

CONFIRMATION OF RESPONSIBLE PERSONS

February 28, 2013 Vilnius

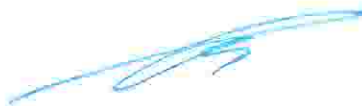
Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and Submission of the Periodic and Additional Information of the Securities Commission of the Republic of Lithuania, we, the undersigned Vytautas Tauras, Director of Finance Department, deputising for the Executive Officer and Svetlana Sokolskytė, Chief Financier-Accounting Division Manager of LITGRID AB, hereby confirm that, to the best of our knowledge, the unaudited interim consolidated financial statements of LITGRID AB for the period ended 31 December 2012 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period.

Vytautas Tauras



Director of Finance Department,
deputising for the Executive Officer

Svetlana Sokolskytė



Chief Financier




LITGRID AB

CONSOLIDATED AND THE COMPANY'S
CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD
ENDED 31 DECEMBER 2012
(UNAUDITED)

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



Vytautas Tauras
Director of Finance Department,
deputising for the Executive Officer



Svetlana Sokolskytė
Chief Financier

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

(All amounts in LTL thousands unless otherwise stated)

	Notes	Group at 31 December 2012	Company at 31 December 2012	Group at 31 December 2011	Company at 31 December 2011
		unaudited	unaudited		
ASSETS					
Non-current assets:					
Intangible assets		1,749	1,432	1,759	1,434
Property, plant and equipment	4	1,978,378	1,974,781	1,990,187	1,985,537
Prepayments for property, plant, equipment		110,510	110,510	87,029	87,029
Investments in subsidiaries		-	8,608	-	8,608
Investments in associates and joint ventures		16,052	16,601	20,804	21,332
Deferred income tax assets		218	-	297	-
Other financial assets		7,722	7,722	1,084	1,084
Total non-current assets		2,114,629	2,119,654	2,101,160	2,105,024
Current assets					
Inventories		14,003	2,438	4,202	2,214
Prepayments		351	106	236	2,440
Trade receivables		72,156	51,646	45,310	37,782
Other receivables		97,034	95,844	88,911	79,181
Other financial assets		63,490	62,312	61,096	61,096
Time deposits		-	-	115,079	115,079
Held-to-maturity investments		-	-	21,539	21,539
Cash and cash equivalents		127,387	126,097	65,185	57,131
Total current assets		374,421	338,443	401,558	376,462
Assets of disposal group classified as held for sale		5,620	4,731	-	-
TOTAL ASSETS		2,494,670	2,462,828	2,502,718	2,481,486
EQUITY AND LIABILITIES					
Capital and reserves:					
Share capital		504,331	504,331	504,331	504,331
Share premium		29,621	29,621	29,621	29,621
Revaluation reserve		246,582	246,339	267,179	266,960
Legal reserve		50,464	50,433	50,477	50,433
Other reserves	5	654,738	654,654	979,738	979,654
Retained earnings	6	44,742	47,160	63,942	66,951
Equity attributable to owners of the parent company		1,530,478	1,532,538	1,895,288	1,897,950
Non-controlling interests		4,390	-	4,253	-
Total equity		1,534,868	1,532,538	1,899,541	1,897,950
Non-current liabilities					
Grants	7	304,971	304,971	182,359	182,359
Borrowings		138,112	138,112	-	-
Deferred income		13,990	13,990	14,642	14,642
Other non-current payables and liabilities		6,291	6,100	7,458	7,273
Deferred income tax liabilities		166,775	166,775	178,588	178,588
Total non-current liabilities		630,139	629,948	383,047	382,862
Current liabilities					
Borrowings		45,956	41,434	-	-
Trade payables		102,618	83,931	54,921	52,459
Advance amounts received		3,397	2,571	4,340	1,363
Income tax payable		10,430	10,430	7,162	6,800
Other payables		167,262	161,976	153,707	140,052
Total current liabilities		329,663	300,342	220,130	200,674
Total liabilities		959,802	930,290	603,177	583,536
TOTAL EQUITY AND LIABILITIES		2,494,670	2,462,828	2,502,718	2,481,486

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR A TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012

(All amounts in LTL thousands unless otherwise stated)

