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**"LIETUVOS ENERGIJOS GAMYBA", AB**

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**CONSOLIDATED INTERIM REPORT  
AND CONSOLIDATED AND COMPANY'S CONDENSED  
FINANCIAL INFORMATION  
(UNAUDITED)**

For the six-month period ended 30 June 2013

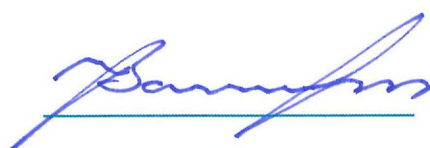
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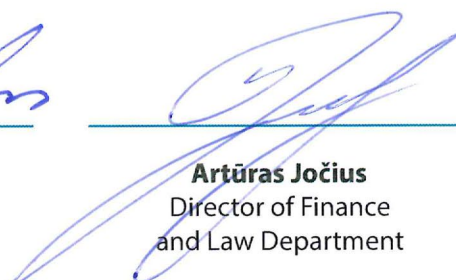
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The condensed interim financial information was approved by the acting General Manager, Director of Finance and Law Department and Chief Financier of "Lietuvos energijos gamyba", AB on 30 August 2013.



**Juozas Bartlingas**  
Acting General Manager



**Artūras Jočius**  
Director of Finance  
and Law Department



**Giedruolė Guobienė**  
Chief Financier

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**“LIETUVOS ENERGIJOS GAMYBA”, AB**  
**CONSOLIDATED INTERIM REPORT**  
**for the six-month period**  
**ended 30 June 2013**

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## INFORMATION ABOUT THE ISSUER

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### Information about the change in the name of the issuer

On 29 July 2013, the company shareholders at the general meeting decided to replace the name of Lietuvos energija, AB (company code 302648707) with "Lietuvos energijos gamyba", AB.

For this reason, since 5 August 2013, the Company is known as **"Lietuvos energijos gamyba", AB**. The information about the change in the Company name has also been duly published on the electronic bulletin of the Centre of Registers VĮ, the administrator of the Register of Legal Entities. Other details and contacts of the Company have essentially remained the same.

The consolidated interim report uses the relevant name of the Company as of its publication date, i.e. "Lietuvos energijos gamyba", AB (hereinafter referred to as "Lietuvos energijos gamyba", AB or the Company).

### Reporting period covered by the consolidated interim report

The consolidated interim report provides information to shareholders, creditors and stakeholders of "Lietuvos energijos gamyba", AB about the activities of "Lietuvos energijos gamyba", AB and the group of companies in January – June 2013.

### Regulation of the consolidated interim report

The consolidated interim annual report of "Lietuvos energijos gamyba", AB and its subsidiaries (hereinafter referred to as the Company, and its subsidiaries, as the Group of companies) has been prepared by the Administration of the Company in accordance with and Resolution of the Bank of Lithuania No 03-48 of 28 February 2013 "Concerning approval of the Rules for Preparation and Submission of Periodic and Additional Information and the Resolution of the Government of the Republic of Lithuania "Concerning approval of the Description of Guidelines to Ensure Transparent Activities of the State-controlled Companies and Appointment of a Coordinating Authority", as amended on 7 March 2012 (No 258).

### Persons responsible for the information provided in the consolidated interim report

Title	Name	Telephone
Acting General Manager, "Lietuvos energijos gamyba", AB	Juozas Bartlingas	+370 528 33 205
Director of Finance and Legal Department, "Lietuvos energijos gamyba", AB	Artūras Jočius	+370 528 33 264

## Issuer and its contact details

<b>Name</b>	"Lietuvos energijos gamyba", AB (before 5 August 2013, Lietuvos energija, AB)
<b>Legal form</b>	Public company, private legal company with limited liability
<b>Registration date and place</b>	20 July 2011, Register of Legal Entities of the Republic of Lithuania
<b>Company code</b>	302648707
<b>Registered office address</b>	Elektrinės str. 21, LT-26108 Elektrėnai, Lithuania
<b>Telephone</b>	+370 528 33 207
<b>Fax</b>	+370 528 33 272
<b>E-mail</b>	info@le.lt
<b>Website</b>	www.le.lt

## Nature of the core activities of the issuer

Activities of "Lietuvos energijos gamyba", AB include the generation, supply, import and export of electricity as well as electricity trade.

## Information of the branches and representatives offices of the Company

The Company has no branches or representative offices.

## INFORMATION ABOUT THE GROUP OF COMPANIES

As of 30 June 2013, the following subsidiaries were under direct control of the Company: UAB "Kauno energetikos remontas", Energijos tiekimas UAB, and UAB Technologijų ir inovacijų centras. UAB "Kauno energetikos remontas" and Energijos tiekimas UAB are fully-owned subsidiaries, whereas in UAB Technologijų ir inovacijų centras the Company holds 54.04% of the shares.

Apart from the above subsidiaries, the Company was involved in the management of the following associated companies: UAB "Geoterma" (23.44% of shares), AS Nordic Energy Link (25% of shares), NT Valdosa, UAB (41.74% of shares).

Indirectly, through UAB "Kauno energetikos remontas", the Company held a majority (100% of the shares) on UAB "Gotlitas". Furthermore, through UAB Technologijų ir inovacijų centras, the Company held the majority of shares in VšĮ Respublikinis energetikų mokymo centras (National Centre for Training of Energy Specialists).

### Structure of the Group of companies



## Contact details of companies forming the Group

Name	"Lietuvos energijos gamyba", AB	UAB "Kauno energetikos remontas"	Energijos tiekimas UAB	UAB Technologijų ir inovacijų centras
<b>Legal form</b>	Public company	Private company	Private company	Private company
<b>Registration date and place</b>	20 July 2011, Register of Legal Entities of the Republic of Lithuania	27 April 2000, Register of Legal Entities of the Republic of Lithuania	21 October 2009, Register of Legal Entities of the Republic of Lithuania	21 October 2009, Register of Legal Entities of the Republic of Lithuania
<b>Company code</b>	302648707	135617795	302449388	302527488
<b>Registered office address</b>	Elektrinės str. 21, LT-26108 Elektrėnai, Lithuania	Chemijos str. 17, LT51331 Kaunas, Lithuania	P. Lukšio str. 1, LT-08221 Vilnius, Lithuania (registered at Jeruzalės str. 21, LT-08420 Vilnius, Lithuania)	A. Juozapavičiaus str. 13, LT-09311 Vilnius, Lithuania
<b>Telephone</b>	+370 528 33 207	+370 37 456 702	+370 5 278 2770	+370 5 278 2272
<b>Fax</b>	+370 528 33 272	+370 37 452 948	+370 5 278 2750	+370 5 278 2299
<b>E-mail</b>	info@le.lt	ker@ker.lt	info@etiekimas.lt	info@etic.lt
<b>Website</b>	www.le.lt	www.ker.lt	www.etiekimas.lt	www.etic.lt

## Nature of the core activities of the Group of companies

Company	Group shareholding	Core activities
"Lietuvos energijos gamyba", AB	-	Generation and supply, import and export of electricity, and electricity trade.
UAB "Kauno energetikos remontas"	100%	Repairs of energy installations, manufacture of metal structures.
Energijos tiekimas UAB	100%	Independent power supply.
UAB Technologijų ir inovacijų centras	54.04%	Services related to innovations, knowledge and competence management; IT and application systems' management services.



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# MANAGEMENT OF THE ISSUER

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## INFORMATION ON MANAGEMENT BODIES OF THE ISSUER

### Management bodies

In accordance with the articles of association as of 30 June 2013, the management bodies of the Company included the following:

- the general meeting;
- the Board;
- the general manager.

In accordance with the articles of association as of 30 June 2013, the Board of the Company is a standing management body of the company. The scope of competence and the procedure for the adoption of decisions and election and replacement of members are established by the laws, other legal acts and the articles of association.

In accordance with the articles of association as of 30 June 2013, the Board of five members shall be elected for a term of four years by the general meeting. The Board elects its chairman from among its members. In case if the Board is recalled, resigns or ceases to perform its duties prior to the end of the term of office, the new Board is elected for the remaining period of the term of office of the Board. Where individual members of the Board are elected, they are elected until the end of term of office of the present Board.

A Company shareholder (representative of a shareholder) that puts up a candidate for the Board member's position must submit to the general meeting of shareholders a written statement about qualifications of the candidate, his/her experience in managing positions, and fitness for the position of the Board member.

In accordance with the articles of association as of 30 June 2013, the Company Board shall take the following decisions:

- on the Company acting as a founder or member of a legal entity;
- on any transfer of the shares (parts) of the Company or the rights attached thereby to the third parties and on restriction thereon;
- on formation and termination of branches and representative offices of the Company;
- on issue of bonds;
- on disposal of Company facilities provided by the Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises of Importance to Ensuring National Security;
- on entry into specific contacts with value exceeding LTL 10 million;
- other decisions provided by the articles of association.

In some cases the Board must obtain an approval of the general meeting of shareholders prior to adopting a decision.

In accordance with the articles of association as of 30 June 2013, the Board elects and recalls the head of the Company. The Company is headed by the general manager who organises and directs operations of the Company, acts on behalf of the Company and performs other functions established in the laws and the articles of association.

Four meetings of the Board of the Company were held in the I semester 2013.

### Procedure for amendment of the articles of association

Articles of association of the Company and its subsidiaries may only be amended by the general meeting.

