



AB LESTO group
Interim report
for the nine months of 2014

28 November 2014
(unaudited)



Reporting period covered by the report

Report covers January to September of 2014.

Information availability

This report and other documents based on which it has been prepared are available at the company's office at Žvejų str. 14, Vilnius, Corporate Communication department (office No.418) from 7.30 to 16.30 Monday to Thursday and from 7.30 to 15.15 on Fridays. Report is available on company's website (www.lesto.lt) and on Stock exchange market NASDAQ OMX Vilnius website (<http://www.nasdaqomxbaltic.com>).

Public announcements that AB LESTO must announce according to the valid Laws of the Republic of Lithuania, are published via company's website (www.lesto.lt) and Stock exchange market NASDAQ OMX Vilnius website (www.nasdaqomxbaltic.com).

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Consolidated LESTO AB (hereinafter – LESTO, Company) and its subsidiaries (hereinafter LESTO and its subsidiaries – LESTO group) report is prepared in accordance with Law on Securities of the Republic of Lithuania, decision of the Board of the Bank of Lithuania No. 03-48 (28 February, 2013) on Rules of Drawing up and the Submission of the Periodic and Additional Information, and other valid laws and legal acts.

Report signature date

Report was prepared and signed on 28 November, 2014.

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KEY OPERATIONAL AND FINANCIAL FIGURES AND RATIOS OF LESTO GROUP

AB LESTO group key activity indicators

		9 months of 2014	9 months of 2013	Change	
				+/-	%
Activity indicators					
Distributed electricity through medium- and low-voltage grids	TWh	6.18	6.07	0.11	1.7
Public and guaranteed supply	TWh	2.38	2.27	0.11	5.1
Electricity quality indicators					
SAIDI, minutes (with „force majeure“)	minutes	113.38	111.20		
SAIFI, times (with „force majeure“)	times	1.02	1.06		

AB LESTO group key financial indicators

		9 months of 2014	9 months of 2013	Change	
				+/-	%
Sales revenue	thousand LTL	1,689,698	1,789,443	-99,745	-5.6
Purchases of electricity and other related services	thousand LTL	(1,092,550)	(1,226,024)	133,474	-10.9
Operating costs	thousand LTL	(239,245)	(225,633)	-13,612	6.0
EBITDA	thousand LTL	371,201	355,328	15,873	4.5
EBITDA margin	%	21.97%	19.86%		
Net profit	thousand LTL	76,349	42,271	34,078	80.6
		9 months of 2014	9 months of 2013		
Total assets	thousand LTL	5,039,540	5,065,459	-25,919	-0.5
Equity	thousand LTL	3,264,267	3,363,006	-98,739	-2.9
Financial debt	thousand LTL	677,857	629,873	47,984	7.6
Net financial debt	thousand LTL	618,539	602,681	15,858	2.6
Return on equity (ROE)	%	2.34%	1.26%		
Equity capital level	%	64.77%	66.39%		
Net financial debt / EBITDA of 12 months	%	130.37%	134.83%		
Net financial debt / Equity	%	18.95%	17.92%		

CEO LETTER

Dear investors,

The third quarter of this year was significant by the introduction of innovative technologies and continuation of projects improving efficiency.

We have started the second half of the year with a new phase of cooperation with postal services provider Lietuvos paštas which took over part of the services, in addition, we have started the cooperation with national libraries. By doing this, we have optimized our network and, at the same time, have offered to our customers even more opportunities to get services faster and more convenient.

Since 1 July it is possible to obtain free of charge billing book or declare the electricity meter readings in 45 post offices. Moreover, we have opened our self-service website www.manoelektra.lt

computerized places in 14 libraries around the country. By introducing these options we strive to be even closer to the customer and to provide services of better quality.

Seeking synergy with „Lietuvos dujos“, which joined the group of „Lietuvos energija“ this year, we established customer service area of „Lietuvos dujos“ in LESTO customer service centre located in Vilnius. By taking into account the results of this pilot project, further opportunities for synergies are being evaluated in order to offer services for electricity and gas users in one place.

Ratio of EBITDA (earnings before interest, taxes, depreciation and amortization) is better than last year and it reflects more effective operations. In January-September LESTO group's EBITDA amounted to LTL 371.2 million – that is an increase of 4.5 % compared to the nine months of last year. EBITDA margin increased by 2.11 percent points and amounted to 21.97 %. LESTO consolidated net profit grew 1.8 times and was equal to LTL 76.3 million.

The volume of network service during January-September increased by 1.7 % compared to the same period of last year, the investments in electricity network modernization and maintenance grew by 11.5 %. The quality of electricity supply (without the influence of natural phenomena) was also improved, there were connected 29 % more new users.

We revealed our ambitions in the field of innovation in July when opening the first rapid electromobility charging station in Lithuania. The first electromobility charging station's project is a significant turning point in expanding the infrastructure of electromobility. When using this station, electromobility's battery can be recharged in 30 minutes. In addition, we have started cooperation with Japanese energy and technology company Hitachi and Kaunas university of Technology (KTU). We are going to test a special overhead line which can transfer a greater amount of electricity as well as ensure a more reliable electricity supply to customers.

In the end of August we announced the Company's strategy for 2014-2020. It provides that in seven years we will strive to improve the reliability of network by almost one-tenth, also, to simplify the process of the new customer connection. In addition, we committed to contribute for our main shareholder's - Lietuvos Energija – target to double the value of the group of companies by 2020.

Our aim is to achieve that the reliable electricity will reach all of us as simple as possible and, most importantly, by creating a higher added value for each of us. The results of the third quarter are just a small step towards the targets of 2020.



MATERIAL EVENTS FOR THE COMPANY IN THE REPORTING PERIOD

Regarding the establishment of the jointly owned company Verslo aptarnavimo centras UAB

On 21 July, 2014 LESTO together with „Lietuvos energija“, UAB, „Lietuvos energijos gamyba“, AB, UAB LITGAS and Technologijų ir inovacijų centras UAB signed an agreement on establishment UAB “Verslo aptarnavimo centras” company. One of the main objectives of the company is to strengthen and create added value in the energy sector by providing public procurement organization and execution, accounting and personnel administration services for the state-owned energy group companies.

The authorised capital of newly established company is LTL 100 thousand. „Lietuvos energija“, UAB, LESTO, „Lietuvos energijos gamyba“, AB, UAB LITGAS and UAB Technologijų ir inovacijų centras, respectively will acquire 50%, 20%, 20%, 5 % and 5 % of the shares of the newly established company.

Cooperation of LESTO and „Lietuvos dujos“

On 14 August, 2014, the country's electricity and gas distribution and supply companies started cooperation – on 14 August „Lietuvos dujos“ customer service area was launched in LESTO customer service centre located in Vilnius. This is a pilot project which aim is to evaluate opportunities for synergies in order to offer services for electricity and gas users in one place.

Both companies offer services for clients in the customer service centre which is located in Viršuliškių street 34. Four gas company's specialists will provide customer service in the newly established customer service area of „Lietuvos dujos“.

Approved long-term strategy

On 20 August, 2014, LESTO announced the Company's strategy for 2014-2020. One of the main goals enshrined in the long-term strategy is to improve the reliability of network by almost one-tenth in seven years. According to the approved long-term strategy, LESTO will seek to invest in projects that will increase a reliable and secure supply of electricity, company's value, performance and return on equity (ROE). With ambitious goals LESTO is committed to contribute for Lietuvos Energija group target – to double the value of the group of companies by 2020.

LESTO is also committed to continuing social responsibility projects, cooperation with non-governmental organizations, local self-government and academic institutions.

Long-term loan agreement

On 8 October, 2014 LESTO and AB SEB signed a long-term loan agreement according to which LESTO will be granted a loan of EUR 85 million (LTL 293.488 million). The loan will be used for outstanding loans refinancing and for financing investments that enhance network reliability and overall quality of services.

ANALYSIS OF PERFORMANCE RESULTS

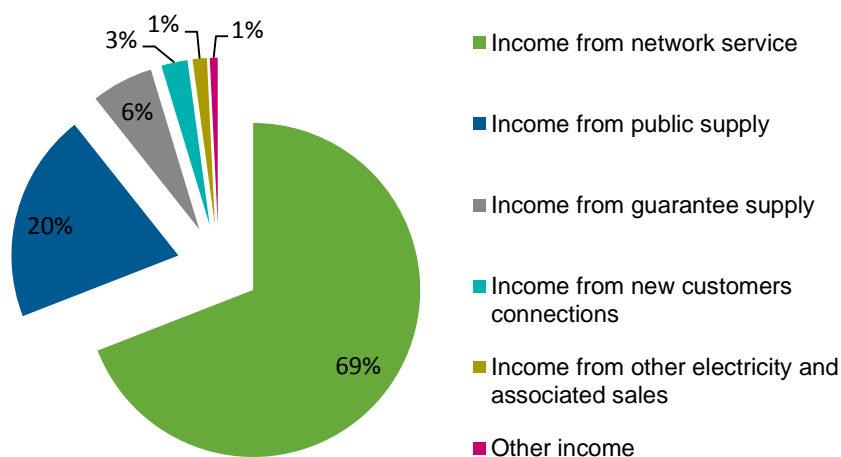
Sales, EBITDA, EBITDA margin

LESTO group ratios	2014 January - September	2013 January - September	2012 January - September
EBITDA, LTL thousand	371,201	355,328	299,292
EBITDA margin, %	21.97	19.86	17.84

During the nine months of 2014 LESTO group earned LTL 1,689.7 million, Company's income share made up 97.8 % of group income i.e. LTL 1,653.0 million. Comparing with the nine months of 2013 LESTO group income decreased by 5.6 % and comparing with the same period of 2012 increased by 0.7 % (during the nine months of 2013 LESTO group earned LTL 1,789.4 million, in 2012 – LTL 1,677.6 million).

EBITDA of LESTO group during the nine months of 2014 was LTL 371.2 million – 4.5 % more than during the same period in 2013.

LESTO income structure

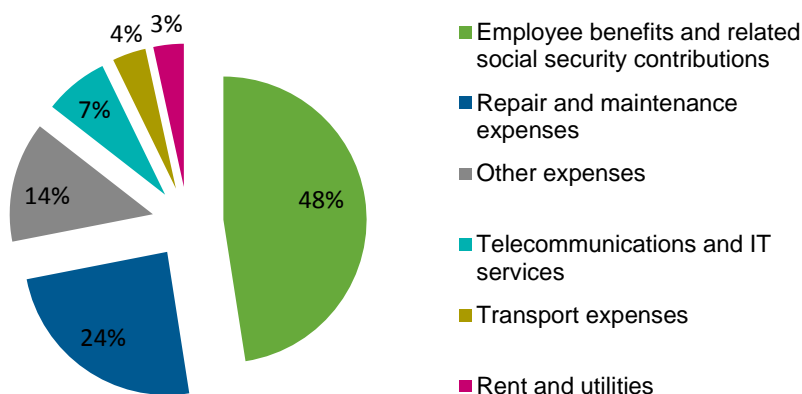


The main source of Company's income is income from network service. In the nine months of 2014 income from network service made up 69 % of total Company's income. Income from public supply service consisted 20 %, income from guarantee supply for the customers that have not chosen independent supplier amounted to 6 % of Company's income. Income from connection of new customers, other electricity and associated services and income from other sources made up 5 %.

Costs

Electricity purchase and related services costs have decreased by 10.9 % compared with the same period of 2013. During the reporting period, electricity purchase and related services costs made up LTL 1,092.6 million i.e. 68.5 % of total costs. Depreciation and amortization accounted to 16.5 % of total costs and the rest of the group that made up 15.0 % is classified as operating costs. During the nine months of 2014, employee benefits and related social security contributions made up 47.5 % of total operating costs, repair and maintenance accounted to 24.4 % of total operating costs.