	Pasta -bos	Grupė 2012 m. unaudited	Bendrovė 2012 m. unaudited	Grupė 2011 m.	Bendrovė 2011 m.
Revenue					
Sales of electricity and related services		430,527	430,114	383,193	383,052
Other operating income		77,840	8,188	51,613	5,892
Total revenue		508,367	438,302	434,806	388,944
Operating expenses					
Purchase of electricity and related services		(215,728)	(217,271)	(201,300)	(203,700)
Depreciation and amortisation	4	(126,283)	(124,960)	(133,612)	(132,488)
Wages and salaries and related expenses		(36,910)	(17,724)	(35,823)	(17,185)
Repair and maintenance expenses		(14,482)	(24,067)	(15,997)	(25,377)
Telecommunications and IT systems expenses		(14,167)	(13,144)	(13,374)	(12,535)
Write-offs of property, plant and equipment		(1,409)	(1,409)	(12,929)	(12,929)
Other expenses		(71,061)	(11,278)	(46,160)	(10,608)
Total operating expenses		(480,040)	(409,853)	(459,195)	(414,822)
OPERATING PROFIT (LOSS)		28,327	28,449	(24,389)	(25,878)
Finance income		1,956	1,817	2,574	2,375
Finance costs		(116)	(90)	(17)	(9)
Finance income, net		1,840	1,727	2,557	2,366
Share of profit (loss) of associates and joint ventures		636	-	419	-
Gain on change in ownership interests in associate		232	-	1,699	-
		868	-	2,118	-
PROFIT (LOSS) BEFORE INCOME TAX		31,035	30,176	(19,714)	(23,512)
Current income tax expenses		(16,666)	(16,544)	(12,150)	(11,772)
Deferred income tax income		11,745	11,813	15,085	14,960
		(4,921)	(4,731)	2,935	3,188
PROFIT (LOSS) FOR THE PERIOD		26,114	25,445	(16,779)	(20,324)
Other comprehensive income:					
Impairment losses of property, plant and equipment		70	-	358	-
Deferred income tax related to components of other comprehensive income		-	-	(1,639)	-
Other comprehensive income, net of tax		70	-	(1,281)	-
TOTAL COMPREHENSIVE INCOME (LOSS)		26,184	25,445	(18,060)	(20,324)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		26,005	25,445	(17,182)	(20,324)
Non-controlling interest		109	-	403	-
		26,114	25,445	(16,779)	(20,324)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		26,047	25,445	(18,602)	(20,324)
Non-controlling interest		137	-	542	-
		26,184	25,445	(18,060)	(20,324)
Basic and diluted earnings (deficit) per share (in LTL)	10	0.05		(0.03)	

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR A THREE-MONTH PERIOD ENDED 31 DECEMBER 2012

(All amounts in LTL thousands unless otherwise stated)

Notes	Group October – December 2012	Company October – December 2012	Group October – December 2011	Company October – December 2011
Revenue				
Sales of electricity and related services	114,580	114,467	103,211	103,146
Other operating income	33,947	1,919	18,354	2,125
Total revenue	148,527	116,386	121,565	105,271
Operating expenses				
Purchase of electricity and related services	(54,219)	(54,574)	(52,974)	(53,562)
Depreciation and amortisation	(31,856)	(31,510)	(33,108)	(32,828)
Wages and salaries and related expenses	(11,414)	(5,832)	(10,988)	(5,631)
Repair and maintenance expenses	(4,060)	(7,332)	(5,017)	(8,653)
Telecommunications and IT systems expenses	(3,156)	(2,946)	(2,532)	(2,283)
Write-offs of property, plant and equipment	(1,316)	(1,316)	(12,160)	(12,160)
Other expenses	(31,582)	(3,312)	(13,707)	(794)
Total operating expenses	(137,603)	(106,822)	(130,486)	(115,911)
OPERATING PROFIT (LOSS)	10,924	9,564	(8,921)	(10,640)
Finance income	(335)	(356)	463	419
Finance costs	383	400	(4)	(2)
Finance income, net	48	44	459	417
Share of profit (loss) of associates and joint ventures	359	-	(459)	-
Gain on change in ownership interests in associate	-	-	1,699	-
	359	-	1,240	-
PROFIT (LOSS) BEFORE INCOME TAX	11,331	9,608	(7,222)	(10,223)
Current income tax expenses	(4,610)	(4,504)	(3,311)	(3,236)
Deferred income tax income	3,107	3,113	5,706	5,705
	(1,503)	(1,391)	2,395	2,469
PROFIT (LOSS) FOR THE PERIOD	9,828	8,217	(4,827)	(7,754)
Other comprehensive income				
Gain on revaluation of property, plant and equipment, net of deferred income tax	70	-	358	-
Share of comprehensive income of associate	-	-	(1,639)	-
Impairment losses of property, plant and equipment	-	-	3,111	3,111
Deferred income tax related to components of other comprehensive income	-	-	(466)	(466)
Other comprehensive income, net of deferred income tax	70	-	(1,281)	-
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	9,898	8,217	(3,463)	(5,109)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the Company	9,525	8,217	(5,100)	(7,755)
Non-controlling interest	303	-	273	-
	9,828	8,217	(4,827)	(7,754)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the Company	9,567	8,217	(3,875)	(5,110)
Non-controlling interest	331	-	412	-
	9,898	8,217	(3,463)	(5,109)
Basic and diluted earnings (deficit) per share (in LTL)	0.02		(0.01)	

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR A TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012

(All amounts in LTL thousands unless otherwise stated)