## Audit Committee

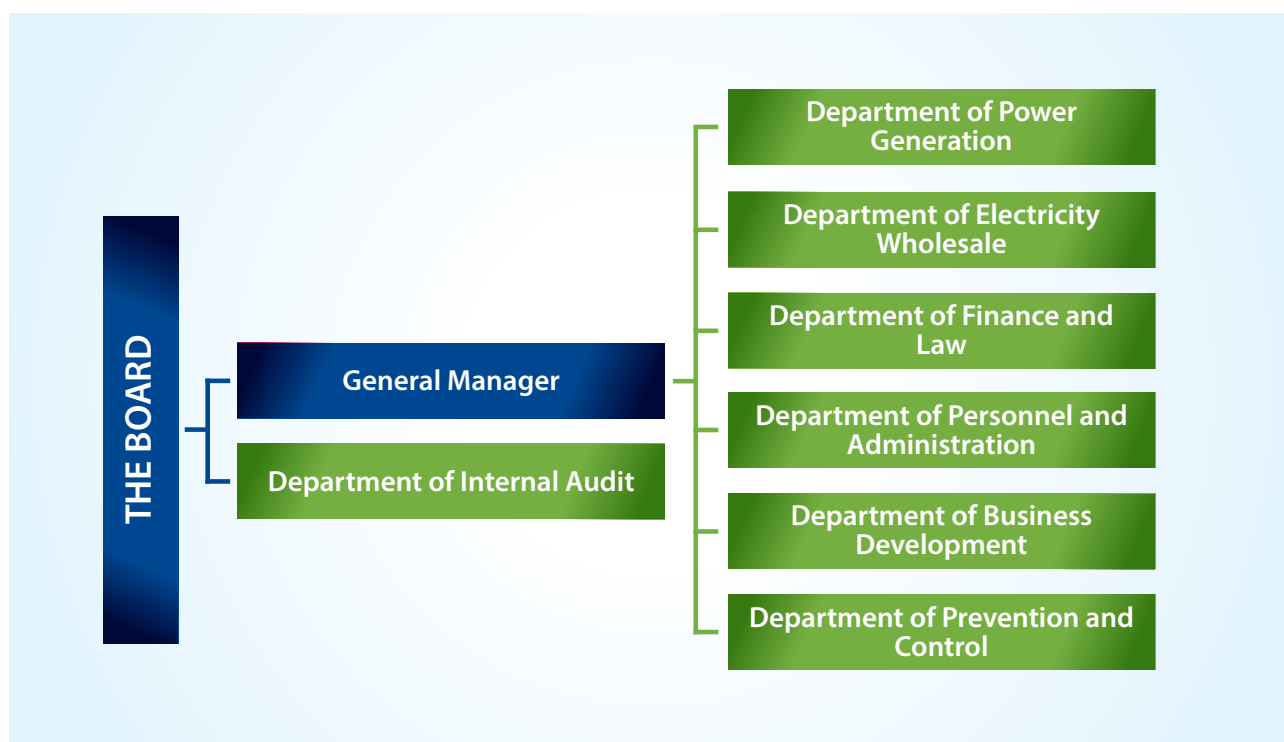
According to the Law on Audit of the Republic of Lithuania, a public interest enterprise which is a subsidiary and financial statements of which are consolidated may be exempted from the requirement to form an audit committee as established in the Law on Audit of the Republic of Lithuania, provided that such committee has been formed by the parent company. As the parent company "Lietuvos energija", UAB (before 30 August 2013, known as UAB "Visagino atominė elektrinė") has an Audit Committee, formation of a separate Audit Committee in "Lietuvos energijos gamyba", AB is not mandatory and, therefore, such committee has not been formed.

Pursuant to the Law on Audit, functions of an Audit Committee of "Lietuvos energijos gamyba", AB are performed during the reporting period by the Audit Committee, established by the parent company, "Lietuvos energija", UAB:

Main functions of the Audit Committee of "Lietuvos energija", UAB shall be as follows:

- oversee the process of drawing up of the financial statements of the Company and its subsidiaries;
- oversee the effectiveness of the internal control system and risk management systems in place at the Company and its subsidiaries; perform analyses and reviews of the need for and appropriateness of such systems;
- oversee the adherence to the principles of independence and objectivity by the certified auditor and the audit company and make relevant recommendations;
- oversee the conduct of audits of the Company and its subsidiaries, evaluate the effectiveness of the audits and management's response to the recommendations made by the auditors;
- oversee the effectiveness of the internal audit function of the Company and its subsidiaries, analyse the need for and appropriateness of such function, make recommendations on matters related to the internal audit and take action as required.

## Company structure (as of 30 June 2013)



## MEMBERS OF THE MANAGEMENT BODIES AND THEIR PARTICIPATION IN THE AUTHORISED CAPITAL OF THE ISSUER

### Members of the Board (during the reporting period)

Position	Full name	Start date	End date	Number of shares of the Issuer held
Member of the Board	Kęstutis Žilėnas	2011-07-04	2013-02-11	-
Member of the Board	Dalius Misiūnas	2011-07-04	2013-07-24	-
Member of the Board (independent)	Sonata Matulevičienė	2011-12-12	to date	-
Member of the Board	Laurentina Garbauskienė	2012-09-20	to date	-
Chairman of the Board* (independent)	Raimundas Petrauskas	2012-09-20	to date	-
Member of the Board	Darius Kašauskas	2012-04-30	2013-07-24	-

\* Mr Petrauskas was elected as the chairman of the Board at the meeting of the Board dated 10 May 2013. Before 11 February 2013, the position of the chairman of the Board was held by Mr Žilėnas.

### Participation by the Board members in other companies and organisations and interests and votes in other companies exceeding 5% (as of 30 June 2013)

Full name	Names of other companies, bodies, and organisations, and position	Interest in other company's capital, %	% of votes held
Raimundas Petrauskas	General manager of Schmitz Cargobull Baltic. Participation in LEAN and Lithuanian Business Managers Club.	-	-
Laurentina Garbauskienė	Head of State-Controlled Enterprises Division, Company Law and Public Procurement Policy Department, Ministry of the Economy.	-	-
Sonata Matulevičienė	Member of the Lithuanian Branch, International Coach Federation (ICF). Member of the Baltic Institute of Corporate Governance. Board member of the Baltic Institute of Corporate Governance. Member of the Baxter Baltics Management Team.	-	-
Dalius Misiūnas	Chairman of the Board, UAB "Kauno energetikos remontas". Member of the Board, UAB Technologijų ir inovacijų centras. Chairman of the Board, NT Valdov, UAB. Chairman of the Board, Energijos tiekimas UAB. Member of the Council, VšĮ Respublikinis energetikų mokymo centras. President of the National Electric Power Association. Member of the Technology Development Committee of the Research, Innovation and Technologies Agency. Member of the Business Council, Kaunas University of Technology. Member of Alumni Club, Kaunas University of Technology, Member of the Steering Committee, National Integrated Programme and National Research and Scientific Cooperation Programme.	-	-
Darius Kašauskas	Head of the Financial Control and Treasury at UAB "Visagino atominė elektrinė"	-	-

## Members of administration of the Company (as of 30 June 2013)

Position	Full name	Start date	End date	Number of shares of the Issuer held
General manager	Dalius Misiūnas	2011-02-12	2013-07-22	-
Chief Financier/Head of Accounting Division	Giedruolė Guobienė	2010-12-01	to date	-

Information on amounts paid, other assets transferred and guarantees provided by the Issuer to these persons (total amounts and average amounts per member of a collective management body, general manager and chief financier) in the reporting period:

	Salary, LTL	Other assets, LTL
All members of the Board collectively	-	2 550
Per member of the Board on average	-	2 550
General manager of the Company	135 799	-
Chief financier of the Company	63 312	-

**Significant agreements to which the Issuer is a party and which would take effect, would be amended or would cease in case of changes in the Issuer's control status** - none.

**Agreements between the Issuer and members of its management bodies or its employees providing for a compensation in case of their resignation or dismissal without a valid reason or termination of employment due to changes in the Issuer's control status** - none.

**Information about significant related-party transactions** is presented in the explanatory notes to the financial statements for the first 6 months of 2013.

**Detrimental transactions concluded in the reporting period on behalf of the Issuer (transactions not in line with the Company's objectives or normal market conditions; infringing interests of the shareholders or other stakeholders etc.) which have had or might have an adverse impact on the Issuer's operations and/or operating result as well as information on transactions involving a conflict of interest between the responsibilities that the Issuer's management, majority shareholders or stakeholders have to the Issuer and their private interests and/or positions held elsewhere** - none.

## Members of the Audit Committee

Information on the members of the Audit Committee of "Lietuvos energija", UAB (before 30 August 2013, known as UAB "Visagino atominė elektrinė") (acting as the committee for all companies of the Group):

Member of the Audit Committee	Number of shares of the Issuer held	Term	Employer
Vygantas Reifonas (independent member)	-	March 2011 to March 2015	Lietuvos bankas
Danielius Merkinas (independent member)	-	March 2011 to March 2015	Nordnet UAB
Marius Garuckas (independent member)	-	March 2011 to March 2015	GlaxoSmithKline Lietuva UAB

One member of the Audit Committee resigned from Members of the Audit Committee on 2012, therefore, as of 30 June 2013 the Audit Committee consisted of three of the four members provided for in the regulations thereof.

## OVERVIEW OF ACTIVITIES

### INFORMATION ON THE CHANGES IN THE GROUP OF ENERGY COMPANIES

“Lietuvos energijos gamyba”, AB (previously known as Lietuvos energija, AB) is part of “Lietuvos energija”, UAB (previously known as UAB “Visagino atominė elektrinė” of energy companies (hereinafter the Group). Seeking to enhance the efficiency and transparency of the activities of the group, and acting on commission of the Ministry of Finance, shareholder of the group, reorganisation of the group management was launched in I semester 2013.

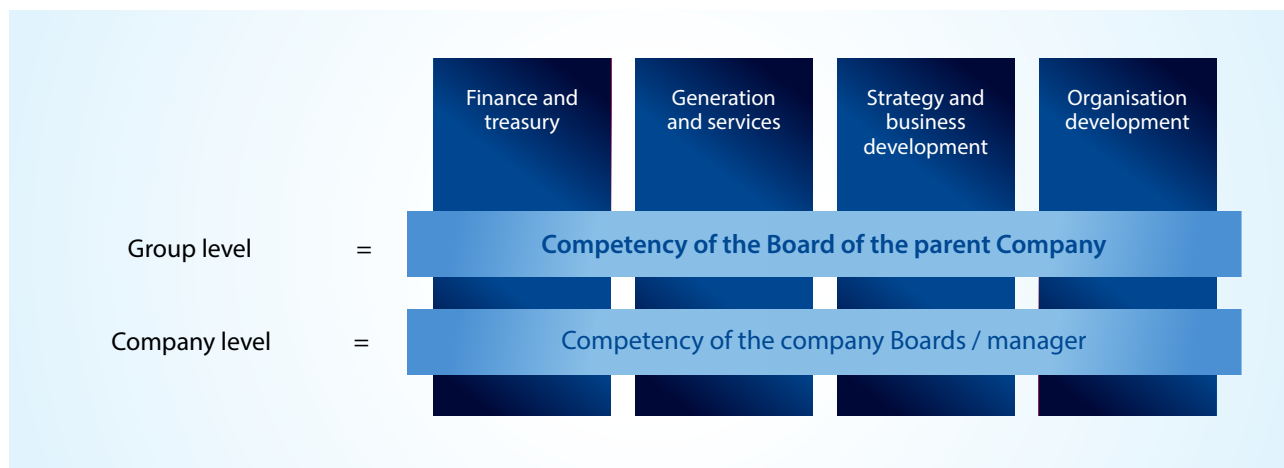
Reorganisation essentially seeks to streamline the responsibilities of the supervisory boards and Boards, in electing the Board as well as enhancement of corporate governance, by establishing management and control system to ensure efficient accomplishment of the objectives of the shareholder and socially responsible increase in the long-term value.

