b>	<b>1,316,537</b>	<b>884</b>	<b>21,471</b>	<b>12,147</b>	<b>2,745,970</b>
<b>Year ended 31 December 2013</b>										
Opening net book amount	5,737	16,429	21,517	511,539	836,881	1,316,537	885	24,298	12,147	2,745,970
Additions	-	-	597	238	814	163	-	4,436	24,979	31,227
Write-offs	-	-	-	-	(4,401)	-	-	(9)	(62)	(4,472)
Disposals	-	-	(1,469)	-	(166)	-	(4)	(12,677)	-	(14,316)
Reclassifications between groups	-	329	940	924	9,849	248	-	2,350	(14,640)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	(8)	(654)	(662)
Reclassification to investment property	-	800	-	-	-	-	-	-	-	800
Reclassification from inventories	-	-	-	516	3,781	2,275	-	-	-	6,572
Impairment	-	(12)	20	-	4,668	-	-	-	-	4,676
Revaluation	753	465	(6,191)	-	-	-	229	(73)	-	(4,817)
Depreciation	-	(462)	(3,273)	(28,910)	(37,320)	(50,533)	(216)	(7,998)	-	(128,712)
<b>Net book amount at 31 December 2013</b>	<b>6,490</b>	<b>17,549</b>	<b>12,141</b>	<b>484,307</b>	<b>814,106</b>	<b>1,268,690</b>	<b>894</b>	<b>10,319</b>	<b>21,770</b>	<b>2,636,266</b>

The structure of the Company's property, plant and equipment as at 31 December 2013 and 31 December 2012 was 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
<b>Year ended 31 December 2012</b>										
Opening net book amount	5,737	1,438	11,153	537,320	876,294	-	343	172	1,167,417	2,599,874
Additions	-	-	-	207	1,055	-	77	40	174,202	175,581
Write-offs	-	-	-	(5)	(68)	-	-	-	-	(73)
Disposals	-	-	-	(16)	(18)	(201)	-	-	-	(235)
Reclassifications between groups	-	92	-	1,398	(90)	1,329,353	-	32	(1,330,785)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	-	(63)	(63)
Depreciation	-	(110)	(782)	(27,365)	(40,292)	(12,615)	(124)	(29)	-	(81,317)
<b>Net book amount at 31 December 2012</b>	<b>5,737</b>	<b>1,420</b>	<b>10,371</b>	<b>511,539</b>	<b>836,881</b>	<b>1,316,537</b>	<b>296</b>	<b>215</b>	<b>10,771</b>	<b>2,693,767</b>
<b>Year ended 31 December 2013</b>										
Opening net book amount	5,737	1,420	10,371	511,539	836,881	1,316,537	296	215	10,771	2,693,767
Additions	-	-	-	238	814	163	-	106	18,157	19,478
Write-offs	-	-	-	-	(4,401)	-	-	-	-	(4,401)
Disposals	-	-	-	-	(166)	-	-	-	-	(166)
Reclassifications between groups	-	329	-	924	9,849	248	-	-	(11,350)	-
Reclassification from Inventory	-	-	-	516	3,781	2,275	-	-	-	6,572
Impairment	-	-	-	-	4,668	-	-	-	-	4,668
Revaluation	753	465	(6,191)	-	-	-	229	(73)	-	(4,817)
Depreciation	-	(28)	(799)	(28,910)	(37,320)	(50,533)	(64)	(54)	-	(117,708)
<b>Net book amount at 31 December 2013</b>	<b>6,490</b>	<b>2,186</b>	<b>3,381</b>	<b>484,307</b>	<b>814,106</b>	<b>1,268,690</b>	<b>461</b>	<b>194</b>	<b>17,578</b>	<b>2,597,393</b>

## 6. SHARE CAPITAL

As at 31 December 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 LTL 1.419 per share and the lowest share price was LTL 1.243 per share. The total number of shareholders as at 31 December 2013 was 6,153.