Group	Note	Equity attributable to owners of the Company						Non-controlling interest	Total equity	
		Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings			Total
Balance at 1 January 2011		504,331	29,621	296,353	47,730	-	1,035,947	1,913,982	3,359	1,917,341
Comprehensive income										
Profit (loss) for the period		-	-	-	-	-	(17,182)	(17,182)	403	(16,779)
Share of comprehensive income of associate		-	-	-	-	-	(1,639)	(1,639)	-	(1,639)
Depreciation of revaluation reserve and amounts written off		-	-	219	-	-	-	219	139	358
Other comprehensive loss		-	-	(29,393)	-	-	29,393	-	-	-
Total comprehensive income (loss)		-	-	(29,174)	-	-	10,572	(18,602)	542	(18,060)
Transactions with owners										
Decrease in ownership interests in subsidiary that does not result in a loss of control		-	-	-	-	-	(92)	(92)	352	260
Transfers to reserves		-	-	-	2,747	979,738	(982,485)	-	-	-
Total transactions with owners		-	-	-	2,747	979,738	(982,577)	(92)	352	260
Balance at 30 December 2011		504,331	29,621	267,179	50,477	979,738	63,942	1,895,288	4,253	1,899,541
Balance at 1 January 2012		504,331	29,621	267,179	50,477	979,738	63,942	1,895,288	4,253	1,899,541
Comprehensive income										
Profit (loss) for the period		-	-	-	-	-	26,005	26,005	109	26,114
Depreciation of revaluation reserve and amounts written off		-	-	(20,639)	-	-	20,639	-	-	-
Revaluation of PPE		-	-	42	-	-	-	42	28	70
Total comprehensive income (loss)		-	-	(20,597)	-	-	46,644	26,047	137	26,184
Transactions with owners										
Dividends	5	-	-	-	-	-	(390,857)	(390,857)	-	(390,857)
Transfers to retained earnings	6	-	-	-	(45)	(325,000)	325,045	-	-	-
Transfers to reserves		-	-	-	32	-	(32)	-	-	-
Total transactions with owners		-	-	-	(13)	(325,000)	(65,844)	(390,857)	-	(390,857)
Balance at 31 December 2012 (unaudited)		504,331	29,621	246,582	50,464	654,738	44,742	1,530,478	4,390	1,534,868

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR A TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012

(All amounts in LTL thousands unless otherwise stated)

Company	Note	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2011		504,331	29,621	296,353	47,665	-	1,040,304	1,918,274
Comprehensive income								
Profit (loss) for the period		-	-	-	-	-	(20,324)	(20,324)
Depreciation of revaluation reserve and amounts written off		-	-	(29,393)	-	-	29,393	-
Other comprehensive income		-	-	(29,393)	-	-	9,069	(20,324)
Total comprehensive income (loss)		-	-	(29,393)	-	-	9,069	(20,324)
Transactions with owners								
Transfers to reserves		-	-	-	2,768	979,654	(982,422)	-
Total transactions with owners		-	-	-	2,768	979,654	(982,422)	-
Balance at 31 December 2011		504,331	29,621	266,960	50,433	979,654	66,951	1,897,950
Balance at 1 January 2012		504,331	29,621	266,960	50,433	979,654	66,951	1,897,950
Comprehensive income								
Profit (loss) for the period		-	-	-	-	-	25,445	25,445
Depreciation of revaluation reserve and amounts written off		-	-	(20,621)	-	-	20,621	-
Total comprehensive income (loss)		-	-	(20,621)	-	-	46,066	25,445
Transactions with owners								
Transfers to reserves	5	-	-	-	-	(325,000)	325,000	-
Dividends	6	-	-	-	-	-	(390,857)	(390,857)
Total transactions with owners		-	-	-	-	(325,000)	(65,857)	(390,857)
Balance at 31 December 2012 (unaudited)		504,331	29,621	246,339	50,433	654,654	47,160	1,532,538

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR A TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012
(All amounts in LTL thousands unless otherwise stated)

	Notes	Group 2012	Company 2012	Group 2011	Company 2011
		unaudited	unaudited		
Cash flows from operating activities					
Profit (loss) for the period		26,114	25,445	(16,779)	(20,324)
Reversal of non-monetary items and other adjustments for:					
Depreciation and amortisation expenses	4	127,991	126,670	135,479	134,355
Revaluation of Property, plant & equipment		(83)	-	(41)	-
Impairment of Property, plant & equipment		24	24	7	-
Share of profit (loss) of associates and joint ventures		(636)	-	(419)	-
Gain on change in ownership interests in associate		(232)	-	(1,699)	-
Income tax expenses /(income)		4,921	4,731	(2,935)	(3,188)
Loss on write-off of property, plant and equipment	4	1,730	1,689	13,619	13,619
(Depreciation) of grants	7	(1,711)	(1,711)	(1,867)	(1,867)
Interest income		(2,650)	(2,559)	(2,564)	(2,372)
Interest expense		1,365	1,340	-	-
Finance costs		(61)	(14)	17	9
Change in other financial assets		(2,394)	(1,216)	(59,436)	(59,436)
Changes in working capital:					
(Increase) decrease in trade receivables and other receivables		(38,553)	(34,111)	16,980	3,849
(Increase) decrease in inventories and prepayments		(9,916)	2,110	70	(2,545)
Increase (decrease) in accounts payable and advance amounts received		30,085	23,815	39,070	59,790
Cash generated from operations		135,994	146,213	119,502	121,890
Income tax paid		(10,996)	(10,522)	(17,670)	(17,634)
Net cash generated from operating activities		124,998	135,691	101,832	104,256
Cash flows from investing activities					
(Purchase) of property, plant and equipment and intangible assets		(114,874)	(114,098)	(160,755)	(160,277)
Grants received	7	124,323	124,323	142,196	142,196
Interest received		3,605	3,514	1,283	1,091
Dividends received		237	237	-	-
Investments in time deposits		108,441	108,441	(72,079)	(72,079)
Acquisition of held-to-maturity investments		21,539	21,539	(21,539)	(21,539)
Other		61	14	(17)	(9)
Net cash generated from (used in) investing activities		143,095	143,733	(110,911)	(110,617)
Cash flows from financing activities					
Non-controlling interests' contribution to the share capital of the subsidiary		-	-	260	-
Borrowings received		200,262	200,262	-	-
Repayments of borrowings		(20,716)	(20,716)	-	-
Credit line facility (overdraft)		4,522	-	-	-
Interests paid		(871)	(846)	-	-
Dividends paid		(389,325)	(389,395)	-	-
Net cash generated from (used in) financing activities		(206,128)	(210,695)	260	-
Net increase (decrease) in cash and cash equivalents		62,202	68,966	(8,819)	(6,361)
Cash and cash equivalents at beginning of the period		65,185	57,131	74,004	63,492
Cash and cash equivalents at end of the period		127,387	126,097	65,185	57,131