Based on the new management model, parent company “Lietuvos energija”, UAB and its subsidiaries, listed on the stock exchange, including “Lietuvos energijos gamyba”, AB and AB LESTO shall have both the supervisory board and the Board. The supervisory board of “Lietuvos energija”, UAB, elected by the general meeting shall have seven members, including three independent members, while the other four representing the Ministries of Finance, Energy and Economy, as well as the Office of the Government. The supervisory board of “Lietuvos energijos gamyba”, AB has three members, while the one of AB LESTO has two members.

The supervisory board shall elect a five-member Board of the Company for a term of four years, and the Board shall elect its chairman from within its members. The chairman can be a general manager.

No supervisory boards shall be formed in other companies of the Group in charge of maintenance activities, while the companies shall be managed by the elected Boards, including both independent members and those representing the interests of the shareholder.

Following the reorganisation of the management, parent company “Lietuvos energija”, UAB part of the Group shall concentrate all coordination of the Group companies in the field of finance, law, strategy and development, human resources, risk management, audit, technologies, communications, etc. The Group shall apply uniform principles governing management of programmes, processes and projects.



According to the estimates, the above coordination and uniform management and control system shall allow for a synergy effect, and balancing of different activities of the Group companies and efficient use of the same for the general objectives of the Group.

The first stage of reorganisation (including amendment to the articles of the group companies and election of the supervisory boards and the Boards) is scheduled for completion by October 2013. Subsequent stages shall be used to take and implement strategic and systematic long-term solutions. They shall allow for accomplishment of key reorganisation objectives, including socially responsible enhancement of the long-term value of the group and adequate return on the capital invested by the shareholder, through balancing of interests of the State in terms of shareholder and the interests and expectations of the other stakeholders.

Preparation of the new management structure and model of the group of energy companies has relied on the latest international and domestic practise, has used guidelines made available by the Organisation for Economic Co-operation and Development as well as other influential international organisations, with reference made to the code of governance applicable for the companies, listed on NASDAQ OMX Vilnius stock exchange.

## IMPORTANT EVENTS DURING THE REPORTING PERIOD

<b>On 11 February 2013</b>	Kęstutis Žilėnas resigned from the position of the chairman and member of the Company Board.
<b>On 26 February 2013</b>	the Ministry of Finance was assigned all shares of "Lietuvos energija", UAB (then the UAB "Visagino atominė elektrinė"), owned by the State and managed under trust basis by the Ministry of Economy. "Lietuvos energija", UAB holds 96.13% shares of "Lietuvos energijos gamyba", AB.
<b>On March 2013</b>	Energijos tiekimas UAB established its subsidiaries in Latvia and Estonia.
<b>On 30 April 2013</b>	Darius Kašauskas was elected a member of the Company Board at the general meeting.
<b>On 30 April 2013</b>	the shareholders present at the regular general meeting approved mortgage of the asset created during construction of 455 MW combined cycle gas turbine block construction project, as is provided by the credit agreements.
<b>On 10 May 2013</b>	Raimundas Petrauskas was elected the Board chairman of "Lietuvos energijos gamyba", AB during the Board meeting.

## IMPORTANT EVENTS AFTER THE EXPIRY OF THE REPORTING PERIOD

<b>On 22 July 2013</b>	the Company board in view of the report by Dalius Misiūnas, general manager, regarding his resignation from the position of the general manager took decision to withdraw Mr Misiūnas from the position of the managing director of Lietuvos energija, AB (currently known as "Lietuvos energijos gamyba", AB). Juozas Bartlingas, director of the Generation Department was appointed acting general manager. Mr Misiūnas took position of the Board chairman and the general manager of the parent company "Lietuvos energija", UAB.
<b>On 24 July 2013</b>	Dalius Misiūnas and Darius Kašauskas, Board members of the Company resigned.



**On 29 July 2013**

the general meeting approved the change in the name of the Company and new articles of association. The Company shareholders also elected three members to the supervisory board of the Company, including Dalius Misiūnas, Liudas Liutkevičius and Pranas Vilkas.

**On 5 August 2013**

“Lietuvos energijos gamyba“, AB, new name and new articles of association of the Company were registered.

**On 7 August 2013**

the supervisory board of the Company decided to elect Dalius Misiūnas to the position of the chairman of the supervisory board of “Lietuvos energijos gamyba“, AB.

## COMPANY ACTIVITIES

“Lietuvos energijos gamyba“, AB is engaged in wholesale electricity trade (i.e. trade among power generating companies and suppliers). The company sells electricity and supplies the power balancing services to both public and independent suppliers operating in the Lithuanian market, and exports and sells electricity on an electricity exchange.

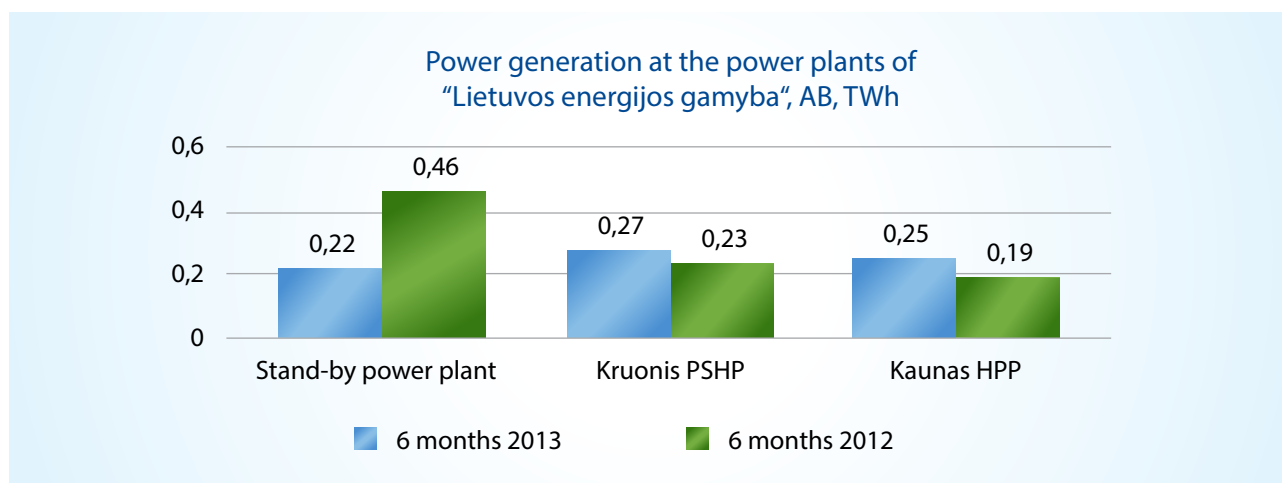
The Company produces electricity at its three power plants (stand-by power plant in Elektrėnai, Kruonis pumped storage hydroelectric plant (hereinafter Kruonis PSHP) and Kaunas hydroelectric power plant (hereinafter Kaunas HPP), buys electricity from other suppliers and power generating companies, imports electricity, and buys it on the electricity exchange.

### Power generation

“Lietuvos energijos gamyba“, AB holds permits of unlimited duration to generate electric power. In the first 6 months of 2013, power generation volumes were as follows: stand-by power plant 0.217 TWh, Kruonis PSHP 0.271 TWh, and Kaunas HPP 0.251 TWh.

The fact that lower quantity of electricity was generated was mostly due determined by the quota of eligible electricity generation given to the stand-by power plant, reduced for 2013. The actual decrease in the reporting period has been partly compensated by the increase in the quantities of electricity generated at Kruonis PSHP and Kaunas HPP.

The Company is focussed on the renewable energy resources. Kaunas HPP uses hydro power – a clean, flexible national resource which will never be depleted. In I semester 2013, 0.72 TWh of power from renewable resources was produced and supplied to the grids in Lithuania, with the share of Kaunas HPP being over 35%.





## Trade in Lithuania

In I semester 2013, the Company sold in the domestic market (public suppliers and other independent suppliers) 1.7 TWh of electricity (during respective period in 2012, 1.8 TWh).

Furthermore, as of 8 January 2013, the Company carries out functions of the designated company, it purchases all electricity estimated for generation at the wind power plants and sells the same in the Lithuanian trade area of Nord Pool Spot electricity exchange. In I semester 2013, total quantity of electricity purchased and sold on the exchange amounted to 0.2 TWh.

## Trade with foreign countries

The Company imported electricity from Estonia and Latvia and exported electricity to Estonia and Latvia. In I semester 2013, the Company has imported total of 0.73 TWh and exported 0.07 TWh of electricity (in I semester 2013, the said quantities were 0.53 TWh and 0.095 TWh respectively).

## Other services

“Lietuvos energijos gamyba”, AB also provides system services to the Lithuanian transmission system operator TSO (hereinafter the TSO).

**System services** are aimed at ensuring stability and reliability of the energy system, prevention of and response to system emergencies, and the requisite power reserve in accordance with the established requirements for the supply quality and reliability. The system services include power reserving, trade in regulation power and balancing power, reactive power management, and system recovery services.

**Power reserving service** is a means to ensure the reliable operations of the energy system when, in emergency situations, power generation volumes drop or consumption increases suddenly. In such cases the power generating company provides the service of securing the power reserve and the maintaining of reserve power in the standby production facilities, i. e. the secondary and tertiary reserves are used. Secondary power reserve is the power of the installations or hydroelectric units in operation; such power can be activated within 15 minutes. Tertiary reserve is the power of the generating sources maintaining by the generating company that can be activated within 12 hours. All the three power plants of “Lietuvos energijos gamyba”, AB provide the secondary and tertiary power reserve services. The secondary power reserve is ensured by the Kaunas HPP and Kruonis PSHP and the tertiary power reserve is ensured by the stand-by power plant. In I semester 2013, “Lietuvos energijos gamyba”, AB sold about 0.66 TWh of electricity as secondary power reserve and 0.96 TWh of electricity as tertiary power reserve (in I semester 2013, the said quantities were 1.3 TWh and 1.6 TWh respectively).

