LESTO AB

COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2014 PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Translation note:

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

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Independent Auditor's Report

To the shareholders of LESTO AB

Report on the condensed interim financial statements

We have audited the accompanying stand-alone condensed interim financial statements of LESTO AB ("the Company") set out on pages 5 to 17, which comprise the stand-alone condensed interim statement of financial position as of 30 June 2014 and the stand-alone condensed interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, the stand-alone condensed interim statements of changes in equity and cash flows for the six month period then ended, and condensed notes comprising a summary of significant accounting policies and other explanatory information ("the condensed interim financial statements").

Management's responsibility for the condensed interim financial statements

Management is responsible for the preparation and fair presentation of this condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on this condensed interim financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the condensed interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

According to the Company's accounting policy, property, plant and equipment should be carried at revalued amounts (being their fair values as of the date of revaluation less subsequent accumulated depreciation and impairment losses) and are subject to an impairment test when impairment indicators exist. As explained in Note 5 to the condensed interim financial statements, amendments to the legislation may have had a significant adverse impact on the fair value and recoverable amount of the Company's assets. The management has not reassessed fair values of property, plant and equipment with the carrying amounts of LTL 4,444 million in the Company as of 30 June 2014 (LTL 4,499 million in the Company as of 31 December 2013), or carried out a proper impairment test. It has not been possible to estimate reliably the effects of this non-compliance on the condensed interim financial statements.

Qualified opinion

In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* paragraph, the condensed interim financial statements are prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
22 August 2014

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	COMPANY At 30 June 2014	COMPANY At 31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	4 444 431	4 499 476
Intangible assets		8 337	9 265
Prepayments for property, plant and equipment		4 560	118
Investments in subsidiaries		203 652	203 652
Investments in associates		2	19 084
Non-current amounts receivable		1 840	1 939
		4 662 822	**4 733 534**
Current assets			
Inventories		5 385	6 671
Trade and other receivables	6	192 466	196 726
Prepayments, deferred charges and accrued income		22 843	21 824
Cash and cash equivalents	7	12 131	8 050
		232 825	233 271
Total assets		**4 895 647**	**4 966 805**
EQUITY			
Equity attributable to owners of the Company			
Authorised share capital		603 945	603 945
Revaluation reserve		1 360 834	1 437 765
Legal reserve		60 394	60 394
Retained earnings		1 165 680	1 152 766
Total equity		**3 190 853**	**3 254 870**
LIABILITIES			
Non-current liabilities			
Borrowings	10	361 438	299 065
Deferred income tax liability		319 197	330 955
Deferred income		296 406	303 942
Grants and subsidies		53 903	48 468
Non-current employee benefits		4 512	4 342
Other non-current liabilities		305	128
		1 035 761	**986 900**
Current liabilities			
Borrowings	10	339 482	315 763
Trade and other payables		241 243	331 958
Advance amounts received, accrued charges and deferred income		79 485	70 771
Income tax payable		8 823	6 543
		669 033	**725 035**
Total liabilities		**1 704 794**	**1 711 935**
Total equity and liabilities		**4 895 647**	**4 966 805**

The notes on pages 9 to 17 are an integral part these condensed interim financial statements.
The condensed interim financial statements set out on pages 5 to 17 were approved by LESTO AB Chief Executive Officer, Director of Finance and Administration Service and Director of Accounting Department on 22 August 2014.

Chief Executive Officer	Aidas Ignatavičius		
Director of Finance and Administration Service	Andrius Bendikas		
Director of Accounting Department	Zina Chmieliauskienė		