LESTO operating costs structure



The results of the nine months of 2014 shows that LESTO group’s operating costs increased by 6.0 % compared with the same period of 2013. During the reporting period repair and maintenance expenses increased by 27.7 % compared with the same period of 2013 and amounted to LTL 58.4 million. Transport expenses increased by 13.3 % compared with the same period of 2013 and were equal to LTL 9.1 million, while rent and utilities costs increased by 9.5 % compared with the same period of 2013 and were equal to LTL 8.2 million. LESTO group’s telecommunications and IT services increased by 4.6 % and amounted to LTL 17.4 million. During the nine months of 2014, employee benefits and related social security contributions decreased by 1.6 % compared with the same period of last year and amounted to LTL 113.7 million.

Profit and profitability ratios

LESTO group profitability ratios	2014 January - September	2013 January - September	2012 January - September
Net profit margin, %	4.52	2.36	-1.48
Operating profit margin, %	5.62	2.88	-1.41
ROA, %	1.51	0.83	-0.48
ROE, %	2.34	1.26	-0.73

LESTO group results for the three quarters of 2014 is a net profit of LTL 76.3 million, while LESTO group's net profit amounted to LTL 42.3 million in the same period of 2013 and LTL 24.9 million loss in the same period of 2012.

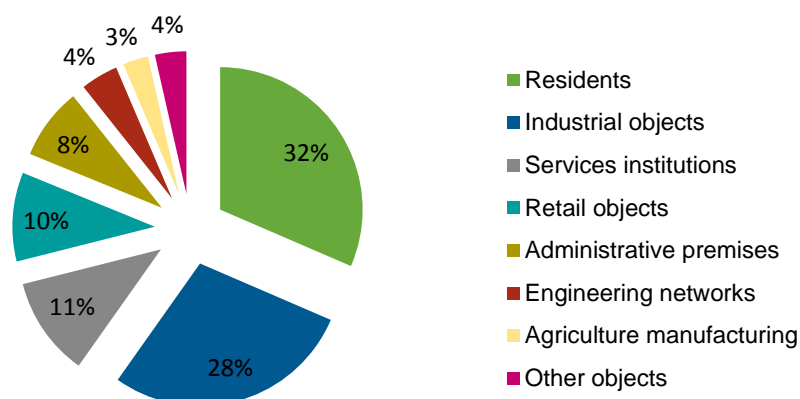
Activity indicators

Activity indicators	2014 January - September	2013 January - September
Amount of electricity received to the distribution network, million kWh	6,619	6,529
Technological losses in the distribution network, million kWh	441	455
Volume of network service, million kWh	6,178	6,073
Amount of electricity sold, million kWh	2,382	2,266
Electricity quality indicators:		
SAIDI, minutes (with “force majeure”)	113.38	111.20
SAIFI, times (with “force majeure”)	1.02	1.06

During the nine months of 2014 the amount of LESTO network service reached 6,178 million kWh. Electricity sales made up 38.6 % of this amount, to the rest customers LESTO granted only network service. Comparing with the same period of 2013, the amount of electricity sold increased by 5.1 % due to the rise of guarantee supply, while the volume of network service increased by 1.7 %. Technological losses experienced by the Company during the nine months of 2014 amounted to 441 million kWh and this totalled to 6.7 % from the amount of electricity received while during the same period of 2013

technological losses totalled to 7.0 % from the amount of electricity received.

Structure of network service volumes by objects

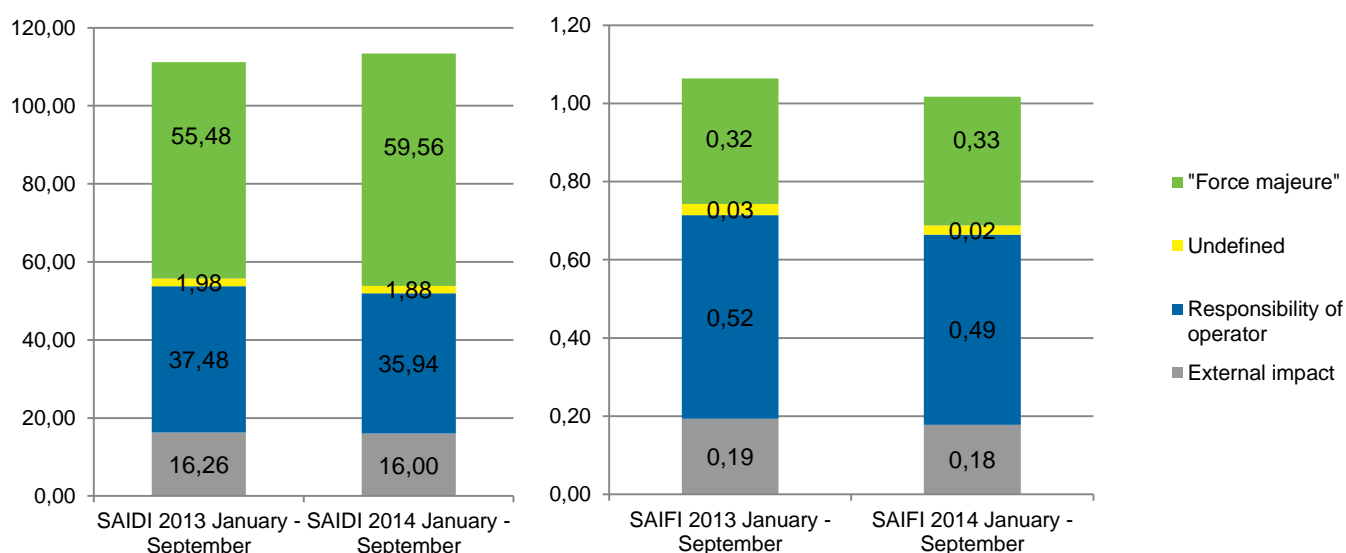


32 % of electricity network service volume was allocated to residents. Industrial and service institutions consumed 28 % and 11 % respectively. In comparison with 2013 data, the structure of electricity network service has not changed.

Distribution network reliability indexes

In the nine months of 2014, with the influence of natural disasters (“force majeure”) the system average interruption duration index (SAIDI) per customer amounted to 113.38 minutes and, compared with the same period of 2013, it has increased by 2.18 minutes (SAIDI for the nine months of 2013 was equal to 111.2 minutes). Natural phenomena omitted, SAIDI index slightly declined during the nine months of 2014 and amounted to 53.82 minutes (SAIFI for the nine months of 2013 was equal to 55.72 minutes). The system average interruption frequency index (SAIFI) per customer reached 0.69 times and, compared with the same period of 2013, it has slightly decreased (SAIFI for the nine months of 2013 amounted to 0.74 times).

Quality of electricity supply (SAIDI, SAIFI) 2013 January – September and 2014 January – September



Investments

LESTO pays much attention to the development and maintenance of the electricity network. This guarantees that society is provided with economic and social benefits, that the reliability and the quality of the electricity supply are increased, that the more rational use of energy is facilitated, all of which contributes to the Company's environmental policy.

In the nine months of 2014, LESTO investments in electricity network expansion and modernization reached LTL 221.9 million. This is 11.5 % more compared to the investment during the same period of 2013.

During the nine months of 2014, compared with the same period of 2013, the biggest increase was in the low voltage electricity grid (47.4 %). Investment in the medium voltage electricity grid increased by 17.7 % compared with the same period of 2013.

LESTO investment, LTL thousand

	2014	2013	Change, %	Structure, %	
	January - September	January - September		2014	2013
Investments in expansion	125,987	126,037	0.0	56.8	63.3
Connection of new customers	124,966	124,955	0.0	56.3	62.8
Buyout of electricity objects	1,021	1,082	-5.6	0.5	0.5
Investments in maintenance	95,886	72,939	31.5	43.2	36.7
Low voltage electricity grid	69,027	46,837	47.4	31.1	23.5
Medium voltage electricity grid	24,170	20,537	17.7	10.9	10.3
Other investments	2,689	5,565	-51.7	1.2	2.8
Total	221,873	198,976	11.5	100.0	100.0

During the nine months of 2014, LESTO has connected 19,078 new customers, 28.8 % more than in the same period of 2013 when it had 14,817 new customers connected. The permissible power for new customers was equal to 227,436 kW, which is 7.9 % more than in the nine months of 2013, when the permissible power was 210,764 kW.

During the nine months of 2014, LESTO continued redemption of networks from communities of the gardeners in order to satisfy increased electricity consumption demands of the gardeners as well as demands to maintain infrastructure. The goal was to ensure reliable and safe electricity supply and modernization of the networks. During the nine months of 2014 LESTO acquired electricity networks from 5 communities of the gardeners. Since the start of the acquisition process (in 2003), LESTO has acquired 939, or 97 % of power networks from the communities of the gardeners.

On 13 December, 2013 the Company signed the contract for administration and funding of the project "Replacement of complex transformer-stations of LESTO AB by pole transformer-stations", which had been signed with the Ministry of Economy of the Republic of Lithuania and the LVPA (Lithuanian business support agency). According to this contract, the sum intended for funding of this project from the EU structural funds amounted to LTL 7.769 million. Total value of the project, which will run until 28 August, 2015, amounts to LTL 19.423 million. By executing modernization works on distributive networks during the project, 724 complex transformer-stations already showing natural and moral wear-and-tear will be replaced by modern post transformer-stations. This will allow to satisfy the increasingly rising loads as well as requirements of electricity supply reliability and quality. The works will be done all over Lithuania. Target project also will contribute to the development of the regions. The project is divided into 10 groups. The procurement procedures have been completed for the first five groups, works of complex transformer-stations' replacement into modern post transformer-stations are carried out. It is expected to sign contracts for the remaining five groups till 1 December, 2014.

By implementing the contract for administration and funding of the project "Modernization and development of AB LESTO electricity distributing networks in the communities of the gardeners", which had been signed on 29 March, 2012 between Ministry of Economy of the Republic of Lithuania, LVPA and LESTO for modernization and development of electricity networks in 76 communities of the gardeners located in the territory of Lithuania and served by LESTO. Modernization and development works on electricity networks were finally finished in 74 communities of the gardeners till now. The sum intended to fund the project from the EU structural funds amounts to LTL 9.147 million.

In 2014, the Company continues the works that are partially funded by the EU structural funds. On 28 December, 2012 three administration and funding contracts were signed between the Ministry of Economy of the Republic of Lithuania, LVPA and LESTO (in the year 2013, agreements on contract amendments were signed) in order to implement these projects:

- "Modernization and development of AB LESTO electricity distributing networks in communities of the gardeners".
The project was intended for modernization and development of electricity networks in 17 communities of the gardeners located in the territory of Lithuania and served by LESTO. For the funding of the project, LTL 3.48

million from EU structural funds was supposed to be used. During the nine months of 2014 the modernization and development works were fully finished at all 17 objects.

- "Replacement of electricity airlines of AB LESTO by cables system" (36 objects). For funding of this project LTL 5.408 million from the EU structural funds was supposed to be used. During the nine months of 2014 the modernization and development works were fully finished at 34 objects.
- "Modernization of LESTO AB transformer substations". 7 substations will be modernized according to the project. The EU structural funds granted LTL 13.2 million for the funding of this project. During the nine months of 2014 the modernization and development works were fully finished at 4 transformer substation project.

Financial ratio analysis

LESTO group liquidity ratios	30.09.2014	30.06.2014	31.03.2014	31.12.2014
Current liquidity ratio	0.37	0.41	0.75	0.36
Acid test ratio	0.36	0.39	0.73	0.35
Cash liquidity ratio	0.08	0.05	0.09	0.04
Working capital, LTL thousand	-474,611	-401,316	-93,570	-463,677
Working capital to total assets ratio	-0.09	-0.08	-0.02	-0.09

LESTO group financial leverage ratios	30.09.2014	30.06.2014	31.03.2014	31.12.2014
Total liabilities to total assets ratio	0.35	0.34	0.32	0.34
Debt to assets ratio	0.13	0.14	0.12	0.12
Total liabilities to equity ratio	0.54	0.52	0.48	0.51
Debt to equity ratio	0.21	0.21	0.18	0.18
Net financial debt, LTL thousand	618,539	666,796	596,008	588,937
Net financial debt to equity ratio	0.19	0.20	0.17	0.17
Long-term debt to equity ratio	0.11	0.11	0.17	0.09
Equity to total liabilities ratio	1.84	1.93	2.09	1.96
Equity to total assets ratio	0.65	0.66	0.68	0.66

The value of LESTO group assets at the end of the reporting period made up LTL 5,039.5 million. Non-current assets share in total assets was equal to 94.4 %. From the beginning of the year till 30 September, 2014, value of LESTO group non-current assets shrank by 1.3 %. Cash with cash equivalents accounted to LTL 59.3 million i.e. 21.2 % of total current assets.