The shareholders' structure of the Company is as follows:

Shareholders	Share capital at 31 December 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
<b>Total</b>	<b>635,083,615</b>	<b>100.00</b>	<b>635,083,615</b>	<b>100.00</b>

"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 31 December 2013	Company at 31 December 2013	Group at 31 December 2012	Company at 31 December 2012
<b>Non-current borrowings</b>				
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch and DnB NORD Bankas AB,) in EUR, to be repaid by 1 April 2018	45,687	45,687	59,940	59,940
Loan from the European Bank for Reconstruction and Development, in EUR, to be repaid by 18 February 2025	204,291	204,291	224,720	224,720
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD Bankas AB and Danske Bank A/S, Lithuania Branch) in EUR, to be repaid by 3 June 2016	237,818	237,818	259,438	259,438
Loan from Nordea Bank Finland, Lithuania branch, EUR, to be repaid by 1 December 2017	8,500	-	8,272	-
Loan from Nordea Bank Finland, Lithuania branch, EUR, to be repaid by 31 March 2027	10,465	10,465	-	-
<b>Total non-current borrowings</b>	<b>506,761</b>	<b>498,261</b>	<b>552,370</b>	<b>544,098</b>
<b>Current borrowings</b>				
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc Lithuania Branch and 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
Nordea Finance Lithuania UAB, in LTL, to be repaid by 27 March 2013	-	-	3,155	-
Nordea Bank Finland Lithuania branch, in EUR, to be repaid by 1 December 2017	600	-	300	-
Loan from DnB NORD AB, in EUR, to be repaid by 1 May 2013	-	-	1,857	1,857
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc Lithuania branch, DnB NORD Bankas AB, Danske Bank A/S Lithuania branch) 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, in EUR, to be repaid by 18 February 2025	20,429	20,429	20,429	20,429
Loan from the European Bank for Reconstruction and Development, accrued interest	827	827	905	905
<b>Total current borrowings</b>	<b>57,729</b>	<b>57,129</b>	<b>126,409</b>	<b>116,492</b>

As at 31 December 2013, according to the above-mentioned agreements the balances of undrawn loans and overdrafts of the Group amounted to LTL 272,855 (2012: LTL 112,539) thousands and Company amounted to LTL 265,855 (2012: 102,572) thousands.



## 8. GRANTS

The balance of grants includes grants received to finance the acquisition of assets. Movement of grants in 2013 and 2012 was as follows:

Group / Company	Assets-related grants			Total
	Fuel combustion equipment and other assets	Project for renovation, improvement of environmental and safety standards	Grants for emission allowances	
<b>Balance at 1 January 2012</b>	<b>93,853</b>	<b>914,716</b>	-	<b>1,008,569</b>
Depreciation of immovable property, plant and equipment	(2,089)	(16,471)	-	(18,560)
Grants received	-	110,487	16,211	126,698
Grants repaid	(35)	-	-	(35)
Utilisation of grant for emission allowances	-	-	(16,211)	(16,211)
<b>Balance at 31 December 2012</b>	<b>91,729</b>	<b>1,008,732</b>	-	<b>1,100,461</b>
<b>Balance at 1 January 2013</b>	<b>91,729</b>	<b>1,008,732</b>	-	<b>1,100,461</b>
Depreciation of immovable property, plant and equipment	(4,244)	(34,844)	-	(39,088)
Grants received	1,379	-	1,040	2,419
Grants repaid	(22)	-	-	(22)
Utilisation of grant for emission allowances	-	-	(1,040)	(1,040)
<b>Balance at 31 December 2013</b>	<b>88,842</b>	<b>973,888</b>	-	<b>1,062,730</b>

In 2013, assets-related grants decreased by LTL 39,088 thousand, i.e. by the amount of depreciation of property, plant and equipment (2012: LTL 18,560 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 400 MW combined-cycle gas turbine block. In 2013 the Company received LTL 1,379 thousand grant for equipment of engineering infrastructure in Kruonis industrial park.

In 2012, the Company received PSO service fees amounting to LTL 73,067 thousand for the construction of Unit No. 9 of the Reserve Power Plant.