CONDENSED INCOME STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	COMPANY			
	1H 2014	**2Q 2014**	**1H 2013**	**2Q 2013**
Revenue	1 119 470	519 609	1 206 616	565 590
Purchase of electricity	(740 056)	(343 988)	(843 652)	(385 722)
Depreciation and amortisation	(169 285)	(85 500)	(196 314)	(96 509)
Employee benefits and related social security contributions	(64 291)	(31 576)	(64 807)	(31 934)
Repair and maintenance expenses	(41 037)	(23 764)	(34 247)	(21 000)
Transportation expenses	(7 571)	(3 738)	(7 033)	(3 583)
Telecommunications and IT services	(10 883)	(5 677)	(10 604)	(5 289)
Rent and utility services	(4 771)	(2 247)	(4 961)	(2 339)
Result of valuation of property, plant and equipment and other assets	-	-	4 264	-
Other expenses	(18 660)	(9 613)	(21 082)	(10 416)
Operating profit/(loss)	**62 916**	**13 506**	**28 180**	**8 798**
Finance income	713	407	2 277	1 242
Finance costs	(3 890)	(2 124)	(3 630)	(2 254)
Finance costs – net	**(3 177)**	**(1 717)**	**(1 353)**	**(1 012)**
Profit/(loss) before tax	**59 739**	**11 789**	**26 827**	**7 786**
Income tax	(9 006)	(1 738)	(3 301)	(1 209)
Profit/(loss) for the period	**50 733**	**10 051**	**23 526**	**6 577**
Total comprehensive income/(loss) for the period	**50 733**	**10 051**	**23 526**	**6 577**
Basic and diluted earnings/(deficit) per share attributable to owners of the Company (in LTL)	0.084	0.017	0.039	0.011

The notes on pages 9 to 17 are an integral part of these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

COMPANY	**Notes**	**Authorised share capital**	**Revaluation reserve**	**Legal reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2013		**603 945**	**1 605 245**	**60 394**	**1 044 584**	**3 314 168**
Comprehensive income						
Profit/(loss) for the period		-	-	-	23 526	23 526
Other comprehensive income/(expenses)						
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)		-	(89 610)	-	89 610	-
Total comprehensive income for the period		**-**	**(89 610)**	**-**	**113 136**	**23 526**
Transactions with owners		-	-	-	-	-
Dividends relating to 2012		-	-	-	(102 670)	(102 670)
Total transactions with owners		**-**	**-**	**-**	**(102 670)**	**(102 670)**
Balance at 30 June 2013		**603 945**	**1 515 635**	**60 394**	**1 055 050**	**3 235 024**
Balance at 1 January 2014		**603 945**	**1 437 765**	**60 394**	**1 152 766**	**3 254 870**
Comprehensive income						
Profit/(loss) for the period		-	-	-	50 733	50 733
Other comprehensive income/(expenses)						
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)		-	(76 931)	-	76 931	-
Total comprehensive income for the period		**-**	**(76 931)**	**-**	**127 664**	**50 733**
Transactions with owners						
Dividends relating to 2013	8	-	-	-	(114 750)	(114 750)
Total transactions with owners		**-**	**-**	**-**	**(114 750)**	**(114 750)**
Balance at 30 June 2014		**603 945**	**1 360 834**	**60 394**	**1 165 680**	**3 190 853**

The notes on pages 9 to 17 are an integral part these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Notes	COMPANY 1H 2014	COMPANY 1H 2013
Cash flows from operating activities			
Profit/(loss) for the period		50 733	23 526
Adjustments for:			
Income tax expense/(income)		9 006	3 301
Depreciation and amortisation		170 792	197 807
Result of valuation of assets		-	(4 264)
Amortisation of grants		(1 507)	(1 493)
Gain/(loss) on disposal and write-off of property, plant and equipment		5 667	6 378
Dividend income		(171)	-
Finance (income)		(542)	(2 277)
Finance costs		3 890	3 630
Changes in working capital:			
Trade and other receivables		23 246	(1 814)
Inventories, prepayments, deferred charges and accrued income		272	480
Trade and other payables, advance amounts received, accrued charges and deferred income		(63 247)	(25 449)
Cash generated from operating activities		**198 139**	**199 825**
Income tax paid		(18 484)	(14 405)
Net cash generated from operating activities		**179 655**	**185 420**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(146 547)	(134 109)
Acquisition of subsidiary and/or associate		(4 444)	(1 273)
Proceeds from sale of property, plant and equipment		150	37
Grants received		6 942	3 416
Loans repayments received		196	202
Dividends received		171	-
Interest received		184	949
Net cash used in investing activities		**(143 348)**	**(130 778)**
Cash flows from financing activities			
Proceeds from borrowings		147 269	128 265
Repayments of borrowings		(27 925)	(94 956)
Dividends paid to the Company's shareholders		(114 429)	(102 316)
Interest paid		(3 889)	(3 664)
Net cash generated from/(used in) financing activities		**1 026**	**(72 671)**
Increase (decrease) in cash and cash equivalents		37 333	(18 029)
Cash and cash equivalents at beginning of the period	7	(61 959)	(51 920)
Cash and cash equivalents at the end of the period	7	**(24 626)**	**(69 949)**