Equity of LESTO group exceeded liabilities 1.84 fold. At the end of reporting period, financial debts made up LTL 677.9 million or 38.2 % of total liabilities. Non-current borrowings were LTL 348.8 million and made up 51.5 % of all borrowings. At the end of reporting period LESTO amounts payable within one year and current liabilities made up LTL 754.4 million.

Current liabilities exceeded current assets by LTL 474.6 million. Current liquidity ratio stood at 0.37. Inventories made up only 4.0 % of current assets, consequently acid test ratio do not differ significantly from current liquidity ratio. Financial debt reduced by the amount of the most liquid assets (short-term deposits and cash with cash equivalents) indicates net financial debt. Net financial debt of the LESTO group amounted to LTL 618.5 million and consisted only 18.9 % of equity.

FACTORS, AFFECTING THE COMPANY'S FINANCIAL RESULTS

Business environment

In November, the European Commission has updated its macroeconomic forecast. European economic situation is not improving fast enough, as expected, due to this the European Commission has reduced the European Union and the euro area growth outlook for the year 2014: euro area growth forecast was reduced from 1.2 % to 0.8 %. In addition, economic growth forecast for 2015 was also reduced: euro zone's gross domestic product growth is expected to be 1.1 %¹ in 2015.

Meanwhile, Lithuanian macroeconomic situation remains quite favourable. During the first half of the year the real gross domestic product of Lithuania, compared to the same period of last year, increased by 3.1% driven by consumption and investment. Unfortunately, increased geopolitical tension threatens the recovery of consumption and investment, due to this the European Commission updated its previous macroeconomic forecast and predicts a slightly lower second half of the year for Lithuania: the overall economic growth should reach 2.7 % in 2014. On the other hand, it is expected increase in wages and employment as well as low inflation – all of these should stimulate consumption. In addition, the flexibility of raw materials through liquefied natural gas (LNG) terminal situated in Klaipėda, electric power links to Poland and Sweden as well as the join to the euro zone will have a positive impact on the Lithuanian economic growth. So, assuming that the geopolitical situation stabilizes, the growth of Lithuanian economy can be expected. Economists forecast that Lithuania's gross domestic product will grow by 3.2 % in 2015 and by 4 %² in 2016, whereas the European Commission's forecasts are more cautious: according to their projections, Lithuania's gross domestic product is expected to grow by 3.1 % in 2015 and by 3.4 %³ in 2016.

Since electricity consumption is closely related to the gross domestic product growth, the economic growth will affect the results of LESTO: it is expected the growth of the amount of electricity received to the distribution network and the volume of network service in the second half of 2014.

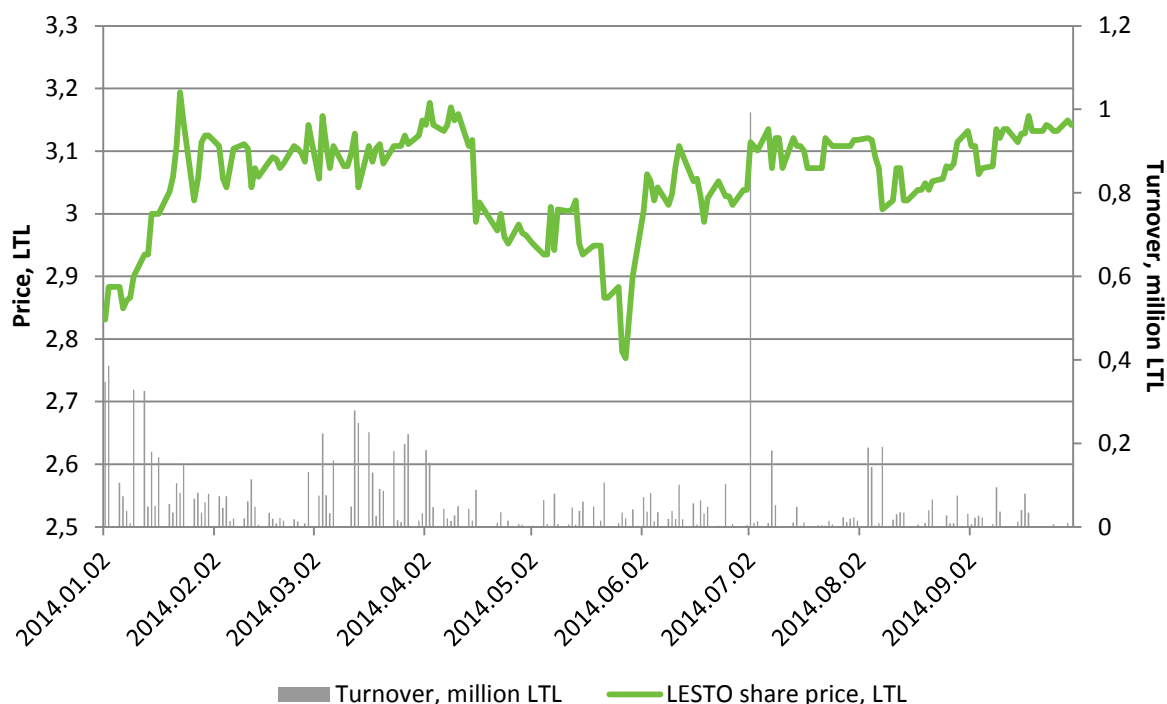
¹ The source: European Commission. European Economic Forecast Winter 2014: European Economy 2/2014

² The source: Lithuanian Macroeconomic Review No. 57, September, 2014

³ The source: European Commission. European Economic Forecast Winter 2014: European Economy 2/2014

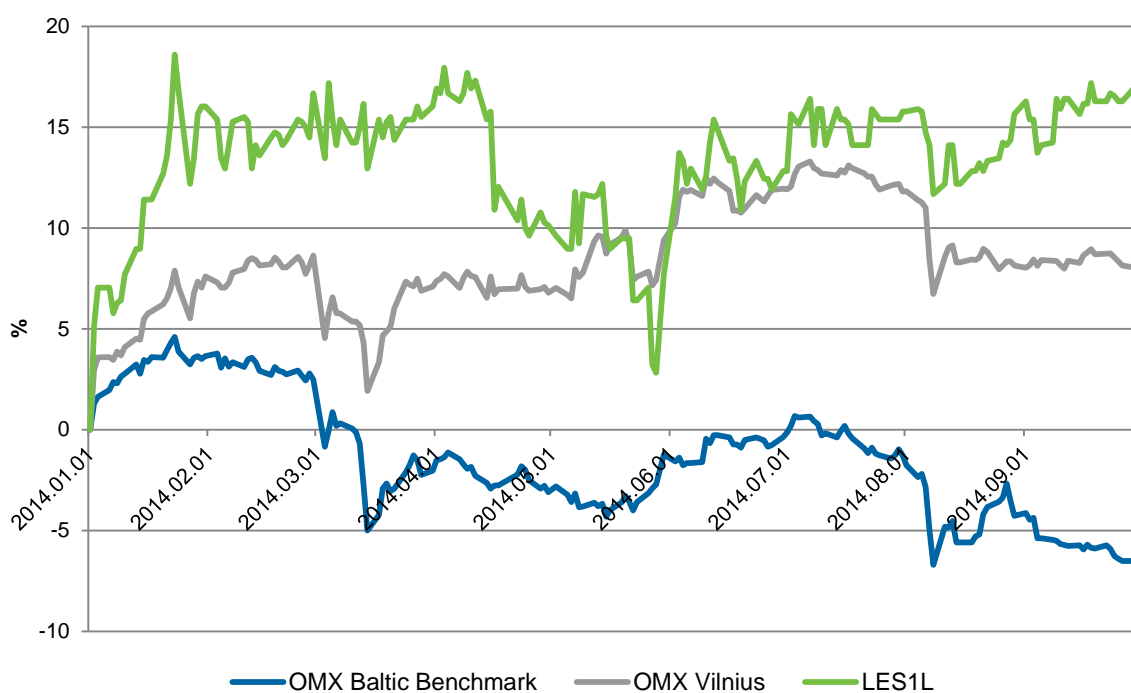
INFORMATION ON THE ISSUER'S SECURITIES AND AUTHORISED CAPITAL

LESTO share price dynamics and turnover, 01-01-2014 - 30-09-2014



LESTO is one of the biggest companies by market capitalization in OMX Baltic securities exchange market. During the nine months of 2014 LESTO share price increased by 10.99 %. The lowest LESTO share price was recorded on 28 May, 2014, the price of LESTO share was LTL 2.77. The highest point (LTL 3.19) during the reporting period was reached on 23 January, 2014. The weighted average price of LESTO share during the reporting period was LTL 3.04.

Dynamics of LESTO share price, OMX Vilnius and OMX Baltic Benchmark indexes, 01-01-2014 - 30-09-2014



Since the beginning of the year until 30 September, 2014, index OMX Vilnius increased by 8.66 %, OMX Baltic Benchmark decreased by 5.91 %, while price of LESTO share increased by 10.99 % during the nine months of 2014.

Authorised capital structure

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Share in authorized capital, %
Ordinary registered shares	603,944,593	1	603,944,593	100,00

There have been no changes in the Company's share capital in the accounting period and the share capital amounted to LTL 603,944,593.

All shares of the Company are fully paid.

Information on issuer's securities

On 17 January, 2011 LESTO shares were included in the Main List of NASDAQ OMX Vilnius. LESTO shares are not traded in other regulated markets.

ISIN code	Trading list	Abbreviation of securities	Number of shares	Nominal value, LTL	Industry according to ICB standard	Supersector according to ICB standard
LT0000128449	BALTIC MAIN LIST	LES1L	603,944,593	1	7000 Utilities	7500 Utilities

Shareholders

On December 31, 2013 the number of LESTO shareholders totalled – 7,188.

On June 30, 2014 the number of LESTO shareholders amounted to 7,068.

Shareholders of AB Rytų skirstomieji tinklai and AB "VST" that owned shares on 27 December, 2010 became LESTO shareholders.

LESTO number of shareholders according to countries, 30-09-2014

Country	Number of shareholders
Lithuania	6,864
Russia	49
Belarus	38
Estonia	35
United States	19
Latvia	13
Other countries	50
Total	7,068

Shareholders who owned more than 5 % of the issuer's authorized capital on 30 September, 2014

Full names of the shareholders (names of companies, types, headquarter addresses, company register code)	Number of ordinary registered shares	Share of authorized capital, %	Votes granted by shares owned, %
Lietuvos energija, UAB Žvejų str.14, Vilnius, company reg. No. 301844044	570,066,682	94.39	94.39

Dividends

On 4 April, 2014, the decision to pay dividends for shareholders was adopted in Ordinary General Meeting of Shareholders. Company's 2013 financial year distributable profit was LTL 114.7 million. Profit allocation to pay out dividends per share was LTL 0.19.

On 30 September, 2014, the Extraordinary General Meeting of Shareholders made a decision to pay out dividends for the period shorter than financial year. Dividends for the six months period ended on 30 June, 2014, per share amounted to LTL 0.11.

LESTO securities account manager

Since 13 June, 2014, bank SEB, AB is official manager of LESTO security account.

Contact details of SEB, AB:

Gediminas ave. 12, LT-01103 Vilnius

Tel. 1528 or +370 5 268 2800

CUSTOMER SERVICE, SERVICE ASSESSMENT

Customer satisfaction

Satisfaction of clients is measured once per year by running a survey of clients' satisfaction. In the year 2013, satisfaction level of LESTO clients, which was estimated according to GCSI research methodology⁴, was by 9 points higher than comparative GCSI index of European energy companies. LESTO index equals to 76, whereas average of European energy companies equals to 67 points of the index. This research shows the fact that quality of service and servicing provided by LESTO exceeds the expectations of the clients and is rated better by 1 point than a year before.