**The regulation power service** is required in order to balance the surplus and deficit of power in the energy system. Trading in the regulation power is conducted in real time, ensuring the reliable operations of the energy system every hour. Where there is not enough power in the system and the TSO gives an instruction to increase the generation, the Company increases its generation volumes and sells the requisite amount of regulation power to the TSO. In case of surplus of power in the energy system, the TSO instructs the Company to reduce the volumes and the Company purchases the surplus regulation power from the TSO. In I semester 2013, “Lietuvos energijos gamyba”, AB sold 0.02 TWh of electricity and purchased 0.02 TWh of electricity as regulation power (in I semester 2013, the said quantities were 0.015 TWh and 0.012 TWh respectively).

**The balancing power** is the actual deviation from the power generation/consumption schedule planned by the TSO. Trade in the balancing power is conducted after the end of reporting month; it encourages the market participants to prepare accurate power generation and consumption forecasts. For example, if, during any hour, “Lietuvos energijos gamyba”, AB generates a smaller amount of energy than scheduled, it has to buy the difference from the TSO (purchase of balancing power); and vice versa, if the hourly generation volume is larger than planned, it has to sell the difference to the TSO (sale of balancing power).

**Reactive power control service** is a system service aimed at levelling out any fluctuations in the loads of the power system and to ensure the requisite voltage and frequency levels. The reactive power control service is provided by the Kruonis PSHP operating in the synchronous condenser mode.

**The service of system recovery after complete failure** is the service aimed at effective start-up of the power-generating source after full or partial failure of the power system, without using power supply from the network. The service is provided by all three plants of "Lietuvos energijos gamyba", AB.

## ACTIVITIES OF SUBSIDIARIES



The core activities of **UAB "Kauno energetikos remontas"** include the diagnostics, rehabilitation, repairs and installation of energy equipment, manufacture of spare parts for such equipment, and manufacture of metal structures for energy and manufacturing applications, spare parts for boilers and engines, and hermetic oil transformers. Upon reorganisation of the energy sector in 2010, the company has become the main provider of services to the companies forming the generation unit of the Group.

In I semester 2013, UAB "Kauno energetikos remontas" continued works at various objects, and successfully took part in tenders for new works. UAB "Kauno energetikos remontas" formed a consortium with Filter and Vapor; this was declared successful at an international tender for purchase of design of new heat generation capacity, facilities and construction works at the stand-by power plant.

UAB "Kauno energetikos remontas" has direct influence over UAB "Gotlitas", which is engaged in the hotel and other accommodation services, rent of properties, and commercial activities.



**Energijos tiekimas UAB** is an independent electricity supplier. Energijos tiekimas UAB supplies electricity to retail customers, which are obligated to purchase electricity in the free electricity market since 1 January 2010. The company holds a licence of an independent supplier (No. L1-NET-36) issued by the National Control Commission for Prices and Energy (NCCPE) and a permit to import electricity.

In I semester 2013, Energijos tiekimas UAB increased the number of customers by 72%, to over 5,000. The number of users of the certified green Lithuanian energy, generated by Kaunas hydroelectric power plant was also on the increase: at the end of the I semester 2013, this type of electricity was used by 30 companies and 5 households.

In July, Energijos tiekimas UAB entered Latvian and Estonian markets; its first customers included Lithuanian embassies in Riga and Tallinn, based on the best price offered.



**UAB Technologijų ir inovacijų centras** provides the following services: strategic information systems' support and development, infrastructure, office services and business management systems' support and development, accounting, innovations and competences services.

In January 2013, UAB Technologijų ir inovacijų centras implemented management system meeting the requirements under ISO 9001 standards.

## INFORMATION ON THE RESEARCH AND DEVELOPMENT OF THE GROUP OF COMPANIES

The Company uses long-term strategic planning to identify the lines of development of the Company and to estimate the required investments in the replacement or rehabilitation of technological facilities. This forms the basis for a technically and economically sound investment policy of the Company.

The following research and development projects were under implementation during I semester 2013:

### Studies of Syderiai geological structure

In I semester 2013, seeking to install an underground natural gas storage facility in Lithuania allowing for accumulation of adequate reserve of natural gas, studies of geological structure were completed in boreholes. The studies included drilling of the last and forth borehole Syderiai-3, completion of the scheduled geological, geophysical and laboratory studies and finalisation of study reports. The project also included disassembly of the drilling site and access road, as well as recultivation works.

In I semester 2013, a contractor was selected to conduct reinterpretation of data of seismic studies and modulation of reservoir of the storage facility, by review of limits of Syderiai geological structure and assessment of impermeability of limiting fractures. The contractual works are scheduled for completion by late November 2013 with conclusions of studies to be presented to the Government of the Republic of Lithuania and the Ministry of Energy for further decision taking.

### Project of development of heat generation machines at Elektrėnai

"Lietuvos energijos gamyba", AB continues project on development of new heat generation capacity, launched in 2011. In June 2013, an international tender for purchase of design of new heat generation capacity, facilities and construction works was completed, with a group of joined suppliers, including Filter and Vapor consortium and UAB "Kauno energetikos remontas" declared successful at the competition. In order to finance the construction works, the Company has raised a long-term loan from the group of joined participants, Nordea Bank Finland Plc and DNB bankas AB.

Design works are expected to last ca. 6 months. Once construction permit is obtained, the works are expected to start as early as in the late 2013. The first facilities to generate heat from biofuel are expected to become operational as early as for the heating season 2014-2015, while the entire biofuel boiler of 40 MW power shall be completed by the end of 2014. The project also provides for a new 50 MW power steam boiler. The same object is scheduled for installation in June 2014. The project shall include modernisation of communications of internal heat grid at the standby power plant installed over 50 years ago.

### Kruonis PSHP development project

In I semester 2013, a feasibility study was conducted on a development project allowing for an increase in the total capacity of Kruonis PSHP by 225 MW to 1125 MW.

Additional flexible capacities of Kruonis PSHP are required in order to meet the future needs of the power transmission system and the market. They will enable a flexible real-time regulation of the imbalance in the power generation by wind farms, which is going to increase with Lithuania and other Baltic region countries increasing the share of renewable resources in the power generation. Upon completion of NordBalt and LitPol Link projects, the increased capacities of Kruonis PSHP will make a significant contribution to the security and reliability of the power transmission system by providing system services and the power reserve.

In accordance with the technical documents, the new fifth unit of 225 MW at Kruonis will be operational using power of 110-225 MW, on a pumping mode, and of 55-225 MW power, on a generator mode.

Estimated output coefficient of the new hydro unit cycle is 78%.

In I semester 2013, preparatory stage for the project was fully completed, including preparation for purchase of necessary works, services and funding.

It is planned that the new facilities will be installed using the present structures, foundations, buildings, other equipment and engineering infrastructure. Competent authorities have concluded that no negative impact on the environment will be produced by the planned development of the Kruonis PSHP. Investments in the construction of the fifth unit of Kruonis PSHP will total approx. LTL 400 million.

The project is expected to be eligible as a European project of common interest, to be approved in mid-October 2013. All projects included in the list shall be eligible for various financing instruments.

## **Assessment of potential of wind energy at Kruonis PSHP**

In the territory of Kruonis pumped storage hydroelectric plant, complex measurements of wind speed, directions and other meteorological conditions are scheduled; these seek to conduct the primary assessment of the potential to install a park of wind farms on the plot of land. In June 2013, a tender for measurement services was announced, with a contract with a service provider expected in August. The measurements shall last until 2014; based on their results, the company shall take decisions regarding further wind farm installation works.

## **INVESTMENT INTO FIXED ASSETS**

In I semester 2013, the Company investment into fixed tangible assets amounted to LTL 2.4 million, while investment of the Group of companies, LTL 7.9 million. Most of the investment of the Group of companies, i.e. LTL 5.8 million, accounted for the investment into the installation of the information technologies, telecommunications and management systems and technological measures.

## **PERSONNEL**

### **Personnel policy**

The main purpose of the human resources policy of "Lietuvos energijos gamyba", AB is to attract and retain highly-qualified employees and to create, together with them, a long-term partnership relationship and a common successful future of the Company based on the principle of mutual value-creation.

In I semester 2013, the focus in the field of personnel management was placed on the survey of employees, assessment of employee activities, preparation of development plans of employees, planning and organisation of necessary training, working with subsidiaries and expansion of the provisions of personnel management policy implemented in the parent company throughout group of companies of "Lietuvos energijos gamyba", AB.

The Company considers the opinion of its employees, therefore in January-February 2013 the Company ran a traditional survey of opinion of employees. 66% employees completed survey questionnaires. Total result of employees throughout Company activities is 3.3 out of 5 (in 2012, it was 3.11 out of 5). The result demonstrates that the Company takes targeted steps seeking improvement of fields of activities and organisation of work as salary policy, training of employees, internal communication and dissemination of Company values. Both the managers and employees of the Company were presented with the results of the survey, and a plan of measures was formed that when implemented shall resolve issues identified during the survey.

In I quarter 2013 as in last year, performance of employees was assessed. In 2013, the competencies were assessed based on the model of competencies in place at the Company not only by the managers. The employees were given opportunity to self-assess their competencies and discuss assessments with the managers at the annual interviews on performance assessment. Interviews on performance assessment were also an opportunity for employees to discuss with managers the results of accomplishment of annual targets, expectations of career and salary and provided for operating targets and training needs for 2013.

“Lietuvos energijos gamyba“, AB provides its employees with career opportunities within the Company. Both vertical and horizontal career is available at the Company. Once an employee improves and is promoted to higher position, this is called vertical career. Once an employee moves in the same level to a different position or moves to a higher competency level, this is called horizontal career. In I semester 2013, eight Company employees moved to higher positions; and six Company employees moved to a different position on the same level, while 77 Company employees were promoted to a higher level of competency.

The Company regularly seeks to improve skills of its employees and ensures its employees with all certificates required for work and provided by law. In I semester 2013, 268 Company employees attended technical trainings, while 22 Company employees attended management training.