The notes on pages 9 to 17 are an integral part of these condensed interim financial statements

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. General information

Information about the Company

LESTO AB (hereinafter "the Company") is a public limited liability company registered in the Republic of Lithuania. The Company was registered with the Register of Legal Entities on 27 December 2010. The Company started its activities with effect from 1 January 2011. The shares of the Company have been listed on the main list of NASDAQ OMX Vilnius Stock Exchange since 17 January 2011. The address of its head office is:

Žvejų g. 14,
LT-09310 Vilnius,
Lithuania.

The Company was established following the reorganisation of Rytų Skirstomieji Tinklai AB (RST) and VST AB (VST) by way of merger. Under the terms and conditions of the reorganisation approved by the decisions of the extraordinary general meetings of shareholders of RST and VST dated 13 December 2010, a transfer-acceptance statement was signed on 31 December 2010, on the basis of which the Company took over all the assets, rights and obligations of RST and VST. The moment of the take-over of assets, rights and obligations by the Company was 1 January 2011, 00:00 am.

The Company's core lines of business include electricity supply and distribution. The Company operates a medium and low voltage electricity distribution network and it is a sole provider of electricity distribution services to consumers across the entire territory of Lithuania.

On 11 October 2013, the National Control Commission for Prices and Energy established the price caps for electricity distribution services for the year 2014 as follows:

• electricity distribution services via medium voltage network – 4.479 ct/kWh or 1.30 euro cents/kWh (2013: 4.747 ct/kWh or 1.37 euro cents/kWh; 2012: 4.88 ct/kWh or 1.41 euro cents/kWh);

• electricity distribution services via low voltage network – 6.162 ct/kWh or 1.78 euro cents/kWh (2013: 6.219 ct/kWh or 1.80 euro cents/kWh; 2012: 6.41 ct/kWh or 1.86 euro cents/kWh).

On 11 October 2013, the National Control Commission for Prices and Energy established the price cap of 0.52 ct/kWh or 0.15 euro cents/kWh for public electricity supply services for the year 2014 (2013: 0.49 ct/kWh or 0.14 euro cents/kWh; 2012: 0.44 ct/kWh or 0.13 euro cents/kWh).

On 22 November 2013, the National Control Commission for Prices and Energy established the price cap of 31.616 ct/kWh (excl. VAT) to private consumers who receive electricity via medium voltage network (2013: 34.104 ct/kWh (excl. VAT); 2012: 31.24 ct/kWh (excl. VAT)), and the price cap of 37.778 ct/kWh (excl. VAT) to private consumers who receive electricity via low voltage network (2013: 40.323 ct/kWh (excl. VAT); 2012: 37.65 ct/kWh (excl. VAT)) for the year 2014.

The Company's activities are regulated by the Lithuanian Law on Energy, Lithuanian Law on Electricity and other regulatory legislation.

The shareholders' structure of the Company was as follows:

	At 30 June 2014		**At 31 December 2013**	
	Number of shares held	**Ownership Interest**	**Number of shares held**	**Ownership Interest**
Lietuvos Energija UAB (known as Visagino Atominė Elektrinė UAB until 30 August 2013)	570 066 682	94.39 %	499 026 209	82.63 %
E.ON Ruhrgas International GmbH (Germany)	-	-	71 040 473	11.76 %
Other shareholders	33 877 911	5.61 %	33 877 911	5.61 %
Total	**603 944 593**	**100 %**	**603 944 593**	**100 %**

On 21 May 2014, Lietuvos Energija UAB and E.ON Ruhrgas International GmbH signed the agreement on the purchase-sale of the Company's shares, based on which Lietuvos Energija UAB acquired from E.ON Ruhrgas International Gmb 71 040 473 shares of the Company representing 11.76 % of the Company's authorised share capital. Following this transaction, Lietuvos Energija UAB holds 94.39 % of the Company's shares.