The Number of the Customers Served

On 30 September, 2014 LESTO had 1.56 million contracts with private clients and 65,8 thousand contracts with business clients (on 30 September, 2013 it had 1.54 million contracts with private clients and 63,5 thousand contracts with business clients).

Service Channel Development

In the nine months of 2014 the number of customers who uses the remote service channels (self-service website "Mano elektra" and customer service 1802) continued to grow, while the flow of electrical energy users in LESTO customer service centers of smaller towns is decreasing. Due to changing customer needs, on 1 October, 2014, 14 LESTO customer service centres, which are visited by a relatively small number of customers, moved into 7 major customer service centres. In August, 2014 the self-service website www.manoelektra.lt started to publish electricity tariffs (prices) and payables in 2 currencies (in Lithuanian Litas and Euro).

On September 30, 2014 there were 484 thousand of registered users in self-service website "Mano elektra", including 434 thousand domestic users. During the nine months of 2014, the number of visitors of the website www.manoelektra.lt (by comparing data of the nine months of 2013) increased from 1.678 million to 2.080 million.

During the nine months of 2014, by short client service telephone 1802 information was provided to more than 740 thousand clients (during relevant period of the year 2013, information was provided to 692 thousand clients), 324 thousand requests of the clients on various questions were received and solved (during relevant period of 2013, 290 thousand requests of the clients were received and solved).

During the nine months of 2014, more than 190,640 clients were served by client service centres located in the five largest Lithuanian cities (during relevant period of 2013, 218,739 clients were served).

Maintenance and Development of Accounting for Electricity

By putting investments into modernization and automation of electricity metering devices during the nine months of 2014, the Company connected 4,514 pieces of electricity metering devices to computer-assisted power recordings reading system by such means of increasing number of electricity metering devices reading the records in a remote way up to 24,581 of units. Automation of power account equipment provides possibility to invoice automatically the client on electricity amount gone per period instead of declaring amount by clients themselves.

During the nine months of 2014, the Company replaced 95,658 pieces of metrologically outdated electricity metering devices; out of them 67 % were used for electric energy metering in single-phase alternating current systems, and 33 % - of three-phase systems. The Company mounted 17,891 pieces of power account equipment for new clients; from them 33 % were intended for recording power of single-phase alternating current systems, and 67 % of three-phase systems.

By constant modernization of electricity metering devices the Company performed more than 619 thousand inspections of electricity metering devices jointly with the same number of reading control operations.

⁴ For the research of LESTO client's satisfaction Global Customer Satisfaction, index (GCSI) methodology was invoked, which is based on American Customer Satisfaction Index (ACSI). GCSI is a global franchise of ASCI research methodology. The instrument consists of 17 questions that are summarized to 6 rate groups: expectations of clients, assessment of quality, assessment of understood value, satisfaction of clients, loyalty of clients and complaints of clients. Investigation of satisfaction of LESTO clients within the period of September-November, 2013 was performed by UAB "SYNOPTICOM". Controlled sampling was comprised of 1,106 private clients and 921 business clients.

Customer Settlement Management

Direct debit means one method of payment for the consumed energy and it becomes more and more popular in Lithuania. Following this method, the client pays equal amount for electricity each month and this amount is automatically deducted from client's bank account. More than 13 % of LESTO customers are paying by direct debit already. During the nine months of 2014, the number of direct debit payments for electricity consumed (by comparing data of the nine months of 2013) increased by 25 %.

Each client, who pays for electricity by means of direct debit, is personally informed about contribution amount settled individually. On request of LESTO clients, who selected to pay by direct debit, after carrying periodical inspections of meter readings the amount of contributions is recalculated, and also when the price of the electricity is changed. Moreover, clients themselves can select the most comfortable payment's date, when invoice for consumed electricity is settled automatically. The customers can declare the readings of electricity consumed in constantly updated self-service website www.manoelektra.lt.

During the nine months of 2014 more than 41 percent of all payments for the consumed electricity were conducted through electronic channels at the end of the reporting period.

Market liberalization

On 30 September, 2014 independent suppliers delivered electricity to 57,467 objects. According to plan for development of Lithuanian power market signed by the Government of the Republic of Lithuania on 8 July, 2009, on 30 September, 2014 independent electricity supplier has been chosen accordingly:

- About 93 % of objects with permissible power of 400 kW and more;
- About 83 % of objects with permissible power of 100 kW and more;
- About 70 % of objects with permissible power of 30 kW and more;
- About 53 % of objects with permissible power less than 30 kW.

The remaining objects are supplied with electricity by the warranty supplier (LESTO).

SOCIAL RESPONSIBILITY

The main goal of LESTO socially responsible activities is formation of skills of society contributing to safe and rational consumption of electricity, saving energy resources and minimizing effect over environment; therefore, all socially responsible actions initiated by LESTO contribute to achievement of these goals.

Environmental Projects

Electric vehicles. LESTO sees high potential for development of electric vehicles in the future; new technologies using energy more efficiently and their introduction to car industry compete in the market more and more, particularly in comparison with long-standing automobiles that use traditional fossil fuel. In order to run experiments and practically assess possibilities by using new cars, also their potential under Lithuanian climate and roads conditions, LESTO leased electric car for three years period in 2013. Experiments with the electric car revealed that it takes about 165 kWh of electricity to drive 1,000 km. This means that depending on the electricity tariff it can cost from LTL 6 to LTL 8.5 to drive 100 km for the average user of electricity. It can cost from LTL 30 to LTL 40 to drive 100 km with the normal class car. In addition, the use of electromobile leads to less CO₂ gas emission: 14 kg less CO₂ gas are spread to the environment compared with a fossil fuel car.

Rapid electromobility charging station. On July, 2014 LESTO with partners Nissan and company "NT Valdos" gave the first impetus to the development of electric vehicle infrastructure in Lithuania. In Vilnius, Lelevelio str. the country's first rapid electromobility charging station was opened. The first rapid electromobility charging station project is a significant turning point in the expansion of electric vehicle infrastructure. It opens new opportunities for business development and intellectual capital investment. Using this station, a rechargeable electric car battery can be recharged in just 30 minutes. Station power consumption data show that electric vehicle drivers used this station about 90 times. Currently the largest Lithuanian capital electricity supplier "Energijos tiekimas" provides free electricity supply.

Paper saving and customer information using modern technologies. The Company constantly motivates its clients to reject paper bills and billing books, and chose instead remote service channels or pay by means of direct debit. More than 90% of LESTO business clients already turned to electronic billing. LESTO informs public about known faults in the distribution network that disrupted the electricity supply by electronic emails and SMS messages. About 80 % of electricity consumers are informed in such way.

Sorting of waste and waste management. Paying attention to published statistics, namely that actually one fourth of total communal waste is formed of paper, cardboard and plastic, and that waste of such type mostly is disposed of by offices, LESTO central office, which has utmost number of employees, initiated waste disposal by sorting plastic and paper. By contributing to safer environment LESTO continues serving of points for workers operating in client service centres in order to collect power saving bulbs, fine electronics and batteries.

Landscape protection. LESTO has replaced overhead power lines with new 100 km long cables in Kaunas, Panevėžys, Šiauliai, Kuršėnai, Mažeikiai and other areas where overhead power lines condition do not meet users' needs. Cable lines secure more reliable electricity supply for residents and are safer. In addition, cable lines allow more beautiful landscape. During this project cable lines were installed where former overhead power lines were thin and dangerously close to the plantations, outdated infrastructure has determined many failures.

LET'S DO 2014. More than 350 LESTO employees across Lithuania have joined the cleanliness initiative "LET'S DO 2014" and collected a variety of waste left by irresponsible residents. LESTO, which expands its socially responsible activity, invited residents to act responsibly during the year - to save the environment, recycle waste and rationally use resources and electricity.

Initiatives to public

LESTO implements long-term social responsibility projects for children, youth and public. All of them cover active inclusion of target social groups as well as ideas concerning safe and efficient usage of energy and environmental protection.

Loss reduction and educational project „Operation 2020“

Until the year 2020, the Company plans to proceed with the implementation of the programme “Operation 2020” in order to motivate responsible behaviour with electric devices, increase understanding of people about safety and reduce negative outcomes rising as a result of non-responsible and malicious behaviour of people. This year LESTO continues active cooperation with the Association of Local Authority Heads in Lithuania, as well as participates in rallies and meetings organized by the chiefs. A major support in combating theft is the public spirit – reports by citizens help to quickly identify offenders and repair damaged transformers before they burn out and stop supplying power for the residents.

During the nine months of this year 128 reports of illegal electricity use cases were received by anonymous telephone trust line. According to the reports of citizens 4 secret illegal installations of electrical extension wire and 1 illegally installed electrical branch were identified. Due to citizens reports, the acts were written for the total amount of LTL 72 thousand.

During the nine months of 2014, compared with the same period of 2013, the number of thefts almost unchanged. The thefts of insulating oil grew by 2.3 %, but damages decreased by 13 %. The number of non-ferrous metals thefts from transformers decreased by 34 %, while damages declined by 83 %. Thefts of electricity meters increased by 52 % and caused the rise of damages – damages increased by 3 times. During the nine months of this year, comparing with the same period of 2013, there were written 32 % less acts for electricity embezzlements, while the damages increased by 35 %.

For the enhancement of electricity efficiency – „As much as needed“

Stimulation of rational energy usage is one of underlying trends of LESTO social responsibility, contributing to environmental protection and saving energy resources due to obligations of the country to pursue the European Union programme with regard to climate change. This project strives at creating traditions of rational life of society by searching for rational way to consume electricity both in daily life and business.

Series of energy efficiency conferences for industry. In September 2014 LESTO with partners launched series of energy efficiency conferences "As much as needed for industry." The first conference, held in Šiauliai, was attended by over 70 representatives of Šiauliai and Panevėžys regional industry. Conferences "As much as needed for industry" refer to practical energy-saving measures in industry, energy management automation solutions, industrial equipment maintenance strategies and sample applications. The participants also heard about the power and reliability of the power exchange, electricity network reliability and business process and balancing the cost of electricity and what it depends on. Experience and knowledge shared conference partners from international companies Schneider Electric Lithuania, “Mano būstas“, SKF Lithuania, and Energetikų mokymo centras.

Rational and safe use of electricity. In order to contribute to environmental sustainability and saving energy resources LESTO organized events in 14 national libraries. LESTO experts advised residents on how to save energy and reduce their electricity bills, participants of the event are distributed "Responsible power user manual and energy saving" recipes. Young attendees meet with youth-oriented educational initiative "Elektromagija" characters who not only solve a variety of tests related with safe electricity consumption, but also play with children and award them. This initiative is designed for children on energy use, threats to security issues. The goal of the initiative - to learn how to behave safely with electricity and its facilities, to promote interest in responsible use of energy, environment and sustainable development ideas. In September, the rational and safe use of electricity-day events were held in Pasvalys, Varėna, Šilutė, Joniškis, Kaišiadorys, Kelmė, Anykščiai, Ignalina and Kupiškis district libraries. More than 500 adults and children participated in the events.

Project of modern streets' lighting. In autumn of 2013, LESTO together with Birštonas local authorities and Italian public lightning company “Enel Sole” started an experimental project on efficiency of illuminators based on LED technologies “As much as needed for the city”. 14 usual street illuminators were changed with LED illuminators during the project. LESTO equipped required recording appliances and financed illuminator replacement works. Technical specifications of LED illuminators reflect situation that by modernizing lighting of streets, municipality could save 50 % of consumed electricity. Street's lighting project being implemented in Birštonas shows that investments will pay off within approximately 3.7 years. According to LESTO data, 150-160 thousand illuminators currently are equipped in the largest cities of Lithuania, and most of them use sodium lamps of capacity from 70 to 250 W. According to LESTO estimates, during 2012 municipalities consumed 63.127 million kWh of electricity for street lighting and paid about LTL 25 million for electricity consumed.