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR A TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012
 (All amounts in LTL thousands unless otherwise stated)

1. General information

LITGRID AB (named as LITGRID Turtas AB until 14 March 2011) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. LITGRID AB (hereinafter LITGRID or "the Company") is a limited liability profit-making business entity established as a result of spin-off of Lietuvos Energija AB operations based on the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010, which was passed to approve the spin-off of Lietuvos Energija AB. On 16 November 2010, the Company was registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company's code is 302564383; VAT payer's code is LT100005748413.

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

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

On 24 February 2011, the Company obtained a license of the electricity transmission system operator from the National Control Commission for Prices and Energy (the Commission).

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

As at 31 December 2012 and 31 December 2011, the Company's authorised share capital totalled LTL 504,331,380 and was divided into 504,331,380 ordinary registered shares with par value of LTL 1 each. All shares are fully paid. As at 31 December 2012 the Company's shareholders structure was as follows:

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

At 31 December 2011:

	Ownership interest (in LTL)	Number of shares held (%)
Visagino Atominė Elektrinė UAB	491,736,153	97.5 %
Other shareholders	12,595,227	2.5 %
Total	504,331,380	100 %

Based on the Lithuanian Government's Resolution No. 826 of 4 July 2012 *On the establishment of a private limited liability company and investment of state-owned capital*, on 19 July 2012 was established and on 25 July 2012 was registered with the register of legal entities EPSO-G UAB. On 28 September 2012 the Company's shares owned by Visagino Atominė Elektrinė UAB were transferred to the EPSO-G UAB. The Ministry of Energy of the Republic of Lithuania is the sole shareholder of EPSO-G UAB.

The Company's shares are traded on NASDAQ OMX Vilnius Stock Exchange.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
 FOR A TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012
 (All amounts in LTL thousands unless otherwise stated)

1. General information (continued)

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

Subsidiary	Registered office address	Group's shareholding at 31 December 2012	Group's shareholding at 31 December 2011	Profile of activities
BALTPool UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	67%	67%	Energy source exchange
TETAS UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	61%	61%	Transformer substation, distribution station design, construction, repair and maintenance services

The structure of the Group's investments in associates and joint venture as at 31 December 2012 and 31 December 2011 was as follows:

Company	Registered office address	Group's shareholding at 31 December 2012	Group's shareholding at 31 December 2011	Profile of activities
Technologijų ir Inovacijų Centras UAB	Žvejų g. 14, Vilnius, Lithuania	20%	20%	IT services
Elektros Tinklo Paslaugos UAB	Motorų g. 2, Vilnius, Lithuania	25%	29%	Power network and related equipment repair, maintenance and construction services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	Designing of electricity transmission interconnection facilities

As at 31 December 2012, the Group had 701 employees (31 December 2011: 623 employees), whereas the Company had 203 employees (31 December 2011: 205 employees).

Despite the increase in the Company's revenue from electricity transmission activities in the first and fourth quarters of the year, seasonal variations do not have significant impact on the Company's half-year financial information. The Company's revenue for the first and second half-year of 2012 amounted respectively to 48.7 % and 51.3 % of the Company's annual revenue of 2012, the Company's revenue of the first and second half-years also amounted respectively to 48.7% and 51.3% of the Company's total annual revenue of 2011.

2. Basis of preparation

The Company's and consolidated Group's condensed interim financial information for a twelve-month period ended 31 December 2012 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting').

This condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRS as adopted by the EU.

3. Accounting policies

Except as described below, the accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year 2011.

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

3.1. New standards, amendments and interpretations

There are no new standards, amendments and interpretations that are mandatory for the Company and the Group with effect from 2012, and that have a significant impact on the Company's and the Group's financial information.