As at 30 June 2014, Lietuvos Energija UAB was the parent of the Company. Lietuvos Energija UAB is wholly owned by the Lithuanian Government represented by the Lithuanian Ministry of Finance.

All shares of the Company with the nominal value of LTL 1 each are ordinary shares and they have been fully paid as at 30 June 2014 and 31 December 2013. The Company does not hold any shares other than those mentioned above, and its Articles of Association do not provide for any restrictions on shares or special control rights of shareholders. The Company and its subsidiaries do not hold own shares.

The Company's subsidiaries and associates are listed below:

			The Group's ownership interest (%)		
Subsidiary or associate	**Country**	**Year of acquisi-tion**	**At 30 June 2014**	**At 31 December 2013**	**Profile of activities**
ELEKTROS TINKLO PASLAUGOS UAB	Lithuania	2004	100 %	100 %	Construction, reconstruction, repair and maintenance of electricity facilities
NT Valdos UAB	Lithuania	2010	57.30 %	57.30 %	Real estate management services
Duomenų Logistikos Centras UAB (known as Technologijų ir Inovacijų Centras UAB until 4 November 2013)	Lithuania	2010	-	24.94 %	Provision of data transmission and date centres lease services
Respublikinis Energetikų Mokymo Centras VŠĮ (wholly owned by Duomenų Logistikos Centras UAB)	Lithuania	2010	-	24.94 %	Training services
Technologijų ir Inovacijų Centras UAB	Lithuania	2013	20 %	20 %	Provision of information technology maintenance services to energy companies

On 30 March 2014, the Company and Lietuvos Energija UAB signed the agreement on the purchase-sale of shares, based on which the Company's ownership interest in Duomenų Logistikos Centras UAB, representing 24.94 % of the authorised share capital of Duomenų Logistikos Centras UAB, was transferred by the Company to Lietuvos Energija UAB.

During the General Meeting of Shareholders of Technologijų ir Inovacijų Centras UAB held on 25 October 2013, the decision was made to rename Technologijų ir Inovacijų Centras UAB into Duomenų Logistikos Centras UAB. With effect from 4 November 2013, Technologijų ir Inovacijų Centras UAB was renamed into Duomenų Logistikos Centras UAB.

As at 30 June 2014, the Company had 2 362 (31 December 2013: 2 420) employees.

2. Basis of preparation

The Company's condensed interim financial statements for the first half of 2014 has been prepared in accordance International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union in order to inform shareholders.

The Company has also prepared the consolidated condensed interim financial information for the period ended 30 June 2014. This consolidated condensed interim financial information will not be audited and will be published in the half-year report.

The Company's condensed interim financial statements for the first half of 2014 should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the consolidated condensed interim financial information (unaudited) for the six-month period ended 30 June 2014.

3. Accounting policies

Except as described below, all the accounting policies applied in the preparation of this condensed interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2013.

Income tax

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

New and amended standards, and interpretations

There are no new standards, amendments and interpretations that are mandatory for the Company with effect from 2014, and that would have a material impact on the Company‘s financial information.

The Company‘s management do not believe the newly published standards, amendments and interpretations that are mandatory for the Company‘s reporting periods beginning on or after 1 January 2015 will have a material impact on the Company‘s financial statements.

4. Critical accounting estimates

The preparation of the condensed interim financial statements requires management to make estimates and use assumptions that affect the accounting policies applied and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

The significant management judgements regarding the application of the accounting policies and the main sources for determining uncertainties used in the preparation of this condensed interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2013.