National education programme “Sustainable School”. In order to promote the awareness of school communities and

contribute to the building of a sustainable, energy-efficient and environmentally friendly Lithuanian society, LESTO and Lithuanian Youth Centre together with partners invited educational institutions of the country to take part in a year-long educational programme “Sustainable School”. For the first time in Lithuania 70 participating institutions from various Lithuanian regions carried out the first task – an ecological footprint study.

The results of an ecological footprint study were presented at the schools’ participating in the programme “Sustainable School” leaders forum. In the short term, after pooling specific individual schools’ data, the results of the study will be presented to the public. Ecological footprint is a measure indicating the amount of planet’s resources necessary for meeting the consumption needs of the population. Ecological footprint study for Lithuanian schools has been prepared according to the methodology designed by Austrian scientists and tailored specifically for educational institutions. According to the data collected in the social responsibility project “Sustainable School”, the biggest influence for ecological footprint has electricity consumption (30 %), heating (27 %) and mobility of students (18 %). Less influence for ecological footprint has trash amount (13 %), food consumption (7 %), teachers’ mobility (4 %), supply (1 %) and water consumption (0,002 %). Other stages of the programme “Sustainable School” will develop activities which will include not only teachers and students, but also students’ parents and school leaders. During the campaign of the sustainable school development, schools’ communities in collaboration with the programme’s implementers and partners will initiate and implement activities designed to create a cohesive school community. Each educational institution will form their own teams, which consist of teachers, students, parents and administration. These teams will develop their own action plans, which will improve its organization taking into account the equivalent three components of sustainable development: environmental, social and economic relations. The goal of the “Sustainable School” educational project, initiated by Lithuanian Youth Centre and LESTO, is to contribute to the development of sustainable communities consisting of educational institutions, which would be able to effectively manage and use resources by combining environmental protection, social justice and economic development. The “Sustainable School” project is sponsored by VŠĮ Pakuočių Tvarkymo Organizacija, companies UAB Schneider Electric Lietuva, UAB Mano Būstas and the National Consumer Federation.

Conference of energy efficiency for independent energy suppliers “Energetic Dialogue 2014”. Independent suppliers distribute energy for 13 thousand LESTO business clients (58 thousand objects) that consume about 80 % of all the electricity distributed to business clients. In the future, making the market more liberal, it is predictable that the amount of independent suppliers will grow. LESTO, as electricity distributing company, in order to make the cooperation closer organized the second conference “Energetic Dialogue 2014” for independent suppliers. The conference focused not only on the analysis of the current market situation, but also on the review of the requirements of upcoming energy efficiency directive. Survey made after the conference showed that more than 90 % of the participants found this event urgent and would agree to attend the conference second time.

International Earth’s Day commemoration. Although International Earth’s Day in Lithuania is celebrated on 20 March, in the rest of the world this event is celebrated on 22 April. On this occasion, LESTO attended the conference, in which along with other energy efficiency experts, gave tips for rational energy consumption and answered the questions.

Market, clients and investors

In the commercial environment, LESTO strives at transparent relations with all market participants – clients, partners, contractors and investors. Annually, LESTO takes care of electricity supply safety, its economic and social benefit and pays high attention to development and modernization of distributive network. Such activity has an important aspect within the trend of environmental protection – to create better energy saving conditions by using it rationally.

Collaboration with Lithuanian libraries. Started this year LESTO continues collaboration with libraries. The aim of the project “Libraries for Innovation 2” is to strengthen libraries’ ability to meet the needs of developing community and consolidate libraries as strong community institutions, which are able to improve people’s lives. The aim of LESTO and libraries collaboration is to enable clients to use self-service page www.manoelektra.lt in public areas.

LESTO customer service centre [manoelektra.lt](http://www.manoelektra.lt) moves into the mobile space. LESTO, taking into account the changing needs of users browsing the Internet, introduced its mobile customers’ self-service site www.manoelektra.lt version. From now users connected to [manoelektra.lt](http://www.manoelektra.lt) by using smart phones or tablet computers will see a specially adapted and convenient mobile interface of LESTO self-service site.

LESTO presentation to investors. LESTO Board member and Director of Finance and administration division Mr. Andrius Bendikas gave presentation „AB LESTO Yesterday. Today. Tomorrow“ at the investors and the management of listed companies meeting organized by NASDAQ OMX Vilnius Stock Exchange in the beginning of June.

Customer service centre adaptation to the disabled people needs. LESTO customer service centre in Kaunas is perfectly adapted to disabled people. It was stated by the experts of the project “Without Thresholds”, which has the main goal to reduce social separation of disabled people. While visiting LESTO customer service centre in Kaunas experts checked the number of parking places dedicated for disabled people, distance to the entrance of the building, condition of the slope from carriageway to pavement, driving in the parking of the customer service application, condition of toilets for disabled people and other aspects. Experts also prepared some recommendations on what aspects could be improved.

Employees

LESTO employees won the most professional energetics award. In May energetics competed in professional skills contest that took place in National energetics’ training centre. After tasks were completed and results were summed up, the first place went to the team of Šiauliai region. The second place went to Panevėžys region team and the third place – to Klaipėda region team. 7 LESTO teams (from every region) and 4 contractors teams from companies „Elektromontuotojas“, „Elektros tinklo paslaugos“, „Žilinskis ir ko“ and „Anykščių energetinė statyba“ participated in this contest.

Events to the public

Energetics’ Day events for the community. National Electricity Association of Lithuania, uniting the biggest energy companies, including LESTO, on the 17th April invited to celebrate the Energetics’ Day in the Energy and Technology museum of Lithuania. The museum opened its doors to visitors who could take a look at the country’s energy history. The event was finished by the performance of the band “Saulės kliošas”.

Fighting corruption

LESTO does not tolerate any corruption manifestations and speaks out about fair business and transparent collaboration with the state institutions. Risk is minimized by active internal control mechanisms intended for setting possible factors of corruption risks. Corruption prevention is one of the functions pursued by the Prevention and control unit of the Company. For the sake of good image of the Company, LESTO constantly executes its performance control and takes all actions for correction of detected violations and elimination of topping hazards. In May, 2014 policy of zero tolerance against corruption came into force.

Accountability for community

LESTO announced the report of the progress of social responsibility in 2013. Electricity distributor LESTO, member of the United Nations Global Compact, announced annual social responsibility progress report. During 2013 LESTO became more active in the social responsibility area: expanded rational electricity consumption initiatives, organized educational projects for students and community and actively participated in environment protection area. LESTO is perhaps one of the first Lithuanian companies which prepared social responsibility report according to the newest United Nations Global Reporting Initiative methodology G4. In May this methodology became the official standard of United Nations Global Compact and is recommended to use for all the members of the Compact as a reporting tool. G4 methodology is prepared on the basis of incorporation of interested parties, preparation and development stages are supported by the experts from all over the world.

COMPANY AND ITS MANAGEMENT BODIES

Company's organizational structure

Company name	AB LESTO
Company code	302577612
Authorised capital	LTL 603 944 593
Registered address	Žvejų str. 14, LT-09310 Vilnius
Telephone	+370 5 277 7524
Fax	+370 5 277 7514
E-mail	info@lesto.lt
Website	www.lesto.lt
Legal- organisational form	Joint-stock company
Date and place of registration	27 December 2011, Register of Legal Entities of the Republic of Lithuania
Register in which data on the company is collected and stored	Register of Legal Entities
Register manager	State Enterprise Centre of Registers

LESTO activities

LESTO was established on the basis of reorganized Lithuanian electricity distribution companies Rytų skirstomieji tinklai AB and "VST" AB that were merged and on 31 December, 2010, finished their activity as legal entities. LESTO took over assets, rights and obligations of merged companies and since 1 January, 2011 started its activity as electricity distributor and public supplier.

LESTO is Lithuanian distribution network operator. Company's main responsibilities include: provision of network service for customers; satisfaction of customers' needs; effective connection of new users; exploitation, maintenance, management and expansion of distributive network; assurance of network security; optimization of operating costs and reduction of technological losses. LESTO geographical market is Lithuania.

LESTO values

RESPONSIBILITY

COOPERATION

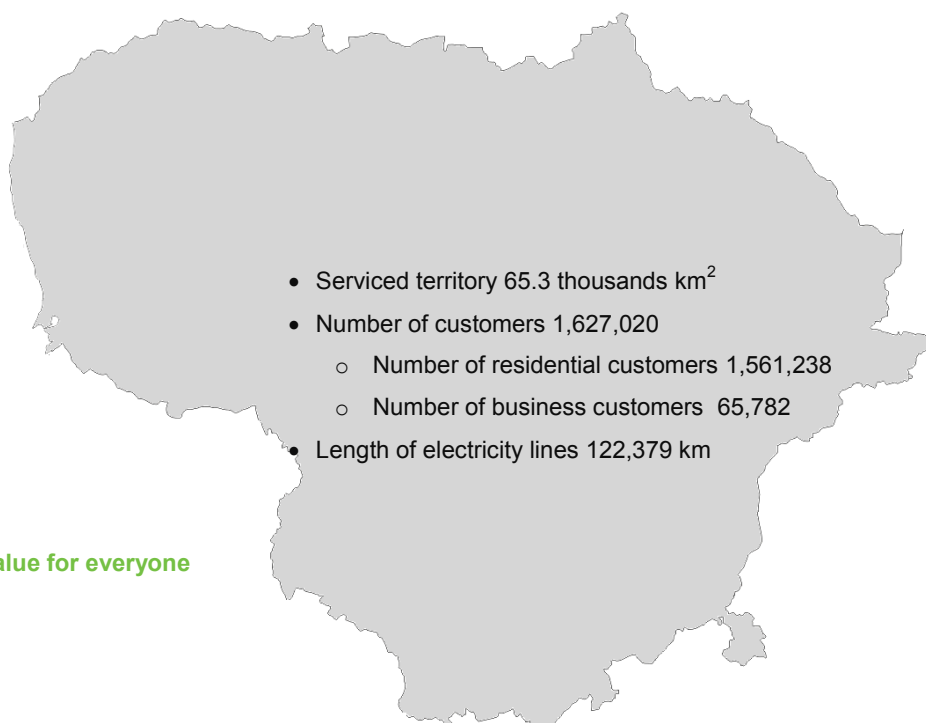
RESULT

LESTO mission

Reliable electricity energy creating value for everyone

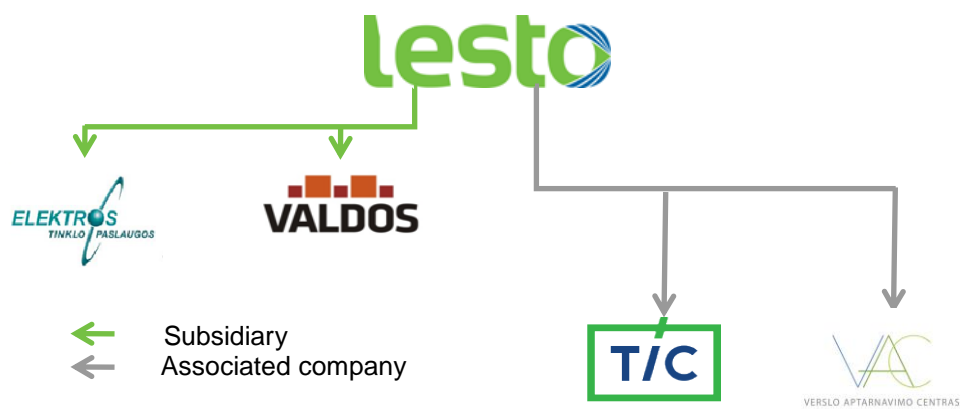
LESTO vision

The company with high reputation that employees, shareholders and the public are proud of



LESTO company group

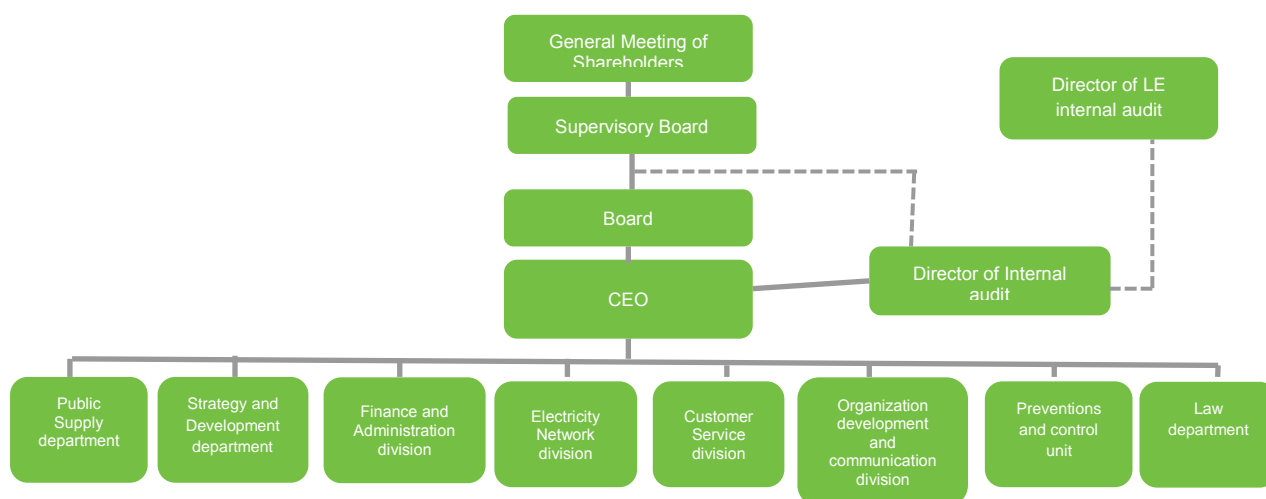
On the report signature date, LESTO with its subsidiaries ELEKTROS TINKLO PASLAUGOS UAB, NT Valdოს UAB and associated companies Technologijų ir inovacijų centras UAB and Verslo aptarnavimo centras UAB, make up LESTO company group.