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

3.2. Critical accounting estimates

The preparation of condensed interim financial information in conformity with IFRS requires management to make estimates and assumptions that affect the accounting policies applied and the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The actual results may ultimately differ from these estimates. Significant judgements made by management in relation to accounting policies and key sources of identification of contingencies were consistent with those applied in preparation of the financial statements for the year ended 31 December 2011.

Revaluation and impairment of property, plant and equipment

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

As at 31 December 2009, management of Lietuvos Energija AB revised the carrying amounts of property, plant and equipment. Having assessed the fall in the construction cost indices in respect of relevant categories of assets published by the Lithuanian Statistics Department for 11 months of 2009, Lietuvos Energija AB reduced the carrying amount of property, plant and equipment. Lietuvos Energija AB applied a 12.27% statistical index in respect of the category of buildings and a 9.68% index in respect of other categories of property, plant and equipment, which had been revalued under the depreciated replacement cost method as at 31 December 2008.

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

According to the amendment to the above-mentioned Law effective from 1 June 2009, the price caps for electricity transmission services are to be determined based on the value of assets used in licensed activities of the service provider, with the value of such assets being estimated and approved by the Commission in accordance with the principles for determination of the value of assets used in licensed activities of the service provider that had been drafted by the Commission and approved by the Government.

According to the Government's Resolution No. 1142 of 9 September 2009 *On the methodology for determination of the value of assets used in licensed activities of the electricity service provider*, the determination of the price caps for electricity transmission services is to include the value of assets used in licensed activities of the service provider, which is equal to the net book value (carrying amount) of property, plant and equipment as at 31 December 2002 as increased by the amount of capital expenditures implemented and agreed with the Commission and reduced by the depreciation amount calculated pursuant to the procedure stipulated in the Lithuanian Law on Corporate Income Tax.

For the above-mentioned reasons, the values of property, plant and equipment reported in this condensed interim financial information may significantly differ from those that would have been determined if the valuation of assets had been performed by independent valuers as required by International Valuation and Accounting Standards. Such valuation is likely to have a negative impact on the results of the Company' and Group's operations and the shareholders' equity reported in the financial statements for the years 2012 and 2011.

According to the Company's management plans, valuation of fair values of property, plant and equipment will be executed in the year 2013.

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 (All amounts in LTL thousands unless otherwise stated)

4. Property, plant and equipment

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

Group	Land	Buildings	Structures and machinery	Motor vehicles	Other PP&E	Construction in progress	Total
At 31 December 2010							
Opening net book amount	1,961	36,488	1,943,993	1,829	45,563	34,285	2,064,119
Additions	-	-	508	301	579	72,621	74,009
Revaluation	-	462	-	-	-	-	462
Disposals	-	-	-	(16)	-	-	(16)
Write-offs	-	(105)	(13,168)	-	(170)	(176)	(13,619)
Impairment	-	(7)	-	-	-	-	(7)
Reclassification from inventories	-	-	-	-	-	(26)	(26)
Reclassification between categories	-	326	32,939	-	1,086	(34,351)	-
Depreciation charge	-	(2,313)	(123,049)	(476)	(8,897)	-	(134,735)
Net book amount at 31 December 2011	1,961	34,851	1,841,223	1,638	38,161	72,353	1,990,187
Cost of revaluated amount	1,961	39,539	2,070,777	2,395	87,286	72,353	2,274,311
Accumulated depreciation	-	(4,543)	(228,329)	(757)	(49,125)	-	(282,754)
Accumulated impairment	-	(145)	(1,225)	-	-	-	(1,370)
Net book amount at 31 December 2011	1,961	34,851	1,841,223	1,638	38,161	72,353	1,990,187
Opening net book amount	1,961	34,851	1,841,223	1,638	38,161	72,353	1,990,187
Additions	-	-	242	42	9,292	107,242	116,818
Revaluation	-	83	-	-	-	-	83
Write-offs	-	(31)	(1,432)	-	(3)	(223)	(1,689)
Reclassified to intangible assets	-	-	-	-	(24)	-	(24)
Reclassified from inventory	-	-	3	-	8	38	49
Reclassification between categories	-	2,013	49,658	-	3,080	(54,751)	-
Depreciation charge	-	(2,190)	(116,093)	(498)	(8,271)	6	(127,046)
Net book amount at 31 December 2012	1,961	34,726	1,773,601	1,182	42,243	124,665	1,978,378
Cost of revaluated amount	1,961	41,589	2,116,494	2,436	99,282	124,659	2,386,421
Accumulated depreciation	-	(6,718)	(341,668)	(1,254)	(57,039)	6	(406,673)
Accumulated impairment	-	(145)	(1,225)	-	-	-	(1,370)
Net book amount at 31 December 2012	1,961	34,726	1,773,601	1,182	42,243	124,665	1,978,378

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(All amounts in LTL thousands unless otherwise stated)