## 9. PROVISIONS FOR EMISSION ALLOWANCES

Movement on current portion of provisions for emission allowances as at 31 December 2013 and 2012:

	Group	Company
<b>Balance at 31 December 2011</b>	<b>61,931</b>	<b>61,931</b>
Emission allowances utilised	(16,268)	(16,268)
Provisions for emissions	13,915	13,915
Provisions for onerous contract	12,824	12,824
Reversal of provisions for onerous contract	(58,487)	(58,487)
<b>Balance at 31 December 2012</b>	<b>13,915</b>	<b>13,915</b>
<b>Balance at 31 December 2012</b>	<b>13,915</b>	<b>13,915</b>
Emission allowances utilised	(13,915)	(13,915)
Provisions for emissions	9,745	9,745
<b>Balance at 31 December 2013</b>	<b>9,745</b>	<b>9,745</b>

\*For the purpose of the statement of comprehensive income, expenses of provision for emission allowances utilised are reported net of government grants.

## 10. SEGMENT INFORMATION

In 2013, the management distinguished operating segments based on the reports reviewed by the Board. The Board is the principal decision-making body on the Group level. With effect from 2012, the Board started analysing the operations in terms of profitability of the regulated activities and the commercial activities of the Company. Operating profit (loss) is a profitability measure analysed by the Board. The reports analysed by the Board are in line with the financial statements prepared in accordance with IFRSs, except for the format of presentation. Changes were made in segment information in view of how the Board analysed the Group's operations.

As of 31 December 2013 and 31 December 2012, the Group's management analysed the Group's operations by separating them into regulated activities and commercial activities. The regulated activities include the Reserve Power Plant's revenue from heat and electricity production, balancing and regulation, capacity reserve, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, export / import, electricity production at Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses, headcount and sales. The operations of Energijos Tiekimas UAB representing electricity supply constitute a separate segment. Other activities within the Group included 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 Group's segments information for the year ended 31 December 2013 is presented in the table below:

2013	Electricity production and trade (Including export / Import)			Other activities	Total
	"Lietuvos Energijos gamyba", AB Regulated activities	AB Commercial activities	Energijos Tiekimas UAB (Group)		
<b>Total revenue of segments</b>	516,233	570,929	195,460	109,372	1,391,994
Inter-segment revenue			(186,557)	(6,041)	(192,598)
<b>Revenue from external customers</b>	<b>516,233</b>	<b>570,929</b>	<b>8,903</b>	<b>103,331</b>	<b>1,199,396</b>
<b>Expenses after elimination of inter-company transactions within the Group</b>	<b>(468,070)</b>	<b>(513,294)</b>	<b>(3,182)</b>	<b>(92,145)</b>	<b>(1,076,690)</b>
Whereof: depreciation and amortisation expenses	(59,633)	(19,060)	(47)	(12,784)	(91,524)
<b>Operating profit</b>	<b>48,163</b>	<b>57,635</b>	<b>5,721</b>	<b>11,186</b>	<b>122,705</b>
<b>Finance income after elimination of inter-company transactions within the Group</b>	4	306	10	121	441
<b>Finance (costs) after elimination of inter-company transactions within the Group</b>	<b>(20,474)</b>	<b>(563)</b>	<b>(23)</b>	<b>(381)</b>	<b>(21,441)</b>
<b>Share of results of operations of associates and joint ventures</b>				1,348	1,348
<b>Profit before income tax</b>	<b>27,693</b>	<b>57,378</b>	<b>5,708</b>	<b>12,274</b>	<b>103,053</b>
<b>Income tax</b>					<b>5,555</b>
<b>Net profit</b>					<b>108,608</b>

The Group's segments information for the year ended 31 December 2012 is presented in the table below:

2012	Electricity production and trade (including export / Import)			Other activities	Total
	"Lietuvos Energijos gamyba", AB Regulated activities	AB Commercial activities	Energijos Tiekimas UAB (Group)		
<b>Total revenue of segments</b>	596,657	579,934	328,920	106,391	1,611,902
Inter-segment revenue			(153,982)	(14,106)	(168,088)
<b>Revenue from external customers</b>	<b>596,657</b>	<b>579,934</b>	<b>174,938</b>	<b>92,285</b>	<b>1,443,814</b>
<b>Expenses after elimination of inter-company transactions within the Group</b>	<b>(596,233)</b>	<b>(527,590)</b>	<b>(174,826)</b>	<b>(87,995)</b>	<b>(1,386,642)</b>
Whereof: depreciation and amortisation expenses	(45,798)	(17,563)	(1)	(14,056)	(77,410)
<b>Operating profit</b>	<b>424</b>	<b>52,344</b>	<b>112</b>	<b>4,290</b>	<b>57,172</b>
<b>Finance income after elimination of inter-company transactions within the Group</b>	835	3,941	582	(3,122)	2,236
<b>Finance (costs) after elimination of inter-company transactions within the Group</b>	<b>(12,517)</b>	<b>(937)</b>	<b>(113)</b>	<b>(189)</b>	<b>(13,757)</b>
<b>Share of results of operations of associates and joint ventures</b>				2,686	2,686
<b>Profit before income tax</b>	<b>(11,257)</b>	<b>55,348</b>	<b>581</b>	<b>3,665</b>	<b>48,337</b>
<b>Income tax</b>					<b>(9,730)</b>
<b>Net profit</b>					<b>38,607</b>