Key data on subsidiaries and associated companies

	Elektros tinklo paslaugos UAB	NT Valdოს UAB	Technologijų ir inovacijų centras UAB	Verslo aptarnavimo centras UAB
Address	Motorų str. 2, Vilnius	Geologų str. 16, Vilnius	A.Juozapavičiaus str. 13, Vilnius	P. Lukšio str. 5B, Vilnius
Registration date	8 December 2004	18 January 2007	4 December 2013	30 July 2014
Company code	300072351	300634954	303200016	303359627
Telephone	+370 5 210 6809	+370 5 210 6539	+370 5 278 2272	+370 5 259 4400
Fax	+370 5 216 7875	+370 5 210 6543	+370 5 278 2299	+370 5 259 4401
E-mail	etp@etpa.lt	info@valdos.eu	info@etic.lt	vac@le.lt
Website	www.elektrostinklopaslaugos.lt	www.valdos.eu	www.etic.lt	http://vac.le.lt
LESTO ownership, %, on 30 June, 2014	100	57.30	22.22	20
Profile of activities	Power network engineering, construction, repair, maintenance and customer connection to the grid services.	Real estate and transport rental and administration services.	IT services and maintenance for the companies operating in the sector of electric energy.	Procurement organization and execution, accounting and personnel administration services.

LESTO management structure



LESTO management

On the report signature date according the Articles of Association LESTO management bodies includes General Meeting of Shareholders, a collegiate supervisory body – Supervisory Board, a collegiate managing body – Board, and one-person managing body – Chief Executive Officer.

General Meeting of Shareholders

General Meeting of Shareholders is a supreme body of the Company.

The competence of the General Meeting of Shareholders and the procedure for convening the meeting and adopting decisions are governed by the law, other legal acts and Articles of Association.

During the reporting period shareholders of the Company had equal rights (property and non-property) defined in the law, other legal acts and Articles of Association. None of the LESTO shareholders had any special rights of control.

The managing bodies of the Company provided adequate conditions for exercise of the rights of the Company's shareholders during the reporting period.

Supervisory Board

LESTO Supervisory Board is a collegiate supervisory body.

The competence of the Supervisory Board, the procedure for adoption of decisions, election and recall of members are governed by the law, other legal acts and Articles of Association. LESTO Supervisory Board consists of three members who are elected by the General Meeting of Shareholders for the term of four years. At least one-third of LESTO Supervisory Board composes of independent members. The Supervisory Board members elect the chairman of the Supervisory Board out of its members.

There were no changes in the composition of the Supervisory Board in 2014. On the report signature date the Supervisory Board consists of the chairman of the Supervisory Board Darius Kašauskas and the Supervisory Board members Ilona Daugėlaitė and Petras Povilas Čėsna (independent Supervisory Board member).

Ending of term of the Supervisory Board is 31 July, 2017.

Structure of Supervisory Board



Darius Kašauskas (born in 1972)
Chairman of the Supervisory Board

In this position:
Since 31 July, 2013
Ending of term:
31 July, 2017

Education:
ISM University of Management and Economics,
BI Norwegian Business school,
Master in Management
Vilnius university,
Master in Economics.

Main occupation:
UAB „Lietuvos energija“,
Director of Finance and Treasury



Ilona Daugėlaitė (born in 1970)
Member of the Supervisory Board

In this position:
Since 31 July, 2013
Ending of term:
31 July, 2017

Education:
Vilnius university,
Master in Hydrogeology and
Engineering
Geology.

Main occupation:
UAB „Lietuvos energija“,
Director of Organizational Development



Petras Povilas Čėsna (born in 1945)
Independent member of the Supervisory Board

In this position:
Since 30 September 2013
Ending of term:
31 July, 2017

Education:
Vilnius university,
Qualification of Economist

Main occupation:
Lithuanian centre of Exhibition and
Congress LITEXPO, chairman of the
Board

Information on payments to LESTO Supervisory Board members* over reporting period

	Members of the Supervisory Board salaries, LTL
Chairman of the Supervisory Board Darius Kašauskas	-
Member of the Supervisory Board Ilona Daugėlaitė	-
Member of the Supervisory Board Petras Povilas Čėsna	5,250
Members of the Supervisory Board total	5,250

* LESTO Articles of Association indicates: „Agreements with members of the Supervisory Board can be signed for factual work in the Supervisory Board; rights, duties and responsibilities are set out in such agreements. Independent members of the Board can get remuneration for their work in the Supervisory Board by the decision of the General Meeting of Shareholders. The terms of the Supervisory Board members' agreements and the criteria of independence are determined by the General Meeting of Shareholders in accordance with requirements of legal acts and good corporate governance practices“. On 2 August, 2013 the agreements of the Supervisory Board member's factual work were signed with Darius Kašauskas and Ilona Daugėlaitė. On 30 September, 2013 the agreement of the Supervisory Board independent member's factual work was signed with Petras Povilas Čėsna.

LESTO has not transferred any assets to members of management bodies. There were no loans, guarantees and sponsorship granted to the management bodies by the Company.

Information on LESTO Supervisory Board members participation in the activities of companies and organisations; shareholding in other companies exceeding 5% of capital/votes*

Name, surname	Name of organisation, position	Capital held, %	Share of votes, %
Darius Kašauskas	LESTO, chairman of the Supervisory Board	-	-
	Lietuvos dujos, UAB, chairman of the Supervisory Board	-	-
	„Lietuvos energija“, UAB, member of the Board, Director of Finance and Treasury	-	-
	NT valdos, UAB, chairman of the Board	-	-
	Kauno energetikos remontas, UAB, member of the Board	-	-
	Verslo aptarnavimo centras, UAB, member of the Board	-	-
Ilona Daugėlaitė	LESTO, member of the Supervisory Board	-	-
	Lietuvos dujos, UAB, member of the Supervisory Board	-	-
	„Lietuvos energija“, UAB, member of the Board, Director of Organizational Development	-	-
	Technologijų ir inovacijų centras, UAB, chairman of the Board	-	-
	ELEKTROS TINKLO PASLAUGOS, UAB, member of the Board	-	-
	Spouse has 3,400 ordinary registered shares of UAB SOLUTIONLAB PRODUCTION (company code 300629188)	68	68
Petras Povilas Čėsna	LESTO, independent member of the Supervisory Board	-	-
	Lietuvos dujos, UAB, independent member of the Supervisory Board	-	-
	Lithuanian centre of Exhibition and Congress LITEXPO, chairman of the Board	-	-
	Republic of Lithuania Seimas, public assistant of parliamentary I. Šiaulienė	-	-

Board

LESTO Board is a collegiate managing body of the Company.

The competence of the Board, the procedure for adoption of decisions, election and recall of members are governed by the law, other legal acts and Articles of Association. The Board consists of five Board members that are elected by the General Meeting of Shareholders for the term of four years. The Board members elect the chairman of the Board out of its members.

There were no changes in the composition of the Board in 2014. On the report signature date the Board of the Company consists of the chairman of the Board Aidas Ignatavičius and the Board members: Virgilijus Žukauskas, Andrius Bendikas, Sergejus Ignatjevas and Dalia Andrulionienė.

Ending of term of the Board is 17 September, 2017.

Structure of the Board



Aidas Ignatavičius (born in 1974)
Chairman of the Board
CEO

In the position of Chairman:

Since 17 September, 2013

Ending of term:

17 September, 2017

In the position of CEO:

Since 23 September, 2013

Education:

Vilnius university,
Master in Business Administration and
Management

Main occupation:

LESTO, CEO



Andrius Bendikas (born in 1973)
Member of the Board

In this position:

Since 17 September, 2013

Ending of term:

17 September, 2017

Education:

Baltic Management Institute (BMI),
Master in Business Administration

Main occupation:

LESTO, Director of Finance and
Administration division



Dalia Andrulionienė (born in 1971)
Member of the Board

In this position:

Since 17 September, 2013

Ending of term:

17 September, 2017

Education:

Vilnius university,
Master in Economics.
ISM University of Management and
Economics, Master in Management

Main occupation:

LESTO, Director of Organization
Development and Communications
division



Virgilijus Žukauskas (born in 1961)
Member of the Board

In this position:

Since 17 September, 2013

Ending of term:

17 September, 2017

Education:

Kaunas University of Technology,
Master in Electricity Supply for Industry,
Cities and Agriculture.

Main occupation:

LESTO, Director of Electricity
Network division-vice CEO



Sergejus Ignatjevas (born in 1965)
Member of the Board

In this position:

Since 17 September, 2013

Ending of term:

17 September, 2017

Education:

Vilnius university,
Master in Finance and Credit

Main occupation:

LESTO, Director of Customer Service
division

Information on payments to LESTO Board members* over reporting period

	Members of the Board salaries, LTL
Chairman of the Board Aidas Ignatavičius	45,000
Member of the Board Dalia Andrulionienė	27,000
Member of the Board Virgilijus Žukauskas	27,000
Member of the Board Andrius Bendikas	27,000
Member of the Board Sergejus Ignatjevas	27,000
Members of the Board total	153,000

*LESTO Articles of Association indicates: „Agreements with members of the Board can be signed for factual work in the Board before taking up the position; rights (including the right to get remuneration for the work in the Board, if there is a decision to remunerate), duties and responsibilities are set out in such agreements. The Supervisory Board determines the conditions of agreements with the members of the Board“. On 17 September, 2013 the agreements of the Board members' factual work were signed with Andrius Bendikas, Sergejus Ignatjevas, Virgilijus Žukauskas and Dalia Andrulionienė. On 17 September, 2013 the agreement of the Board chairman's factual work was signed with Aidas Ignatavičius.

LESTO has not transferred any assets to members of management bodies. There were no loans, guarantees and sponsorship granted to the management bodies by the Company.

Information on LESTO Board members participation in the activities of companies and organisations; shareholding in other companies exceeding 5% of capital/votes

Name, surname	Name of organisation, position	Capital held, %	Share of votes, %
Aidas Ignatavičius	LESTO, chairman of the Board, CEO	-	-
	Technologijų ir inovacijų centras, UAB, member of the Board	-	-
	Support fund of Lietuvos energija, member of the Board	-	-
Virgilijus Žukauskas	LESTO, member of the Board, Director of Electricity Network division-vice CEO	0,000012	0,000012
Andrius Bendikas	LESTO, member of the Board, Director of Finance and Administration division	-	-
	Verslo aptarnavimo centras, UAB, member of the Board	-	-
Sergejus Ignatjevas	LESTO, member of the Board, Director of Customer Service division	-	-
	Pylimo str. 36 Association of the First block of flats owners, chairman	-	-
Dalia Andrulionienė	LESTO, member of the Board, Director of Organization Development and Communications division	-	-

Administration members

Chief Executive Officer (hereinafter – CEO) is an one-person managing body of the Company.