5. Property, plant and equipment

COMPANY	Land	Buildings	Structures and machinery	Motor vehicles	Other property, plant and equipment	Construc-tion in progress	Total
6 month period ended 30 June 2013	**273**	**254 254**	**4 197 509**	**30**	**75 107**	**58 364**	**4 585 537**
Net book amount at 1 January 2013							
Additions	-	19	462	-	2	110 793	111 276
Disposals	-	-	(88)	-	-	-	(88)
Change in impairment	-	-	(25)	-	-	25	-
Write-offs	-	(124)	(6 193)	-	(4)	(3)	(6 324)
Reclassifications between groups	-	1 717	117 303	-	3 571	(122 562)	29
Depreciation charge	-	(8 546)	(179 907)	(3)	(7 898)	-	(196 354)
Net book amount at 30 June 2013	**273**	**247 320**	**4 129 061**	**27**	**70 778**	**46 617**	**4 494 076**
6 month period ended 30 June 2014							
Net book amount at 1 January 2014	**273**	**241 243**	**4 142 034**	**23**	**65 628**	**50 275**	**4 499 476**
Additions	-	357	496	-	-	119 355	120 208
Disposals	-	(100)	(103)	-	-	-	(203)
Change in impairment	-	-	(6)	-	-	6	-
Write-offs	-	(190)	(5 417)	-	(6)	(8)	(5 621)
Reclassifications between groups	-	2 474	112 372	-	1 206	(116 052)	-
Depreciation charge	-	(9 194)	(152 896)	(2)	(7 337)	-	(169 429)
Net book amount at 30 June 2014	**273**	**234 590**	**4 096 480**	**21**	**59 491**	**53 576**	**4 444 431**

Additions under 'construction in progress' increased mainly as a result of connection of new customers to the distribution network.

Write-offs mainly represent write-offs of structures and electricity network equipment as a result of projects relating to the movement of large-size facilities when replacing old equipment with the new one.

Revaluation and impairment of property, plant and equipment

The Company accounts for property, plant and equipment at a revalued amount in accordance with International Accounting Standard 16, 'Property, plant and equipment'. The revalued amount of the majority of items of property, plant and equipment due to their specific nature was measured using a depreciated replacement cost approach at 31 December 2008.

If the value of assets is measured based on a depreciated replacement cost method, International Valuation Standards require that an adequate economic obsolescence test is performed. Accounting standards require a periodical review of property, plant and equipment for impairment. When the carrying amount of property, plant and equipment stated in the statement of financial position is higher than its value in use or fair value, less selling expenses, the value of property, plant and equipment should be reduced. In other words, the value of property, plant and equipment recorded in the statement of financial position should be written down to the higher of: present value of future benefits expected from the use of assets or the value proceeds expected from disposal of assets.

The previous version of the Lithuanian Law on Electricity effective as at 31 December 2008 stipulated that the price caps of the electricity transmission, supply and distribution services were determined based on the value of assets used in the licensed activities of the service provider with values being established on the grounds of data reported in the service provider's financial statements (Regulated Assets Base).

According to the amendment effective from 1 June 2009, the Law now requires the price caps of the electricity transmission, supply and distribution services to be determined based on the value of assets used in licensed activities of the service provider with values being estimated and approved by the National Control Commission for Prices and Energy ("the Commission") in accordance with the principles of determination of the value of assets used in licensed activities of the service provider that have been drafted by the Commission and approved by the Government.

According to Resolution No. 1142 of the Government of the Republic of Lithuania on the Methodology for the Determination of the Value of Assets used in the Licensed Activities of the Electricity Service Provider, the determination of the price caps of the electricity transmission, supply and distribution services is to include the value of assets used in licensed activities of the service provider which is equal to net book value (carrying amount) of property, plant and equipment as at 31 December 2002 as increased by the amount of investments implemented and agreed with the Commission and reduced by the depreciation amount calculated pursuant to the procedure stipulated by the Lithuanian Law on Income Tax.

Due to the reasons specified above, the values of property, plant and equipment reported in these financial statements may materially differ from those that would be determined if the valuation of assets were performed by independent valuers as required by International Valuation and Accounting Standards. It is probable that such valuation would have a negative impact on the results of the Company' operations and the shareholders' equity reported in the financial statements for the year 2013 and the first half of 2014.

Based on the management's decision, the external independent valuers did not determine the fair values of property, plant and equipment as at 31 December 2013 and 30 June 2014 because of a significant reorganisation in the whole energy sector in 2010 and 2011, and due to uncertainties in 2012 and 2013 relating to the currently developed new model for the determination of prices of electricity and the term of its approval. The Company plans to perform the valuation of property, plant and equipment on 31 December 2014.