4. Property, plant and equipment (continued)

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

Company	Land	Buildings	Structures and machinery	Other PP&E	Construction in progress	Total
At 31 December 2010						
Opening net book amount	1,961	35,636	1,943,758	43,606	34,686	2,059,647
Additions	-	-	100	435	72,630	73,165
Write-offs	-	(105)	(13,168)	(170)	(176)	(13,619)
Reclassification from inventories	-	-	-	-	(26)	(26)
Reclassification between categories	-	326	32,939	1,086	(34,351)	-
Depreciation charge	-	(2,244)	(123,002)	(8,384)	-	(133,630)
Net book amount at 31 December 2011	1,961	33,613	1,840,627	36,573	72,763	1,985,537
Cost of revaluated amount	1,961	38,019	2,069,995	84,523	72,763	2,267,261
Accumulated depreciation	-	(4,261)	(228,143)	(47,950)	-	(280,354)
Accumulated impairment	-	(145)	(1,225)	-	-	(1,370)
Net book amount at 31 December 2011	1,961	33,613	1,840,627	36,573	72,763	1,985,537
At 31 December 2011						
Opening net book amount	1,961	33,613	1,840,627	36,573	72,763	1,985,537
Additions	-	-	201	8,775	107,767	116,743
Write-offs	-	(31)	(1,432)	(3)	(223)	(1,689)
Reclassified to intangible assets	-	-	-	(24)	-	(24)
Reclassified from inventory	-	-	3	8	38	49
Reclassification between categories	-	2,013	49,658	3,080	(54,751)	-
Depreciation charge	-	(2,082)	(116,004)	(7,749)	-	(125,835)
Net book amount at 31 December 2012	1,961	33,513	1,773,053	40,660	125,594	1,974,781
Cost of revaluated amount	1,961	39,986	2,115,671	96,001	125,594	2,379,213
Accumulated depreciation	-	(6,328)	(341,393)	(55,341)	-	(403,062)
Accumulated impairment	-	(145)	(1,225)	-	-	(1,370)
Net book amount at 31 December 2012	1,961	33,513	1,773,053	40,660	125,594	1,974,781

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(All amounts in LTL thousands unless otherwise stated)

4. Property, plant and equipment (continued)

As at 31 December 2012 and 31 December 2011, the Group/Company had significant contractual commitments to purchase property, plant and equipment, which would have to be fulfilled in later periods.

	2012 m. gruodžio 31 d.	2011 m. gruodžio 31 d.
Interconnection between the electricity transmission systems of Lithuania and Sweden (NORDBALT)	597,783	620,783
Transformer substations	73,386	60,778
Construction of 330 kV air line (AL) Telšiai-Klaipėda	43,360	58,210
Cabling of 110 kV AL near Viršuliškes	4,318	-
Interconnection between the electricity transmission systems of Lithuania and Poland (LitPolLink)	107	1,706
Replacement of section of 110 kV AL „Marios-Juodkrantė“	2,165	-
Other	4,405	901
Total	725,524	742,378

5. Other reserves

The Ordinary General Meeting of Shareholders of LITGRID AB held on 30 April 2012 approved the proposed profit appropriation and resolved to transfer LTL 325,000 thousand from other reserves to retained earnings.

6. Dividends

During the Ordinary General Meeting of Shareholders of LITGRID AB held on 30 April 2012, the decision was made in relation to the payment of dividends in amount of LTL 390,857 thousand. Dividends per share amounted to LTL 0.775.

7. Grants

The grants balance consists of grants to finance acquisition of assets. Movements in grants were as follows:

	Grupė	Bendrovė
Balance at 31 December 2010	42,349	42,349
Received during the period	142,196	142,196
Recognised as income during the period	(2,186)	(2,186)
Balance at 31 December 2011	182,359	182,359
Balance at 31 December 2011	182,359	182,359
Received during the period	124,323	124,323
Recognised as income during the period	(1,711)	(1,711)
Balance at 31 December 2012	304,971	304,971

The received grants comprised as follows:

- amounts received from the EU funds to finance the reconstruction of the Company's property, plant and equipment totalling LTL 37,831 thousand (2011: LTL 6,826 thousand);
- funds received from Ignalina International Decommissioning Support Fund to finance preparatory works and implementation of the project for interconnection Lithuania-Poland (LitPolLink) totalling LTL 1,492 thousand (2011: LTL 1,100 thousand);
- PSO service fees received to finance the preparatory works and implementation of the Project for interconnection Lithuania-Sweden (NordBalt) totalling LTL 85,000 thousand (2011: LTL 92,030 thousand).

As well for the year ended 31 December 2011 were received grants from EU funds for preparatory works and implementation of the Project for interconnection Lithuania-Sweden (NordBalt) – LTL 41,951 thousand and funds received from other sources – LTL 279 thousand.

In the statement of comprehensive income for the year ended 31 December 2012, depreciation and amortisation charges were reduced by income from grants amounting to LTL 1,711 thousand (2011: LTL 1,867 thousand were reduced by income from grants and 319 thousand was recognised as other income, as grant was related with PPE that been written-off).

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8. Segment information

Management distinguished operating segments based on the reports reviewed by the Board. The Board is a primary decision maker within the Group. The Board analyses business operations by types of services provided. Management analyses operating profit (loss) as a profitability indicator. The reports reviewed by the Board are in line with the financial statements prepared in accordance with IFRS, except for the format of presentation.