In autumn 2012, a new combined cycle block was launched with equipment of the standby blocks regularly modernised. Practically all operating instructions of new equipment are available in English, therefore Company employees employed at generation units feel an increasing need for English skills. As a result in I semester 2013 the Company initiated continuous English training programme. In spring 2013, the English classes were attended by approximately 50 Company employees. The Company expects to continue with English classes also in autumn 2013.

In order to attract young highly-qualified specialists to replace the retiring employees and ensure continuity, the Company is actively collaborating with educational establishments and accepts students of higher and vocational schools for internships/apprenticeships. In I semester 2013, the Company took part in the Career Days organised by the Kaunas University of Technology and the ISM University of Management and Economics; this was used as an opportunity to present, in original and innovative manner, positions of various specialists at the company, and allowed the students with interest in energy sector with an opportunity to grasp what it means and what it takes to work for the Company. 15 students of higher and further educational establishments had placements in the Company; one of them was offered a job.

In I semester 2013, the Company launched a more active cooperation with its subsidiaries in the field of personnel management. The parent company “Lietuvos energijos gamyba“, AB has already implemented key personnel management systems and installed provisions of personnel policy developed since 2011; it is now time to expand this to subsidiaries of the Company. In cooperation with the subsidiaries, in I semester 2013, a working group was formed including employees in charge of personnel management at the parent company and the subsidiaries. A uniform personnel management policy and personnel activity manual applicable at the companies of the group is expected to be completed by the end of 2013.

## Number of employees

There were no marked changes in the number of employees at “Lietuvos energijos gamyba“, AB and companies of the Group, compared to the year-end 2012.

In the late I semester 2013, the Company had 508 employees (including employees on maternity leave). Distribution of employees based on position level and average salary appears in the table below. The salary provided includes fixed part of the salary, variable part of the salary and any supplements payable for outstanding performance.



<b>Distribution of employees by position levels</b>	<b>Management</b>	<b>Specialists and line managers</b>	<b>Blue-collar workers</b>	<b>Employees total</b>
"Lietuvos energijos gamyba", AB, number of employees as of 30 June 2013	9	296	203	508
Average salary, LTL	15 015	4 680	2 878	4 128

The Company group including "Lietuvos energijos gamyba", AB, its subsidiaries UAB "Kauno energetikos remontas", Energijos tiekimas UAB and UAB Technologijų ir inovacijų centras as well as indirectly controlled companies of UAB "Gotlitas" and VšĮ Respublikinis energetikų mokymo centras in the end of I semester 2013 employed 1,134 employees (including employees on maternity leave). Number of employees based on individual companies and their change is provided in the table below.

<b>Company</b>	<b>Number of employees as of 31 December 2012</b>	<b>Number of employees as of 30 June 2013</b>	<b>Change</b>
"Lietuvos energijos gamyba", AB	511	508	-3
UAB "Kauno energetikos remontas"	241	230	-11
Energijos tiekimas UAB	17	18	1
UAB Technologijų ir inovacijų centras	250	216	-34
VšĮ Respublikinis energetikų mokymo centras	161	162	1
<b>Total</b>	<b>1180</b>	<b>1134</b>	<b>-46</b>

## SOCIAL ACTIVITIES

In I semester 2013, "Lietuvos energijos gamyba", AB particularly focused on improvement of relations with the local community of Elektrėnai.

The Company continued a cycle of events, "Lietuvos energijos gamyba presents". At the events, Elektrėnai residents have had an opportunity to meet famous people of culture, art, sports, and business, as invited by the Company, and to discuss on relevant topics. In March, Laura Asadauskaitė and Andrėjus Zadneprovskis, Lithuanian and World famous sports stars visited Elektrėnai, while in June, mountaineer Vladas Vitkauskas paid a visit.

The team of "Lietuvos energijos gamyba", AB also contributed to the traditional campaign "Darom"; they cleaned the territory of Elektrėnai, installed sports gear on the town beach, renovated basketball field and planted trees.

"Lietuvos energijos gamyba", AB became a member of an educational initiative "Kam to reikia?!", and accommodated highest number of pupils from the entire Lithuania. The pupils were invited to visit the power plants managed by the Company, including the standby power plant in Elektrėnai, Kruonis PSHP and Kaunas HPP and to witness first hand as to where and how electricity is generated and to learn everything on the profession of an energy professional themselves. Over 160 pupils visited the power plants.

## ENVIRONMENTAL PROTECTION

“Lietuvos energijos gamyba”, AB seeks to respect the environment in its operations, sparingly use the natural resources, introduce advanced, efficient and environmentally friendly technologies, comply with the environmental laws and regulations, and implement preventive measures to reduce adverse impact upon the environment in a professional manner.

Environmental protection issues most relevant include the safe operation of facilities, safe use of substances dangerous to the environment, waste management, ensuring that the water level fluctuations in the Kaunas Lagoon and the Nemunas River downstream the Kaunas HPP are within the permissible limits etc.

Waste and waste water management in the Company complies with all requirements. The results of studies carried out in I semester 2013 demonstrate that the pollution values indicated in the integrated pollution prevention and control permits (hereinafter the IPPC) were not exceed at the stand-by power plant, Kruonis PSHP and Kaunas HPP.

### Preventive environmental protection measures

Divisions of “Lietuvos energijos gamyba”, AB comply with the requirements for the air, surface waters, groundwater and soil pollution monitoring and protection as stated in the IPPC permits. Calculations of pollution from continuous and mobile pollution sources are made, chemical substances are recorded, and internal audits of chemical substances and preparations used and of waste and wastewater generated are conducted on a regular basis.

The specialised company has started and expects to complete expert examination of project of management of Obeniai land plot of the standby power plant by the end 2013. Once the technical project is implemented, the current basins in the land plot will be used to establish and cover with ground piles of sediments and for installation of a new reservoir for emergency waste water.

Blocks 1 and 2 of the stand-by power plant now include new automatic monitoring systems of regular pollutant emissions.

Project on installation of standby power plant technological water preparation facilities is still underway and the works scheduled continue. It is expected to install in the chemical sector of standby power plant latest facilities for preparation of technological water with output of up to 100 m<sup>3</sup>/h. Once new facilities are installed, costs for preparation of technological water can be cut by up to 25% and loss of water by up to 20%.

In I semester 2013, disassembly works of 3 and 4 energy block facilities continued, started in the II semester 2012. UAB “KAEFER” continues disassembly of thermal insulation of the facilities, and the works are expected to be completed in II semester 2013.

In I semester 2013, repairs of external layer of a 250-meter high chimney No 3 at the stand-by power plant were started, including repair of constructions, repainting and placement of a protective layer of concrete. The works are scheduled for completion by the end 2013.

In I semester 2013, following the reconstruction, treatment facilities for waste water with oil products were commissioned in the stand-by power plant.

In I semester 2013, a project on installation of environmental protection management system was instituted, meeting the requirements of LST EN ISO 14001:2005 standard at “Lietuvos energijos gamyba”, AB. The project is expected for completion by the end 2013.

In order to preserve natural resources, repair works of segment water-gates were launched at Kaunas HPP.

## OPERATING PLANS AND FORECASTS OF THE COMPANY

Business activities of the Company are based on the Corporate Strategy for 2012 – 2020 and the Action Plan for 2013 – 2015, prepared on the basis of the said strategy. Neither strategic programmes, nor measures for strategy implementation have changed during the reporting period.

# ANALYSIS OF FINANCIAL RESULTS AND OPERATING RISKS

## FINANCIAL RESULTS OF THE COMPANY AND THE GROUP OF COMPANIES

“Lietuvos energijos gamyba”, AB (previously known as Lietuvos energija, AB) was registered on 20 July 2011 upon reorganisation of two public companies - Lietuvos energija, AB and Lietuvos elektrinė AB by the method of merging, therefore, the results of both the Company and the Group of companies for 6 months in 2012 and 6 months in 2013 are presented. No comparison between the indicators of 6 months in 2011 and the indicators in the table is made.

Financial results of the Company and the Group of companies:

	Company		Group of companies	
	6 months 2013	6 months 2012	6 months 2013	6 months 2012
<b>FINANCIAL INDICATORS ('000 LTL)</b>				
Sales income	478,079	517,496	482,559	616,163
Income from other activities	3,826	1,101	48,774	48,706
EBITDA (earnings before tax + interest costs – interest income – dividend received + depreciation & amortisation + non-current & current asset impairment losses)	129,935	64,297	145,446	69,969
Operating profit	63,858	29,159	70,032	30,429
Net profit	53,197	27,032	57,889	26,178
Profit before tax	56,417	30,393	61,996	29,797
Cash flows from core operations	209,279	117,225	134,890	107,108
Liabilities to financial institutions	575,035	613,407	585,919	627,865
<b>RELATIVE RATIOS</b>				
Liabilities / equity	1.12	1.22	1.11	1.23
Liabilities to financial institutions / equity	0.34	0.37	0.34	0.37
Liabilities to financial institutions / assets	0.16	0.16	0.16	0.17
<b>LOAN COVERAGE RATIO</b>				
Loan coverage ratio (EBITDA / (interest costs + current portion of long-term debt))	2.47	1.64	2.62	1.78
<b>PROFITABILITY RATIOS</b>				
Operating profit margin	13.25%	5.62%	13.18%	4.58%
Gross profit margin	11.71%	5.86%	11.67%	4.48%
Net profit margin	11.04%	5.21%	10.90%	3.94%
Return on equity **	6.22%	3.22%	6.65%	3.08%
Return on assets **	2.94%	1.45%	3.15%	1.38%
Earnings per share, LTL	0.08	0.04	0.09	0.04
P/E** (share price / earnings)	7.67	16.71	7.05	17.26

\* Excluding impairment of investments in associated companies and subsidiaries and excluding result of discontinued operations.

\*\* The determination of the P/E ratio is based on the share price as of the semester end.



In I semester 2013, income from regulated activities (electricity and heat generation at the stand-by power plant and power reserving services provided by the stand-by power plant and Kruonis PSHP) accounted for 38% of income of the Group.

## Statement of Financial Position

As of 30 June 2013, the Company's liabilities to financial institutions amount to LTL 575 million and consist of liabilities under long-term loan agreements and the overdraft. The Group's liabilities to financial institutions total LTL 585.9 million. Liabilities of Kauno energetikos remontas UAB under long-term and short-term loan and financial lease agreements in the period amount to LTL 10.8 million.