The competence of the Managing Director and the procedure for election and recall thereof are governed by the law, other legal acts and Articles of Association. CEO is elected and recalled by the Board of the Company. CEO organises the Company's activities, manages the Company, acts on behalf of the Company and unilaterally conclude transactions, except for the cases the Company's Articles of Association and other legal acts provide.

Since 23 September, 2013, Aidas Ignatavičius acts as CEO of LESTO by the decision of the Board.

Information on payments to LESTO CEO and Director of Accounting department over reporting period*

	Salaries, LTL
CEO Aidas Ignatavičius	144,153
Director of Accounting department Zina Chmieliauskienė	126,213
Members of the Administration total	270,366

*LESTO has not transferred any assets to members of management bodies. There were no loans, guarantees and sponsorship granted to the management bodies by the Company.

Information on LESTO administration members participation in the activities of companies and organisations; shareholding in other companies exceeding 5% of capital/votes

Name, surname	Name of organisation, position	Capital held, %	Share of votes, %
Aidas Ignatavičius	Look for the information above	-	-
Zina Chmieliauskienė	LESTO, Chief Accountant, Director of Accounting department	-	-

LESTO personnel

The main asset of the Company is its employees, the most important link when pursuing the set objectives. The Company's personnel policy is oriented towards training of employees' professional abilities and formation of organization's culture, which ensures creating value for clients, partners and the society.

During the first quarter of 2014, the time intervals of the electronic electricity meter inspection were changed by the State Metrology Service Director's order, which reduced the Company's metrological electricity meter replacement volumes, thus the number of LESTO personnel in Customer Service Division's Electricity Recording Management Department was reduced by 40 positions.

During the second quarter of 2014, continuing an unified dispatch management system implementation project Vilkaviškio and Marijampolės dispatchers were merged and the number of LESTO personnel in Electricity Network division was reduced by 3 positions.

During the third quarter of 2014, no structural changes affecting the number of employees have been implemented.

At the beginning of 2014 2,420 of employees were working in the Company. During the nine months of 2014 the total number of employees of LESTO decreased by 52 or 2.1 %, and it was equal to 2,368 by the end of September, 2014. At the end of September 2014, 3,142 employees were working in LESTO Group. From the beginning of the year the number of employees declined by 2.2 % (on 31 December, 2013, LESTO Group had 3,212 employees).

LESTO employees by categories

Category	Number of employees
	30 09 2014
CEO	1
Top-level managers	8
Mid-level managers	156
Experts, specialist, workers	2,203
Total	2,368

Payment system

Remuneration policy was introduced by LESTO the implementation of which placed LESTO among other most progressive companies of the country, which remunerate their employees for the work performed according to the results achieved, value created for the organization and the team. The remuneration system was developed on the basis of "Hay Group" methodology ensuring objective evaluation of the employee's offices according to the required education, complexity of the problems, and level of responsibility of the specific office. This system supports efficiently management of the Company's expenses and ensures that strategic goals and business management logics of LESTO would be reflected in the payroll system.

The Company's employee remuneration package consists of financial, non-financial and emotional rewards. Financial reward system includes a monthly paid fixed salary indicated in the employment contract, as well as the variable part of the salary paid for the reached results of performance and other premium (for overtime, night work, etc.) paid according the collective agreement and other internal legal acts. Non-financial rewards are an indirect remuneration, which is used by the Company to promote its employees' effort, involvement and loyalty, employee well-being and enrichment activities in the Company. These rewards includes various events, greetings for special occasions, recognition and evaluation by awarding

employees for their especially high results, health promotion, employee development and training. Emotional rewards are the factor that is hardly measured but very important for employees' involvement in the Company's operations, it includes the Company's reputation, organizational culture and values, career opportunities, various internal communication programmes that allows employees to share their ideas, ask questions, get acquainted with colleagues with the support of an internal website.

Average wages of LESTO employees

Category	Average gross wage, LTL
	2014 January - September
CEO	15,879
Top-level managers	15,687
Mid-level managers	6,537
Experts, specialist, workers	3,108
Total	3,384

Collective agreement

On 7 March 2014, a new collective agreement was approved at the staff conference of electricity distribution network operator LESTO, which will ensure higher level of protection for LESTO employees and more additional benefits not specified in the Labour Code of the Republic of Lithuania.

The goal of the collective agreement is to ensure efficient operation of the Company and represent the rights and legitimate interests of the Company's employees. The agreement sets forth working, remuneration, social, economic and professional conditions and guarantees that are not regulated by the laws or other legislative acts. Employees receive additional guarantees (benefits in the event of an accident, illness and death of a relative, birth of a child, extra days of paid leave after the birth of a child, marriage, death of a relative, and other cases).

Trade Unions

The company supports the employees in voluntary grouping into trade unions and closely cooperates with them. Quarterly meetings are organized where strategic projects of the Company are discussed. The representatives of the trade unions take part in working groups when the issues on employees (occupation, re-skilling, remuneration and social matters) are under discussion.

Training

LESTO organizes training of different type for the employees of the Company. Professional qualification of employees is raised by mandatory training – after completion of training the employees obtain certificates that permit more effective special works. 1,123 persons participated in mandatory training during the nine months of 2014. The employees participated in training of works with AMKA cables, workers in high-altitude work, electro-technical personnel operating tasks under voltage on current-carrying parts, electrical grounding, resistance measurements, manager of high-scaler and logging operations, first aid and hygiene skills, and in other training.

During the nine months of 2014, 458 persons participated in general training with the aim to train general competencies. This training was organized both by forming inner groups of the Company and sending single employees to seminars and conferences (in Lithuania and abroad) organized by outer suppliers. The Company pays great attention to development of the executives' leadership competence: a long-term management program, which was launched in the beginning of 2014, is ongoing. During the nine month of 2014, the Company has partially or fully funded studies of 12 employees in Lithuanian higher schools.

The Company seeks to engage staff into competency development programs so they could share with others their specific knowledge and skills. During the nine months 1,970 participants attended training courses, which were led by internal lecturers. The majority of the internal training was conducted for the development of the electrical staff in pursuance of better occupational safety and improvement of customers service. The Company also constantly collaborates with

manufacturers and equipment suppliers delivering their knowledge to LESTO electricity network service employees doing the work for free – presenting the trends of market and innovations in sphere of the energy. 316 employees participated in such training in the nine months of 2014.

In order to ensure the quality of the organized trainings, training programs are prepared in cooperation with suppliers, ongoing training evaluation surveys are carried out.

Internship

LESTO actively collaborates with educational institutions and creates conditions for university or college students for application of theoretical knowledge and acquisition of professional skills. During the nine months of 2014, 87 students were exercising their practice in LESTO. The Company received not only the students coming for the mandatory internship, but also LESTO was searching and selecting motivated and enthusiastic students in order to provide them opportunity to exercise practice in the Company on a voluntary basis. Given the demand of new employees, the Company remembers most enthusiastic trainees, and most relevant of them are invited to join the team of LESTO. Since the beginning of 2014 seven students, who exercised their practice in LESTO, received job offers in the Company.

ESSENTIAL EVENTS

In implementing its duties according to the binding legislation that regulates the securities market, LESTO announces material events (as well as all further regulated information) for the whole of the European Union. Information published by the Company is available on its website www.lesto.lt and the website of NASDAQ OMX Vilnius AB at www.nasdaqomxbaltic.com.

LESTO essential events from 2014-01-01:

Date	Essential event
17-01-2014	Regarding the group strategy approved by the AB LESTO shareholder
28-02-2014	Due to preliminary unaudited operating results of LESTO AB company group for twelve months of 2013
12-03-2014	Regarding of the Ordinary General Meeting of Shareholders of LESTO AB
14-03-2014	Regarding resolution of LESTO AB Supervisory Board
31-03-2014	Regarding the Transfer of Shares of UAB Duomenų logistikos centras
04-04-2014	Decisions adopted in Ordinary General Meeting of Shareholders of LESTO AB on 4 April 2014
04-04-2014	Annual information of LESTO AB company group of 2013
04-04-2014	Due to operating results of LESTO AB company group of 2013
24-04-2014	Regarding public announced information
21-05-2014	Regarding the purchase of LESTO shares
22-05-2014	Regarding the acquisition price of LESTO shares
27-05-2014	AB LESTO Social responsibility report of 2013
30-05-2014	Due to preliminary unaudited operating results of LESTO AB company group for three months of 2014
02-06-2014	Regarding of the Extraordinary General Meeting of Shareholders of LESTO AB
03-06-2014	Regarding LESTO AB presentation to investors
04-06-2014	Regarding statement by Mr A. Bendikas during NASDAQ OMX event
12-06-2014	Regarding the change of LESTO AB securities account manager
25-06-2014	Decision adopted in Extraordinary General Meeting of Shareholders of LESTO AB on 25 June 2014
11-07-2014	Regarding signature of UAB Technologijų ir inovacijų centras shares and changes of authorized capital
22-07-2014	Regarding the establishment of the jointly owned company
20-08-2014	LESTO Plans to Improve Network Reliability, Considerably Accelerate New Customer Grid-Connection
29-08-2014	Due to audited financial statements of LESTO company and consolidated unaudited financial statements of LESTO group for six months of 2014

08-09-2014	Regarding of the Extraordinary General Meeting of Shareholders of LESTO AB
12-09-2014	Regarding the intention to sign long-term loan agreement
30-09-2014	Decisions adopted in Extraordinary General Meeting of Shareholders of LESTO AB on 4 April 2014
08-10-2014	Due to long-term loan agreement
17-10-2014	Regarding the electricity distribution price caps, and supply service price cap for 2015
30-10-2014	Regarding the public electricity price cap for 2015
20-11-2014	Due to public procurement of a long-term loan
24-11-2014	Regarding the initiated legal proceedings by LESTO AB

Essential events after the reporting period

On 28 October, 2014, LESTO associated company's UAB Verslo aptarnavimo centras General Meeting of Shareholders made a decision to increase the authorized share capital of UAB Verslo aptarnavimo centras from LTL 100,000 to LTL 1,500,000. The authorized capital of the company was increased by additional contributions of shareholders by issuing 1,400,000 ordinary shares with a nominal value and issue price of each share equal to LTL 1. When increasing authorized capital of UAB Verslo aptarnavimo centras, LESTO paid for 280,000 units of newly issued ordinary shares. After UAB Verslo aptarnavimo centras authorized capital increase, the number of LESTO shares held increased to 300,000 units but the percentage of total shares of UAB Verslo aptarnavimo centras remains 20 percent.

On 20 November, 2014, LESTO informed about the intention to begin a public procurement for a long-term loan. The loan amount shall be EUR 75 million (LTL 258.96 million), loan term – five years. The funds will be used to refinance the Company's financial liabilities and also, for the working capital needs. The base interest rate shall be 1 month EURIBOR.

ANNEXES

Annex 1. Confirmation of responsible persons



Lietuvos bankas
Žirmūnų street 151,
LT-09128 Vilnius

28-11-2014 Nr. 30200

CONFIRMATION OF RESPONSIBLE PERSONS

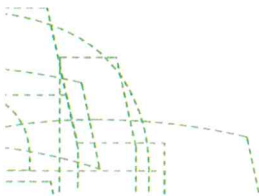
Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Aidan Ignatavičius, Chief Executive Officer of LESTO AB, and, Andrius Bendikas, Finance and Administration Head of LESTO AB, hereby do confirm that, to the best of our knowledge, unaudited LESTO AB and consolidated unaudited LESTO AB group financial statements of the nine months of the year 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flow of LESTO AB and its consolidated enterprises.