The Group has distinguished the following 6 segments:

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

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

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

Provision of capacity reserve services. To ensure a liable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities and provides capacity reserve services to end users. The capacity reserve is required in case of unexpected fall in electricity production volumes or increase in electricity consumption.

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

- development and implementation of strategic projects for the improvement of energy security with the help of interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to ENTSO-E continental Europe networks;
- connection of power generation facilities, which use wind, biomass, solar energy or hydroenergy in the process of electricity generation, to transmission networks; optimisation, development and/or reconstruction of transmission networks related to acceptance and transmission of electricity from producers who use the renewable energy resources;
- balancing of electricity produced using the renewable energy resources;
- administration of PSO service fees.

The Company's subsidiary BALTPPOOL UAB carries out the activities of natural gas market operator and applies measures to secure against the fluctuations in electricity prices on power exchange. BALTPPOOL UAB earns revenue mainly from turnover fees for trade in power exchange. Until 18 June 2012, BALTPPOOL UAB used to act as power exchange operator.

Repair and maintenance services are carried out by the Company's subsidiary TETAS UAB. Its core line of business is reconstruction, repair and maintenance of medium voltage transformer substations and distribution stations.

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(All amounts in LTL thousands unless otherwise stated)

8. Segment information (continued)

The table below shows the Group's information on segments for the period ended 31 December 2012:

2012	Operating segments							Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	249,675	108,828	64,597	15,081	2,078	80,165	-	520,424
Inter-segment revenue	-	-	-	-	(1,565)	(9,967)	(525)	(12,057)
Revenue after elimination of inter-company revenue within the Group	249,675	108,828	64,597	15,081	513	70,198	(525)	508,367
Operating profit (loss)	(3,157)	23,509	8,091	-	192	211	(519)	28,327
Finance income (costs), net	1,727	-	-	-	104	9	-	1,840
Share of result of associates and joint ventures	636	-	-	-	-	-	-	636
Gain on change in ownership interests in associate	232	-	-	-	-	-	-	232
Profit (loss) before income tax	(562)	23,509	8,091	-	296	220	(519)	31,035
*Income tax	(4,731)	-	-	-	(36)	(154)	-	(4,921)
Net profit (loss) for the period	(5,293)	23,509	8,091	-	260	66	(519)	26,114
Depreciation and amortisation expenses	124,960	-	-	-	93	1,236	(6)	126,283
Write-offs of property, plant and equipment	1,409	-	-	-	-	-	-	1,409

* Income tax and financial-investment activity is not allocated among the Company's operating segments and it is attributed to the activities of electricity transmission

The table below shows the Group's information on segments for the period ended 31 December 2011:

2011 m.	Operating segments							Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	236,452	86,782	55,481	10,229	2,551	55,635	-	447,130
Inter-segment revenue	(2,785)	-	-	-	-	(9,539)	-	(12,324)
Revenue after elimination of inter-company revenue within the Group	233,667	86,782	55,481	10,229	2,551	46,096	-	434,806
Operating profit (loss)	(36,943)	19,737	(8,671)	-	433	1,064	(9)	(24,389)
Finance income (costs), net	2,366	-	-	-	190	1	-	2,557
Share of result of associates and joint ventures	419	-	-	-	-	-	-	419
Gain on change in ownership interests in associate	1,699	-	-	-	-	-	-	1,699
Profit (loss) before income tax	(32,459)	19,737	(8,671)	-	623	1,065	(9)	(19,714)
*Income tax	3,188	-	-	-	(50)	(203)	-	2,935
Net profit (loss) for the period	(29,271)	19,737	(8,671)	-	573	862	(9)	(16,779)
Depreciation and amortisation expenses	132,488	-	-	-	1	1,123	-	133,612
Write-offs of property, plant and equipment	12,929	-	-	-	-	-	-	12,929

* Income tax and financial-investment activity is not allocated among the Company's operating segments and it is attributed to the activities of electricity transmission

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8. Segment information (continued)

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

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

In 2012 and 2011, the Group's and the Company's revenue by geographical location of customer was as follows:

Country	Grupė 2012 m.	Bendrovė 2012 m.	Grupė 2011 m.	Bendrovė 2011 m.
Lithuania	503,893	433,828	431,249	385,387
Russia	2,010	2,010	1,859	1,859
Estonia	1,564	1,564	793	793
Latvia	882	882	905	905
Bulgaria	18	18	-	-
Total:	508,367	438,302	434,806	388,944

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

The Group's revenue from its major external customer (Visagino Atominė Elektrinė UAB group companies) amounted to LTL 359,019 thousand during a year ended 31 December 2012 (31 December 2011: LTL 302,340 thousand).

9. Related-party transactions

Since UAB Visagino atominė elektrinė was Company's/Group's parent company until 28 September 2012, therefore transactions with UAB Visagino atominė elektrinė group companies are presented in the transactions with related parties.

During the year ended 31 December 2012 and 2011, the major purchases and sales between related parties within the Group were conducted between the Company and LESTO AB or Lietuvos Energija AB (Visagino Atominė Elektrinė UAB group companies). The Group mostly purchased electricity and paid PSO service fees. Sale transactions mostly comprised sales of electricity, provision of capacity reserve services, electricity transmission services, and collection of PSO service fees.