The main changes in the structure of the Company's and the Group's balance sheets in I semester 2013 compared with I semester 2012, include an increase in the amounts of non-current assets and subsidies and a decrease in inventories due to the use of fuel oil stocks in the electricity generation process.

## Statement of Comprehensive Income

**Income** In I semester 2013, the Company earned income of LTL 481.9 million. Income from the electricity sale and export, balancing power, and public-interest services accounts for the largest part of this amount.

Compared to I semester 2012, the income of the Company due to market liberalisation fell by 7.1%. In I semester 2013, income of the Group of companies amounted to LTL 531.3 million and fell by 20.1% compared to I semester 2012.

**Costs** Costs incurred in I semester 2013 by the Company amount to LTL 418.0 million, the Group 461.3 million. The majority of these costs (75%, or LTL 311.6 million in the case of the Company, and 68%, or LTL 311.6 m in the case of the Group) are the costs of purchase of electricity or related services and of the fuel for the generation of electricity. Depreciation and amortisation costs amount to LTL 41.4 million and LTL 47.8 m for the Company and the Group respectively.

The operating costs of the Group excluding purchases related to electricity and its generation, depreciation and amortisation costs, pollution permits' revaluation costs and impairment losses amounted to LTL 78.1 million in I semester 2013, and showed a small decrease, compared to costs incurred in I semester 2012 (LTL 79.2 million).

**Profit** In I semester 2013, based on the international financial reporting standards, the Group of companies earned gross profit of LTL 62.0 million, and net profit of LTL 57.9 million. In I semester 2013, net profit margin of the Group of companies, compared to I semester 2012, increased more than twice, from 3.9% (in I semester 2012) to 10.9% (in I semester 2013).

In I semester 2013, the Company earned net profit of LTL 53.2 million. In I semester 2013, net profit margin of the Company, compared to I semester 2012, increased more than twice, from 5.2% (I semester 2012) to 11.0% (I semester 2013).

In I semester 2013, Kauno energetikos remontas UAB group earned net profit of LTL 0.03 million, Technologijų ir inovacijų centras UAB of LTL 2.6 million, and Energijos tiekimas UAB of LTL 2.7 million.

## Cash flow statement

In I semester 2013, net cash flows from operations of the Company amounted to LTL 183.8 million, and of the Group, LTL 202.6 million. In I semester 2012, net cash flows from operations of the Company amounted to LTL 117.2 million and those of the Group to LTL 107.1 million.

In I semester 2013, the Group's net cash flows from investments were positive and amounted to LTL 62.6 million (in I semester 2012, LTL 14.7 million). In I semester 2013, the Group's cash flows from financial activities amounted to LTL 79.0 million (in I semester 2012, LTL 34.6 million).

## MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Every month the Company receives financial reports from its subsidiaries for analysis. The Company consolidates financial statements of its subsidiaries. The Chief Financier of the Company exercises control over the consolidation of financial statements and the timely and correct collection of data from the Group's companies. The drawing up of the Company's financial statements and the internal control and financial risk management systems are duly managed and controlled according to the provisions of relevant legal acts.

### Political risks

Operations of the Company are governed by the Law on Electricity of the Republic of Lithuania and the related regulations. Amendments to this law may affect the operations and results of the Company. Decisions on electricity pricing are adopted by the National Control Commission for Prices and Energy, therefore, results of the Company's operations may depend on its decisions.

### Financial risks

The Group's companies are exposed to financial risks in their operations including credit risk, liquidity risk and market risk (foreign currency risk, interest rate risk with respect to fair value and cash flows, securities price risk). By managing these risks the Group's companies seek to minimise the effects of the factors that could potentially have an adverse impact on the financial results of the Group and the Company.

### Credit risk

Credit risk related to accounts receivable is limited as key customers of the Company are large and reliable companies. Credit risk is managed through continuous monitoring.

Credits risk related to cash at banks is limited as both the Group and the Company conduct operations through banks having high credit ratings given by foreign rating agencies.

### Liquidity risk

Liquidity risk is managed by planning the cash flow movements in the Group's companies. Cash flow forecasts are made in order to minimise liquidity risk. Overdraft agreements and credit line agreements are used for short-term balancing of both incoming and outgoing cash flows.

The Company's liquidity ratio (current assets/current liabilities) and quick ratio (current assets-inventories/current liabilities) were 1.66 and 1.48 respectively as of 30 June 2013. The Group's liquidity ratio (current assets/current liabilities) and quick ratio (current assets-inventories/current liabilities) were 1.83 and 1.18 respectively as of 30 June 2013.

### Market risk

Income and cash flows of the Group companies are influenced by fluctuations of market interest rates as all the loans of the Group companies as of 30 June 2013 are variable interest rate loans. Increase in interest-rate risk mainly depends on long-term loans. The variable interest rates stipulated in the long-term loan agreements concluded by the Group are linked to LIBOR EUR. The Company has not made loans to the

Group's companies as of 30 June 2013. The Company has acquired tradable pollution permits (TPP) that are accounted for at fair market value, therefore, it is exposed to a risk of changes in the prices for such permits. A drop in the TPP prices in 2013 has had a negative impact on the annual performance indicators of the Company.

The Group's companies have not concluded any interest rate swap contracts as of 30 June 2013.

## Foreign currency risk

In order to manage foreign currency risk the Group concludes credit agreements in EUR or LTL only. The currencies of purchase and sale agreements concluded by the Company are mainly EUR and LTL as well.

On 2 February 2002 the Litas was pegged to the Euro. Therefore, equity of the Company and of the Group is not significantly affected by currency exchange rate fluctuations.

The Group companies are not exposed to significant concentration of foreign currency risk, therefore, no financial instruments were used for managing foreign currency risk in 2013.

## Securities price risk

The Company has not acquired securities, therefore, it is not exposed to risks related to prices of securities.

## Technical and generation risk

Assessment of technical and generation risk factors is integrated into general risk management process of the Company. The risks are assessed by the Company through annual assessment of likelihood of risk and its impact in three aspects: likely effects on the life and health, likely effects on property, environment and value of liabilities and continuity of activities. In view of the risk level found, plan of risk management measures is prepared, providing for measures to limit likely risk and/or its effect.

In I semester 2013, external audit under OHSAS 18001:2007 employee health and safety audit under management system was carried out by the auditors of BUREAU VERITAS. The conclusions of the audit stress that the Company adequately complies with the requirements under OHSAS 18001:2007 employee health and safety management system, and the processes on improvement of awareness of employee health and safety and working environment are effective.

The employees are involved in the procurement process of personal protection measures. Procurement of the personal protection measures is based on criteria of economic benefit, in order to provide employees with comfortable personal protection measures and ensure adequate quality.

The Company seeks to ensure consciousness and tolerance on the part of employees when preserving Company property. Project on renewal of physical safety system is underway with guidelines provided by the audit on physical safety of 2011 implemented. Project on connection of physical entry systems is underway.

Assessment of vocational risk has been carried out with respect to work places of employees carrying out disassembly works. For any vocational risk reduction, measures of risk elimination at work places have been prepared and implemented, allowing for lower vocational risks of employees at the work places down to acceptable level

The Company holds "Safety days" checking how Company employees comply with rules on safety at work. Groups of employees have been formed and procedure for observations made during the "Safety days" was established.

Electronic registration system for instructions and assignments has been implemented seeking more effective generation indicators.

The Company engages in active dialogue in implementing measures of health care of employees, monitoring, safe and clean working environment and improvement of employee safety and culture, in order to develop and ensure employee satisfaction with both the working environment and household conditions. Once the measures for health care of employees and provision of employees with personal protection measures are implemented, positive outcome was demonstrated and a number of small accidents fell markedly.

## **Environmental risks**

The main environmental requirements set for the Company include the use of environmentally friendly materials, ensuring that the energy installations and structures fit into the environment, and ensuring that changes in the water level in the Kaunas Lagoon and the Nemunas River downstream the Kaunas HPP are kept within the permissible range. At present the Company is fully compliant with the environmental regulations.

# INFORMATION ON SECURITIES AND AUTHORISED CAPITAL OF THE ISSUER

## INFORMATION ON SECURITIES OF THE ISSUER

The authorised capital of "Lietuvos energijos gamyba", AB amounts to LTL 635,083,615 and has been divided into 635,083,615 ordinary registered shares of one Litas par value. All the shares have been fully paid for. On 1 September 2011, shares of the Company were listed on the Official Trading List of NASDAQ OMX Vilnius. The shares of the Company are traded on NASDAQ OMX Vilnius Securities Exchange (hereinafter VSE).

As of 30 June 2013, the Company has 635,083,615 ordinary registered shares of one Litas par value in issue.

All the shares of the Company are ordinary registered shares of the same class and grant equal rights to their owners (shareholders).

ISIN code LT0000128571.

Abbreviation of securities LNR1L

The Company has not acquired or transferred own shares during the reporting period.