6. Trade and other receivables

	COMPANY	
	At 30 June 2014	**At 31 December 2013**
Trade receivables	185 468	219 318
Trade and other receivables from related parties (Note 11)	39 950	13 344
Current portion of mortgage loans	286	300
Other receivables	8 776	3 399
Less: impairment of doubtful receivables	(42 014)	(39 635)
Total	**192 466**	**196 726**

Movements on the Company's provision for impairment of trade and other receivables in the first half of 2014 and the year 2013 were as follows:

	COMPANY
Balance at 1 January 2013	**34 205**
Impairment provision for the half-year	4 390
Written off	(5 485)
Balance at 30 June 2013	**33 110**
Impairment provision for the half-year	7 088
Written off	(563)
Balance at 31 December 2013	**39 635**
Impairment provision for the half-year	3 284
Written off	(905)
Balance at 30 June 2014	**42 014**

7. Cash and cash equivalents

	COMPANY	
	At 30 June 2014	**At 31 December 2013**
Cash at bank	12 131	8 050
	12 131	**8 050**

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	COMPANY	
	At 30 June 2014	**At 31 December 2013**
Cash and cash equivalents	12 131	8 050
Bank overdraft (Note 10)	(36 757)	(70 009)
	(24 626)	**(61 959)**

8. Dividends

During the Ordinary General Meeting of Shareholders held on 4 April 2014, the Company's shareholders made a decision to distribute the Company's profit (loss) and make an appropriation of LTL 114 750 thousand for the payment of dividends. Dividends per share amounted to LTL 0.19.

9. Trade and other payables

	COMPANY	
	At 30 June 2014	**At 31 December 2013**
Trade payables	84 372	137 014
Trade payables to subsidiaries (Note 11)	13 928	21 369
Trade payables to related parties (Note 11)	124 381	159 751
Total trade payables	**222 681**	**318 134**
Taxes (other than income tax)	2 948	1 042
Employment-related liabilities	5 908	3 396
Other current liabilities	9 706	9 386
Total other amounts payable	**18 562**	**13 824**
Trade and other payables	**241 243**	**331 958**

As at 30 June 2014, the Company's trade payables decreased due to decrease in amounts payable to electricity suppliers.

According to the management, the Company has a single operating segment, i.e. supply and distribution of electric power. The Company have a single geographical segment – Republic of Lithuania. The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements in accordance with IFRS, i.e. information on profit or loss, including the reported amounts of income and expenses, assets and liabilities.

10. Borrowings

	COMPANY	
	At 30 June 2014	**At 31 December 2013**
Non-current borrowings		
Borrowings from banks	**361 438**	**299 065**
Current borrowings		
Bank overdraft	36 757	70 009
Borrowings from banks	302 725	245 754
	339 482	**315 763**
Total borrowings	**700 920**	**614 828**

The maturity of non-current borrowings was as follows:

	COMPANY	
	At 30 June 2014	**At 31 December 2013**
Within 1 to 2 years	55 850	55 850
Within 2 to 5 years	305 588	243 215
After 5 years	-	-
Total	**361 438**	**299 065**

Liquidity risk

The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate amounts of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Company's liquidity (total current assets / total amounts payable within one year and current liabilities) and quick ratios ((total current assets – inventories) / total amounts payable within one year and current liabilities) as at 30 June 2014 were 0.35 and 0.34, respectively (31 December 2013: 0.32 and 0.31, respectively). In order to minimise balances of cash in bank accounts, the Company is using credit lines. As at 30 June 2014, the Company's current liabilities exceeded its current assets by LTL 436 208 thousand (31 December 2013: LTL 491 764 thousand).

11. Related-party transactions

In 2014, Lietuvos Dujos AB, which is a part of Lietuvos Energija UAB group of companies, became a related party of the Company.

Transactions with related parties are presented below:

Sales of goods and services to:

	COMPANY	
	From 1 January to 30 June	
	2014	**2013**
Subsidiaries	1 495	2 468
Associates	155	11
Companies of Lietuvos Energija UAB group (excluding LITGRID AB)	758	144
LITGRID AB group	78 108	55 151
Total	80 516	57 774

Purchases of goods, services and property, plant and equipment from:

	COMPANY	
	From 1 January to 30 June	
	2014	2013
Subsidiaries	32 240	35 791
Associates	11 399	13 997
Companies of Lietuvos Energija UAB group (excluding LITGRID AB)	232 506	189 835
LITGRID AB group	427 229	547 573
Total	703 374	787 196

In the first half of 2014 the number of the Company‘s key management personnel was 7, in the first half of 2013 - 8.