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

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Visagino Atominė Elektrinė UAB group companies	47,237	122,225	692,306	1,280,502
The Group's associates	3,718	625	23,591	6,388
UAB „EPSO-G“	-	-	-	-
Total:	50,955	122,850	715,897*	1,286,890**

*Whereof: LTL 432,243 thousand PSO service fees paid to related parties and LTL 131,620 thousand purchases of electricity on the power exchange from related parties. The Group acts as an agent in these transactions. The Group does not recognise revenue and expenses from electricity trading in power exchange and administration of PSO service fees with respect to those transactions in which it acts as an agent on behalf of the Commission/Government.

**Whereof: LTL 623,532 thousand PSO service fees received from related parties and LTL 304,339 thousand sales of electricity on the power exchange to related parties.

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9. Related-party transactions (continued)

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

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Visagino Atominė Elektrinė UAB group companies	46,833	107,634	599,720	974,808
The Company's subsidiaries	6,548	13	45,667	243
The Group's associates	2,439	622	22,644	6,378
UAB „EPSO-G“	-	-	-	-
Total:	55,820	108,269	668,031*	981,429**

*Whereof: LTL 432,243 thousand PSO service fees paid to related parties and LTL 44,942 thousand purchases of electricity on the power exchange from related parties. The Company acts as an agent in these transactions. The Company does not recognise revenue and expenses from electricity trading in power exchange and administration of PSO service fees with respect to those transactions in which it acts as an agent on behalf of the Commission/Government.

**Whereof: LTL 623,532 thousand PSO service fees received from related parties and LTL 44,942 thousand sales of electricity on the power exchange to related parties.

The Group's transactions with related parties during the year ended 31 December 2011 and the balances arising on these transactions as at 31 December 2011 are presented below.

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Visagino Atominė Elektrinė UAB group companies	58,274	99,314	675,480	1,311,699
The Group's associates	2,626	1,211	25,763	4,773
UAB „EPSO-G“	-	-	-	-
Total:	60,900	100,525	701,243*	1,316,472**

*Whereof: LTL 326,115 thousand PSO service fees paid to related parties and LTL 217,695 thousand purchases of electricity on the power exchange from related parties. The Group acts as an agent in these transactions. The Group does not recognise revenue and expenses from electricity trading in power exchange and administration of PSO service fees with respect to those transactions in which it acts as an agent on behalf of the Commission/Government.

**Whereof: LTL 516,371 thousand PSO service fees received from related parties and LTL 492,988 thousand sales of electricity on the power exchange to related parties.

The Company's transactions with related parties during the year ended 31 December 2011 and the balances arising on these transactions as at 31 December 2011 are presented below.

Related parties	Trade and other payables and prepayments	Trade and other receivables	Purchases	Sales
Visagino Atominė Elektrinė UAB group companies	56,711	87,451	452,060	787,970
The Company's subsidiaries	2,576	804	41,258	385
The Group's associates	4,706	2,573	25,209	4,387
UAB „EPSO-G“	-	-	-	-
Total:	63,993	90,828	518,527*	792,742**

*Whereof: LTL 326,115 thousand PSO service fees paid to related parties.

**Whereof: LTL 516,371 thousand PSO service fees received from related parties.

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9. Related-party transactions (continued)

Payments to key management personnel

	<u>Group 2012</u>	<u>Company 2012</u>	<u>Group 2011</u>	<u>Company 2011</u>
Employment-related payments	2,710	1,647	2,647	1,616
Whereof: termination benefits	246	177	293	254
Number of key management personnel	16	8	15	8

Key management personnel includes heads of administration and their deputies (directors of departments) and chief financier.

10. Basic and diluted earnings per share

Basic and diluted earnings (deficit) per share for a nine-month period ended 31 December 2012 and 2011 were as follows:

	<u>2012 m.</u>	<u>2011 m.</u>
Net profit (loss) attributable to the owners of the Company (LTL thousands)	26,005	(17,182)
Weighted average number of shares (units)	504,331	504,331
Basic and diluted earnings (deficit) per share (in LTL)	0.05	(0.03)

11. Contingent liabilities

Litigations

The investigation of a civil case conducted at Kaunas Regional Court based on the Company's claim for compensation of debt and interest from Achema AB, was suspended by the Court's resolution dated 14 June 2012 until the completion of investigation of the civil case at Vilnius Regional Court. The management believe this litigation will have no negative impact on the Company's/Group's financial statements.

12. Significant events after the balance sheet date

As a part of the reformation of the Lithuanian electricity sector and implementation of the 17 October 2012 decision of the board of LITGRID, on 7 January 2013 LITGRID signed a share exchange agreement with the Lithuanian electricity distribution network operator LESTO. Under the agreement, LITGRID handed over its shares in UAB "Elektros Tinklo Paslaugos", which constitute 25.03% of the company's share capital, to LESTO. In exchange, LESTO handed over to LITGRID its shares in UAB "Tetas", which constitute 38.87% of the company's share capital.