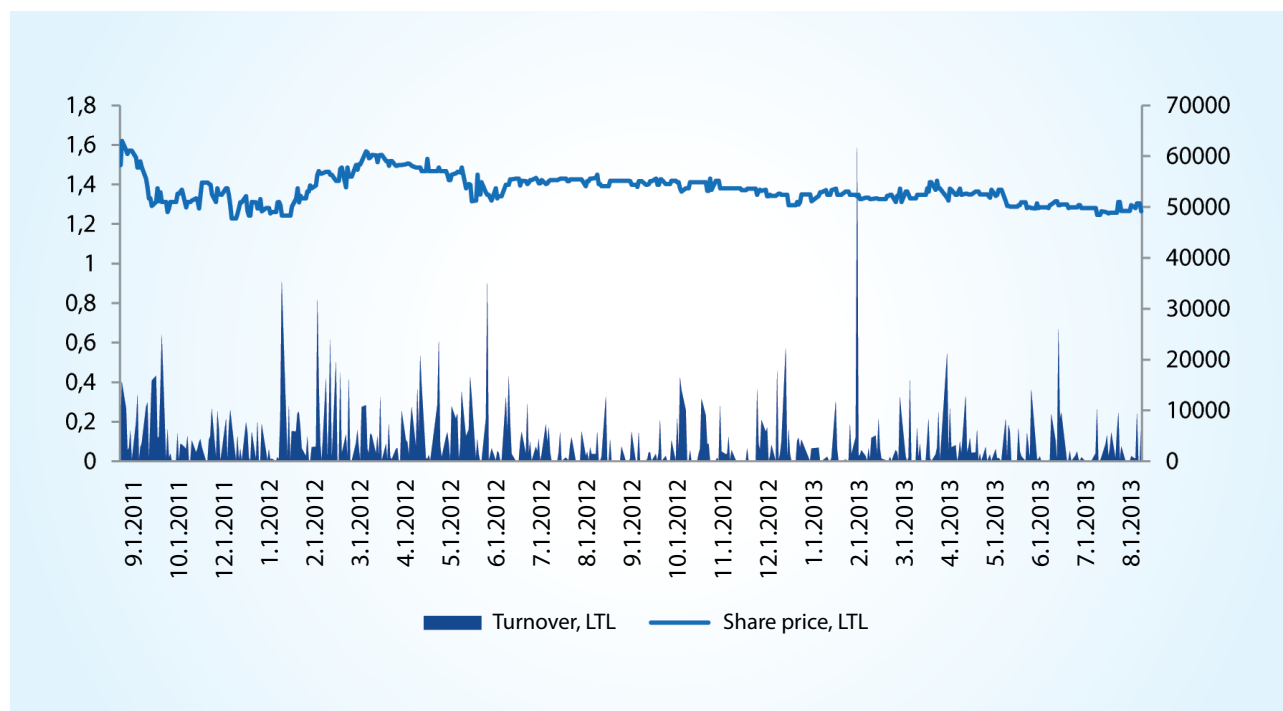
Shares of the Company have not been traded in other regulated markets.

The Company has not acquired its own shares. No subsidiary has acquired shares of the Company either.

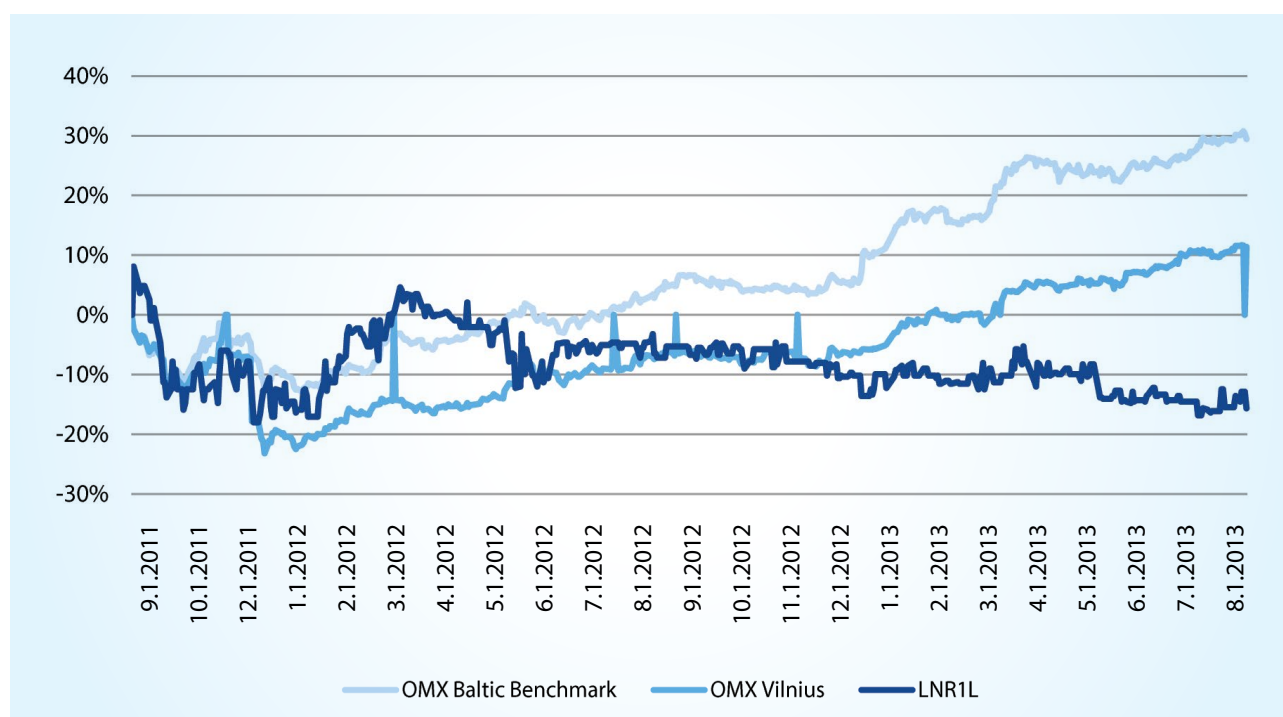
### Structure of authorised capital (table)

Class of shares	Number of shares, units	Par value, LTL	Total par value, LTL	% of authorised capital
Ordinary registered	635 083 615	1	635 083 615	100,00

### Dynamics of prices for shares in "Lietuvos energijos gamyba", AB and share turnover



## Dynamics of prices for shares of “Lietuvos energijos gamyba”, AB and dynamics of OMX Vilnius and OMX Baltic Benchmark Indexe



The highest price for the Company's shares at a stock exchange session in the first 6 months of 2013 was LTL 1.419 per share, the lowest price was LTL 1.247 per share. The share turnover during the period from 1 January 2013 until 31 December 2013 was 365,581 shares. As of the last trading day of the reporting period, the price per share was LTL 1.264.

### Dividend

The general meeting of “Lietuvos energijos gamyba”, AB held on 30 April 2013 approved the allocation of profit of the Company for the 2012; it also decided to declare dividend of LTL 0.04 per share.

### Information on the Issuer's agreements with securities brokers

The Issuer has concluded an agreement on keeping of accounting for the Issuer's securities and on management of personal securities accounts with Swedbank AB. The agreement expires on 31 December 2013.

### Information on the Issuer's agreements with securities brokers and/or credit institutions providing investment services and/or carrying out investment activities

On 21 December 2010, the Company and Swedbank, AB concluded an agreement on keeping of accounting for the Issuer's securities, which expires on 31 December 2013.

### Restrictions on transfer of securities

No restrictions on transfer of securities were applied to the Company.

## Rights and responsibilities attached to classes of shares

An ordinary registered share grants its owner (shareholder) the following property rights:

- receive part of the Company's profit (dividend);
- receive part of the assets of the Company under liquidation;
- receive shares free of charge when the authorised capital is being increased from the Company's funds save for exceptions established in the Law on Companies of the Republic of Lithuania;
- acquire shares or convertible debentures issued by the Company by the pre-emption right save for the case when the general meeting of shareholders decides to withdraw this right for all the shareholders according to the procedure established by save for exceptions established in the Law on Companies of the Republic of Lithuania;
- lend money to the Company in the manner permitted by the law, however, where the Company borrows from the shareholders it may not use its property as security for the loan. Where the Company borrows from its shareholders, the interest rate may not exceed the average interest rate applied by commercial banks in the place of residence or in the place of business of the lender as of the date of the agreement. In such a case the Company and the shareholders may not agree on higher interest rates;
- transfer all or part of his shares to other persons;
- demand that other shareholders sell their shares to him on a mandatory basis or buy shares from him on a mandatory basis in the cases and according to the procedure established by the laws;
- other property rights provided for by the laws.

An ordinary registered share grants its owner (shareholder) the following personal non-property rights:

- attend the general meetings;
- vote at the general meetings using the votes attached to the shares; an ordinary registered share grants one vote to its holder;
- receive information about the Company to the extent established by the law;
- file a lawsuit against the Company for the damage done by non-fulfilment or improper fulfilment of duties, provided for in the laws and the articles of association, by the head of the Company and members of the Board of the Company and file a lawsuit in other cases established in the law;
- other non-property rights provided for by the laws.

## INFORMATION ON THE SHAREHOLDERS OF THE ISSUER

Total number of shareholders on 30 June 2013: 6,222 (on 31 December 2012: 6,406). List of shareholders whose shares account for more than 5% of "Lietuvos energijos gamyba", AB authorised capital as of 30 June 2013:

Name	Class of shares	Number of shares	% of authorised capital	% of voting shares
"Lietuvos energija", UAB (then the – UAB "Visagino atominė elektrinė") Company code 301844044 Žvejų str. 14, Vilnius	Ordinary registered shares	610 515 515	96,13	96,13

## Shareholders having special control rights and description of such rights

Neither shareholder of "Lietuvos energijos gamyba", AB have had special control rights. All the shareholders of the Company have had equal rights (property and non-property rights) provided for in the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company.

## Restrictions on voting rights

The Group has imposed no restrictions on voting rights.

## **Agreements between shareholders which are known to the Issuer and due to which the transfer of securities and/or voting rights can be restricted**

There were no agreements between shareholders of "Lietuvos energijos gamyba", AB due to which transfer of securities and/or voting rights can be restricted.



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## OTHER INFORMATION

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### **References and additional explanations about the information provided in the consolidated financial statements**

The notes to the financial statements for the first 6 months of 2013 contain detailed explanations of financial information.