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

The Group's revenue received from a single external client during the year ended 31 December 2013 amounted to LTL 406,888 thousand (the year ended 31 December 2012 - LTL 512,198 thousand).

## 11. RELATED-PARTY TRANSACTIONS

### Purchase and sale of goods and services:

The Group's transactions with related parties during 2013 and the balances arising on these transactions as at 31 December 2013 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	75	35,879	420	435,827
Lietuvos energija, UAB	-	124	25	662
Associates of the Group	1,351	400	6,720	2,798
<b>Total</b>	<b>1,426</b>	<b>36,403</b>	<b>7,165</b>	<b>439,287</b>

The Company's transactions with related parties during 2013 and the balances arising on these transactions as at 31 December 2013 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	1,651	34,428	5,298	188,450
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	10	31,463	95	406,888
Lietuvos energija, UAB	-	-	25	-
Associates of the Group	143	-	748	-
<b>Total</b>	<b>1,804</b>	<b>65,891</b>	<b>6,166</b>	<b>595,338</b>

The Group's transactions with related parties during 2012 and the balances arising on these transactions as at 31 December 2012 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	27	43,270	2,198	541,996
Litgrid AB Group	7,428	33,709	351,032	627,411
Lietuvos energija, UAB	-	68	-	563
Associates of the Group	1,342	313	12,820	2,476
<b>Total</b>	<b>8,797</b>	<b>77,360</b>	<b>366,050</b>	<b>1,172,446</b>

The Company's transactions with related parties during 2012 and the balances arising on these transactions as at 31 December 2012 are presented below:

<b>Related parties</b>	<b>Payables and accrued expenses</b>	<b>Receivables and unbilled revenue</b>	<b>Purchases</b>	<b>Sales</b>
Subsidiaries of the Company	3,426	20,551	13,687	156,925
Entities controlled by the Ministry of the Finance of the Republic of Lithuania (including subsidiaries of "Lietuvos energija", UAB)	8	39,971	234	512,197
Litgrid AB Group	6,541	25,305	257,873	598,596
Lietuvos energija, UAB	-	-	-	-
Associates of the Group	62	-	8,365	7
<b>Total</b>	<b>10,037</b>	<b>85,827</b>	<b>280,159</b>	<b>1,267,725</b>

The major sale and purchase transactions with related parties within the Group in 2013 and 2012 comprised transactions with the entities Lesto AB, Litgrid AB. The Group's purchases from these entities mainly included purchases of electricity, capacity, and PSO services. Sales transactions mainly included sales of electricity, capacity, electricity transmission services and PSO services.

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.

### Compensation to key management personnel

	<b>Group 2013</b>	<b>Company 2013</b>	<b>Group 2012</b>	<b>Company 2012</b>
Employment-related payments	4,321	1,623	4,133	1,533
Termination benefits	302	-	114	-
Other significant payments to key management personnel	51	51	-	-
Number of key management personnel *	25	9	27	10

Key management personnel in the table above are heads of administration and their deputies, and the chief financial officer.

## 12. EVENTS AFTER THE END OF THE REPORTING PERIOD

"Lietuvos energijos gamyba", AB on 21 February 2014 signed loan agreement with the AB SEB bankas for an amount up to 158.000.000 EUR of loan. Purpose of this agreement is to refinance three loans under the credit agreements with the banks, operating in Lithuania, and the European Bank for Reconstruction and Development.

The combined cycle gas turbine construction project, flue gas treatment of particulate matter and sulfur oxides plant construction and installation project as well as other projects were funded by these loans.