Compensation of key management personnel

	COMPANY	
	From 1 January to 30 June	
	2014	2013
Salaries and other short-term employee benefits	622	1 009
Termination benefits	-	104
Total	**622**	**1 113**

Amounts receivable from related parties:

	COMPANY	
	At 30 June 2014	At 31 December 2013
Subsidiaries	138	446
Associates	4 442	45
Companies of Lietuvos Energija UAB group (excluding LITGRID AB)	19 257	29
LITGRID AB group	16 113	12 824
Total	39 950	13 344

Amounts payable to related parties:

	COMPANY	
	At 30 June 2014	At 31 December 2013
Subsidiaries	13 928	21 369
Associates	2 388	4 142
Companies of Lietuvos Energija UAB group (excluding LITGRID AB)	37 626	31 663
LITGRID AB group	84 367	123 946
Total	138 309	181 120

12. Fair value measurement

There were no significant changes in the business and economic environment in the first half of 2014 that could affect the fair value of the Company's financial assets and financial liabilities.

13. Commitments and contingencies

Buyout of electricity equipment

According to Order No 4-450 of 3 December 2003 of the Lithuanian Minister of Economy, as amended by Order No 4-72 of 15 February 2005 and subsequent related Resolution No 1257 of 31 August 2010 of the Lithuanian Government, Order No 1281 of 9 December 2009 of the Lithuanian Minister of Energy and Resolution No 1281 of 5 December 2007 of the Lithuanian Government, the Company conducted the buyout from individuals and companies electricity distribution equipment jointly used by them and the Company. The Company was able to buy out such equipment in one of the following ways: either by transferring its newly issued shares to the owners of the equipment, the issue price of which should be paid by way of in-kind contributions (i.e. electricity equipment under common use), or by signing agreements on sale-purchase of electricity equipment under common use (monetary contributions).

In the first half of 2014, the Company continued the simplified procedure of buyout of electricity objects (electricity networks) installed for common use using the funds of homestead owners, if the requests for buyout were submitted before 1 July 2011. During the period from January to June 2014, 4 electricity networks of common use for the value of LTL 203 thousand (2013: 19 electricity networks for the value of LTL 737 thousand) were bought out. Since the beginning of the buyout until 30 June 2014, 938 electricity networks of common use of homestead cooperatives for the value of LTL 11 824 thousand were bought out. As at 30 June 2014, 16 applications with the requests to buyout equipment on concessionary terms remained submitted.

Capital expenditure commitments

As at 30 June 2014, the Company's capital expenditure commitments assumed under the contracts but not accounted for in the condensed interim financial information amounted to LTL 74 514 thousand (31 December 2013: LTL 46 050 thousand).

14. Events after the end of the reporting period

On 10 July 2014, the authorised share capital of Technologijų ir Inovacijų Centras UAB was increased from LTL 10 000 to LTL 20 000 000. During the increase of the authorised share capital of Technologijų ir Inovacijų Centras UAB, the Company paid for 4 442 222 newly issued ordinary registered shares by making a monetary contribution. Following the increase of the authorised share capital of Technologijų ir Inovacijų Centras UAB, the Company's ownership interest in Technologijų ir Inovacijų Centras UAB increased from 20 % to 22.22 %.

On 21 July 2014, the Company together with Lietuvos Energija UAB, Lietuvos Energijos Gamyba AB, LITGAS UAB and Technologijų ir Inovacijų Centras UAB signed the agreement on the establishment of a joint venture Verslo Aptarnavimo Centras UAB. One of the main objectives of the newly established entity is to enhance and create additional value in the energy sector by providing services of public procurement organisation and implementation, accounting and personnel administration to the state-owned energy companies. The authorised share capital of the private limited liability company being established amounts to LTL 100 000. Lietuvos Energija UAB, the Company, Lietuvos Energijos Gamyba AB, LITGAS UAB and Technologijų ir Inovacijų Centras UAB hold 50 %, 20 %, 20 %, 5 % and 5 %, respectively, of the share capital of the private limited liability company being established.