Chief Executive Officer

Aidas Ignatavičius

Finance and Administration
Head

Andrius Bendikas



Annex 2. Financial statements

Unaudited financial statements of LESTO and consolidated unaudited financial statements of LESTO group presented in this chapter have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Statement of financial position, LTL thousand

	LESTO GROUP		COMPANY	
	2014-09-30	2013-12-31	2014-09-30	2013-12-31
ASSETS				
Non-current assets				
Property, plant and equipment	4 591 970	4 644 520	4 455 803	4 499 476
Intangible assets	8 176	9 326	8 083	9 265
Prepayments for property plant and intangible assets	118	118	118	118
Investments in subsidiaries	-	-	203 652	203 652
Investment in associates	4 683	19 490	4 464	19 084
Investment property	152 644	147 088	-	-
Non-current receivables	2 120	2 319	1 827	1 939
	4 759 711	4 822 861	4 673 947	4 733 534
Current assets				
Inventories	11 263	10 582	5 498	6 671
Trade and other receivables	186 012	204 023	178 584	196 726
Prepayments, deferred charges and accrued income	23 046	22 294	22 252	21 824
Prepaid income tax	89	43	-	-
Cash and cash equivalents	59 318	26 590	30 279	8 050
	279 728	263 532	236 613	233 271
Non-current assets held for sale	101	221	-	-
	279 829	263 753	236 613	233 271
Total assets	5 039 540	5 086 614	4 910 560	4 966 805
EQUITY				
Equity and reserves attributed to owners of the Company				
Share capital	603 945	603 945	603 945	603 945
Revaluation reserve	1 350 072	1 466 560	1 321 384	1 437 765
Legal reserve	60 401	60 394	60 394	60 394
Retained earnings	1 119 859	1 111 224	1 158 247	1 152 766
	3 134 277	3 242 123	3 143 970	3 254 870
Non-controlling interest	129 990	126 979	-	-
Total equity	3 264 267	3 369 102	3 143 970	3 254 870
LIABILITIES				
Amounts payable after one year and non-current liabilities				
Borrowings	348 838	299 065	348 838	299 065
Deferred income tax liabilities	317 935	333 985	313 777	330 955
Deferred income	292 638	303 942	292 638	303 942
Grants and subsidies	55 844	48 468	55 844	48 468
Non-current employee benefits	4 861	4 494	4 526	4 342
Other non-current liabilities	717	128	717	128
	1 020 833	990 082	1 016 340	986 900
Amounts payable within one year and current liabilities				
Borrowings	329 019	316 462	329 019	315 763
Trade and other payables	338 168	329 354	337 927	331 958
Advances received and accrued liabilities	75 437	75 071	71 488	70 771
Current income tax liabilities	11 816	6 543	11 816	6 543
	754 440	727 430	750 250	725 035
Total liabilities	1 775 273	1 717 512	1 766 590	1 711 935
Total equity and liabilities	5 039 540	5 086 614	4 910 560	4 966 805

Statement of comprehensive income, LTL thousand

	LESTO GROUP			
	2014 Q I-III	2014 Q3	2013 Q I-III	2013 Q3
Sales revenue	1 689 698	546 608	1 789 443	569 087
Purchases of electricity and other related services	(1 092 550)	(352 494)	(1 226 024)	(382 372)
Depreciation and amortization	(262 920)	(88 372)	(289 424)	(87 704)
Employee benefits and related social security contributions	(113 707)	(35 312)	(115 609)	(35 862)
Repair and maintenance expenses	(58 378)	(20 165)	(45 701)	(20 399)
Transportation costs	(9 061)	(2 951)	(7 999)	(2 510)
Telecommunications and IT services	(17 370)	(5 720)	(16 613)	(5 173)
Rent and utilities	(8 203)	(2 493)	(7 493)	(1 974)
Evaluation result of other asset	(537)	-	3 142	-
Other expenses	(31 989)	(10 422)	(32 218)	(8 842)
Operating profit (loss)	94 983	28 679	51 504	24 251
Finance income	765	314	2 448	309
Finance (costs)	(5 996)	(2 079)	(5 252)	(1 597)
Finance income /(costs), net	(5 231)	(1 765)	(2 804)	(1 288)
Profit (loss) on investment in associates	350	219	578	(92)
Profit (loss) before income tax	90 102	27 133	49 278	22 871
Income tax	(13 753)	(4 151)	(7 007)	(3 446)
Net profit (loss) for the year	76 349	22 982	42 271	19 425
Gross profit (loss) for the year	76 349	22 982	42 271	19 425
Net profit (loss) for the year attributable to:				
Owners of the Company	73 338	21 598	40 209	18 248
Non-controlling interest	3 011	1 384	2 062	1 177
	76 349	22 982	42 271	19 425
Gross profit (loss) for the year attributable to:				
Owners of the Company	73 338	21 598	40 209	18 248
Non-controlling interest	3 011	1 384	2 062	1 177
	76 349	22 982	42 271	19 425
Earnings per share ratio	0,121	0,036	0,067	0,030

	COMPANY			
	2014 Q I-III	2014 Q3	2013 Q I-III	2013 Q3
Sales revenue	1 652 988	533 518	1 767 000	560 384
Purchases of electricity and other related services	(1 092 550)	(352 494)	(1 226 024)	(382 372)
Depreciation and amortization	(255 048)	(85 763)	(281 490)	(85 176)
Employee benefits and related social security contributions	(92 909)	(28 618)	(94 043)	(29 236)
Repair and maintenance expenses	(61 702)	(20 665)	(59 107)	(24 860)
Transportation costs	(11 341)	(3 770)	(10 642)	(3 609)
Telecommunications and IT services	(16 633)	(5 750)	(15 433)	(4 829)
Rent and utilities	(7 039)	(2 268)	(7 324)	(2 363)
Evaluation result of other asset	-	-	4 264	-
Other expenses	(28 114)	(9 454)	(29 450)	(8 368)
Operating profit (loss)	87 652	24 736	47 751	19 571
Finance income	1 027	314	2 639	362
Finance (costs)	(5 859)	(1 969)	(5 219)	(1 589)
Finance income /(costs), net	(4 832)	(1 655)	(2 580)	(1 227)
Profit (loss) on investment in associates	-	-	-	-
Profit (loss) before income tax	82 820	23 081	45 171	18 344
Income tax	(12 536)	(3 530)	(6 010)	(2 709)
Net profit (loss) for the year	70 284	19 551	39 161	15 635
Gross profit (loss) for the year	70 284	19 551	39 161	15 635
Net profit (loss) for the year attributable to:				
Owners of the Company	70 284	19 551	39 161	15 635
Non-controlling interest	-	-	-	-
	70 284	19 551	39 161	15 635
Gross profit (loss) for the year attributable to:				
Owners of the Company	70 284	19 551	39 161	15 635
Non-controlling interest	-	-	-	-
	70 284	19 551	39 161	15 635
Earnings per share ratio	0,116	0,032	0,065	0,026

Statement of changes in equity, thousand LTL

LESTO GROUP	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2013	603 945	1 634 355	60 450	-	1 001 228	3 299 978	131 452	3 431 430
Comprehensive income								
Profit (loss) for the period	-	-	-	-	40 209	40 209	2 062	42 271
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(129 166)	-	-	129 166	-	-	-
Total comprehensive income	-	(129 166)	-	-	169 375	40 209	2 062	42 271
Transfers to reserves	-	-	(56)	-	56	-	-	-
Dividends relating to 2012	-	-	-	-	(102 670)	(102 670)	-	(102 670)
Total payments to owners	-	-	(56)	-	(102 614)	(102 670)	-	(102 670)
Change in ownership interests in subsidiary that does not result in a loss of control	-	-	-	-	(2 404)	(2 404)	(5 621)	(8 025)
Non-controlling interests' contribution to the share capital of subsidiary	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	(2 404)	(2 404)	(5 621)	(8 025)
Balance at 30 September 2013	603 945	1 505 189	60 394	-	1 065 585	3 235 113	127 893	3 363 006
Balance at 1 January 2014	603 945	1 466 560	60 394	-	1 111 224	3 242 123	126 979	3 369 102
Comprehensive income								
Profit (loss) for the period	-	-	-	-	73 338	73 338	3 011	76 349
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(116 488)	-	-	116 488	-	-	-
Total comprehensive income	-	(116 488)	-	-	189 826	73 338	3 011	76 349
Transactions with owners								
Transfers to reserves	-	-	7	-	(7)	-	-	-
Dividends relating to 2013	-	-	-	-	(181 184)	(181 184)	-	(181 184)
Total payments to owners	-	-	7	-	(181 191)	(181 184)	-	(181 184)
Balance at 30 September 2014	603 945	1 350 072	60 401	-	1 119 859	3 134 277	129 990	3 264 267

COMPANY	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
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	-	-	-	-	39 161	39 161
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(129 113)	-	-	129 113	-
Total comprehensive income	-	(129 113)	-	-	168 274	39 161
Dividends relating to 2012	-	-	-	-	(102 670)	(102 670)
Total transactions with owners	-	-	-	-	(102 670)	(102 670)
Balance at 30 September 2013	603 945	1 476 132	60 394	-	1 110 188	3 250 659
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	-	-	-	-	70 284	70 284
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(116 381)	-	-	116 381	-
Total comprehensive income	-	(116 381)	-	-	186 665	70 284
Dividends relating to 2013	-	-	-	-	(181 184)	(181 184)
Total transactions with owners	-	-	-	-	(181 184)	(181 184)
Balance at 30 September 2014	603 945	1 321 384	60 394	-	1 158 247	3 143 970

Cash flow statement, thousand LTL

	LESTO GROUP		COMPANY	
	2014 Q I-III	2013 Q I-III	2014 Q I-III	2013 Q I-III
Cash flows from operating activities				
Profit (loss) for the year	76 349	42 271	70 284	39 161
Adjustment for:				
– Income tax	13 753	7 007	12 536	6 010
– Depreciation and amortisation	265 251	291 649	257 379	283 715
– Asset evaluation result	537	(3 142)	-	(4 264)
– Amortisation of grants	(2 331)	(2 225)	(2 331)	(2 225)
– Gain (loss) on disposal and write-off property, plant and equipment	7 821	9 189	8 817	9 408
– (Profit) loss for the investments in associates	(350)	(578)	-	-
– Dividend income	-	-	(171)	-
– Finance (income)	(765)	(2 448)	(856)	(2 639)
– Finance costs	5 996	5 252	5 859	5 219
Changes in working capital:				
– Trade and other receivables	23 817	324	17 992	117
– Inventories, prepayments, deferred charges and accrued income	(1 288)	(4 083)	751	581
– Trade and other payables, advances received, accrued charges and deferred income	(66 135)	(26 383)	(66 319)	(24 283)
Cash generated from operations	322 655	316 833	303 941	310 800
– Income tax paid	(24 618)	(38 470)	(24 441)	(38 233)
Net cash generated from operating activities	298 037	278 363	279 500	272 567
Cash flows from investing activities				
– Purchase of property, equipment and intangible assets	(233 142)	(234 182)	(224 486)	(223 182)
– Proceeds from sale of property, plant and equipment	2 539	761	910	68
– Acquisition of subsidiaries and associates	14 619	(1 273)	14 619	(1 273)
– Grants received	9 707	4 601	9 707	4 601
– Loan repayments received	346	286	259	286
– Term deposits	-	3 000	-	-
– Dividends received	-	-	171	-
– Interest received	202	83	293	259
Net cash used in investing activities	(205 729)	(226 724)	(198 527)	(219 241)
Cash flows from financing activities				
– Proceeds from borrowings	147 269	152 434	147 269	152 434
– Repayments of borrowings	(40 525)	(107 556)	(40 525)	(107 556)
– Dividends paid to the Company's shareholders	(115 959)	(102 377)	(115 959)	(102 377)
– Interest paid	(5 951)	(5 241)	(5 814)	(5 208)
Net cash used in financing activities	(15 166)	(62 740)	(15 029)	(62 707)
Net (decrease) in cash and cash equivalents	77 142	(11 101)	65 944	(9 381)
Cash and cash equivalents at beginning of year	(44 118)	(31 435)	(61 959)	(51 920)
Cash and cash equivalents at end of the period	33 024	(42 536)	3 985	(61 301)