### **Audit information**

Auditor of the Company: PricewaterhouseCoopers UAB  
J. Jasinskio str. 16B, LT-01112 Vilnius, Lithuania

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**“LIETUVOS ENERGIJOS GAMYBA“, AB  
CONSOLIDATED AND COMPANY’S  
CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED  
30 June 2013  
(unaudited)**

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

## Condensed interim statements of financial position at 30 June 2013

All amounts in LTL thousands unless otherwise stated

ASSETS	Note	Group at 30 June 2013	Company at 30 June 2012	Group at 31 December 2012	Company at 31 December 2012
		(unaudited)	(unaudited)		
<b>Non-current assets:</b>					
Intangible assets	4	27,030	24,714	58,541	56,060
Property, plant and equipment	5	3,143,261	3,091,631	3,198,591	3,146,388
Prepayments for property, plant, equipment		14	14	14	14
Investment property		800	-	800	-
Investments in subsidiaries		-	54,651	-	54,651
Investments in associates and joint ventures		154,708	155,427	153,496	155,427
Deferred income tax assets		706	-	622	-
Other financial assets		15,047	15,047	23,723	23,723
Amounts receivable		6,504	6,504	10,927	10,927
<b>Total non-current assets</b>		<b>3,348,070</b>	<b>3,347,988</b>	<b>3,446,714</b>	<b>3,447,190</b>
<b>Current assets:</b>					
Inventories		31,233	29,867	63,636	61,427
Prepayments		6,344	3,457	2,348	1,489
Trade receivables		234,145	212,651	288,855	253,916
Other receivables		10,588	9,814	23,793	23,549
Prepaid income tax		3,890	3,884	4,262	4,148
Other financial assets		-	-	20	-
Cash and cash equivalents		44,737	11,498	34,345	8,157
		<b>330,937</b>	<b>271,171</b>	<b>417,259</b>	<b>352,686</b>
Non-current assets classified as held for sale		587	-	603	-
<b>Total current assets</b>		<b>331,524</b>	<b>271,171</b>	<b>417,862</b>	<b>352,686</b>
<b>TOTAL ASSETS</b>		<b>3,679,594</b>	<b>3,619,159</b>	<b>3,864,576</b>	<b>3,799,876</b>

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(Continuation from page 35)

EQUITY AND LIABILITIES	Note	Group at 30 June 2013	Company at 30 June 2013	Group at 31 December 2012	Company at 31 December 2012
		(unaudited)	(unaudited)		
<b>Capital and reserves</b>					
Share capital	6	635,084	635,084	635,084	635,084
Share premium		295,767	295,767	295,767	295,767
Revaluation reserve		11,543	7,506	12,055	7,774
Legal reserve		37,852	37,540	36,145	35,867
Other reserves		677,775	677,775	717,775	717,775
Retained earnings		39,955	55,817	(30,037)	(10,572)
<b>Total equity attributable to owners of the Company</b>		<b>1,697,976</b>	<b>1,709,489</b>	<b>1,666,789</b>	<b>1,681,695</b>
Non-controlling interest		42,733	-	41,498	-
<b>Total equity</b>		<b>1,740,709</b>	<b>1,709,489</b>	<b>1,708,287</b>	<b>1,681,695</b>
<b>Non-current liabilities:</b>					
Borrowings	7	514,237	505,137	552,370	544,098
Finance lease liabilities		44	-	44	-
Grants	8	1,080,833	1,080,833	1,100,461	1,100,461
Other non-current accounts payable and liabilities		33,389	31,472	34,397	32,403
Deferred income tax liabilities		129,478	129,103	128,983	128,815
<b>Total non-current liabilities</b>		<b>1,757,981</b>	<b>1,746,545</b>	<b>1,816,255</b>	<b>1,805,777</b>
<b>Current liabilities:</b>					
Borrowings	7	71,488	69,898	126,409	116,492
Finance lease liabilities		150	-	327	-
Trade payables		55,958	47,037	138,558	128,130
Advance amounts received		16,240	15,590	15,995	15,035
Income tax payable		1,179	-	545	-
Provisions for emission allowances	9	2,526	2,526	13,915	13,915
Other accounts payable and liabilities		33,363	28,074	44,285	38,832
<b>Total current liabilities</b>		<b>180,904</b>	<b>163,125</b>	<b>340,034</b>	<b>312,404</b>
<b>Total liabilities</b>		<b>1,938,885</b>	<b>1,909,670</b>	<b>2,156,289</b>	<b>2,118,181</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,679,594</b>	<b>3,619,159</b>	<b>3,864,576</b>	<b>3,799,876</b>

## Condensed interim statements of comprehensive income for the six-month period ended 30 June 2013

All amounts in LTL thousands unless otherwise stated

	No- te	Group 1 January – 30 June 2013	Company 1 January – 30 June 2013	Group 1 January – 30 June 2012	Company 1 January – 30 June 2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>					
Sales revenue		482,559	478,079	616,163	517,496
Other operating income		48,774	3,826	48,706	1,101
		<b>531,333</b>	<b>481,905</b>	<b>664,869</b>	<b>518,597</b>
<b>Operating expenses</b>					
Purchase of electricity or related services		(211,992)	(211,999)	(331,275)	(233,140)
Purchase of gas, oil and emission allowances		(99,620)	(99,620)	(184,903)	(184,903)
Depreciation and amortisation		(47,846)	(41,438)	(36,278)	(29,087)
Salaries and related expenses		(31,597)	(16,892)	(32,701)	(15,908)
Repair and maintenance expenses		(10,899)	(11,299)	(2,895)	(7,841)
Expenses of revaluation and provisions for emission allowances		(14,831)	(14,831)	-	-
Impairment of other non-current assets		(8,629)	(8,629)	-	-
Provisions for emission allowances acquisition contract (expense)/recovery		-	-	(2,360)	(2,360)
Impairment write-down of inventories		(271)	(271)	(459)	(459)
Other expenses		(35,616)	(13,068)	(43,569)	(15,739)
<b>Total operating expenses</b>		<b>(461,301)</b>	<b>(418,047)</b>	<b>(634,440)</b>	<b>(489,438)</b>
<b>OPERATING PROFIT</b>		<b>70,032</b>	<b>63,858</b>	<b>30,429</b>	<b>29,159</b>
<b>Finance income:</b>					
Share of result of operations of associates and joint ventures		1,225	-	1,155	-
Other finance income		823	2,473	843	3,698
Finance (costs)		(10,084)	(9,914)	(2,630)	(2,464)
		(8,036)	(7,441)	(632)	1,234
<b>PROFIT BEFORE INCOME TAX</b>		<b>61,996</b>	<b>56,417</b>	<b>29,797</b>	<b>30,393</b>
Current year income tax expense		(3,953)	(2,932)	(6,642)	(5,834)
Deferred income tax income/(expense)		(154)	(288)	3,023	2,473
		(4,107)	(3,220)	(3,619)	(3,361)
<b>PROFIT FOR THE PERIOD</b>		<b>57,889</b>	<b>53,197</b>	<b>26,178</b>	<b>27,032</b>

(continued on the next page)

(Continuation from page 37)

	No- te	Group 1 January – 30 June 2013	Company 1 January – 30 June 2013	Group 1 January – 30 June 2012	Company 1 January – 30 June 2012
<b>Other comprehensive income (loss)</b>					
Profit from revaluation of emission allowances		-	-	1,416	1,416
Loss for the period from revaluation of fixed assets		-	-	(619)	-
Deferred income tax due to revaluation of fixed assets		-	-	93	-
Other comprehensive income less deferred income tax		-	-	890	1,416
<b>COMPREHENSIVE INCOME</b>		<b>57,889</b>	<b>53,197</b>	<b>27,068</b>	<b>28,448</b>

**PROFIT FOR THE PERIOD ATTRIBUTABLE TO:**

Owners of the Company	56,654	53,197	25,446	27,032
Non-controlling interest	1,235	-	732	-
	<b>57,889</b>	<b>53,197</b>	<b>26,178</b>	<b>27,032</b>

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:**

Owners of the Company	56,654	53,197	26,336	28,448
Non-controlling interest	1,235	-	732	-
	<b>57,889</b>	<b>53,197</b>	<b>27,068</b>	<b>28,448</b>

**Basic and diluted earnings per share (in LTL)**

**0.09** **0.04**

	No- te	Group 1 April – 30 June 2013	Company 1 April – 30 June 2013	Group 1 April – 30 June 2012	Company 1 April – 30 June 2012
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>					
Sales revenue		267,660	265,814	287,166	242,187
Other operating income		25,282	1,604	24,917	514
		<b>292,942</b>	<b>267,418</b>	<b>312,083</b>	<b>242,701</b>
<b>Operating expenses</b>					
Purchase of electricity or related services		(110,782)	(110,780)	(167,434)	(122,532)
Purchase of gas, oil and emission allowances		(55,118)	(55,118)	(76,511)	(76,511)
Depreciation and amortisation		(24,323)	(21,054)	(17,680)	(14,071)
Salaries and related expenses		(15,410)	(8,393)	(16,417)	(7,880)
Repair and maintenance expenses		(4,345)	(4,411)	(1,271)	(3,230)
Expenses of revaluation and provisions for emission allowances		(4,348)	(4,348)	1,335	1,335
Impairment of other non-current assets		(2,683)	(2,683)	-	-
Provisions for emission allowances acquisition contract (expense)/recovery		-	-	(2,360)	(2,360)
Impairment write-down of inventories		23	23	(455)	(455)
Other expenses		(19,416)	(7,802)	(21,344)	(6,913)
<b>Total operating expenses</b>		<b>(236,402)</b>	<b>(214,566)</b>	<b>(302,137)</b>	<b>(232,617)</b>
<b>OPERATING PROFIT</b>		<b>56,540</b>	<b>52,852</b>	<b>9,946</b>	<b>10,084</b>
<b>Finance income:</b>					
Share of result of operations of associates and joint ventures		630	-	996	-
Other finance income		482	301	429	3,329
Other finance (costs)		(5,932)	(5,829)	(1,452)	(1,372)
		(4,820)	(5,528)	(27)	1,957
<b>PROFIT BEFORE INCOME TAX</b>		<b>51,720</b>	<b>47,324</b>	<b>9,919</b>	<b>12,041</b>
Current year income tax expense		(2,764)	(2,289)	(2,310)	(1,826)
Deferred income tax income/(expense)		2,112	2,153	1,740	1,363
		(652)	(136)	(570)	(463)
<b>PROFIT FOR THE PERIOD</b>		<b>51,068</b>	<b>47,188</b>	<b>9,349</b>	<b>11,578</b>

(continued on the next page)

(Continuation from page 39)

	No- te	Group 1 April – 30 June 2013	Company 1 April – 30 June 2013	Group 1 April – 30 June 2012	Company 1 April – 30 June 2012
<b>Other comprehensive income (loss)</b>					
Profit from revaluation of emission allowances		-	-	1,416	1,416
Loss for the period from revaluation of fixed assets		-	-	(619)	-
Deferred income tax due to revaluation of fixed assets		-	-	93	-
Other comprehensive income less deferred income tax		-	-	890	-
<b>COMPREHENSIVE INCOME</b>		<b>51,068</b>	<b>47,188</b>	<b>10,239</b>	<b>12,994</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		50,222	-	9,052	-
Non-controlling interest		846	-	297	-
		<b>51,068</b>	<b>47,188</b>	<b>9,349</b>	<b>11,578</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		50,222	-	9,942	-
Non-controlling interest		846	-	297	-
		<b>51,068</b>	<b>47,188</b>	<b>10,239</b>	<b>12,994</b>
<b>Basic and diluted earnings per share (in LTL)</b>		<b>0.08</b>		<b>0.02</b>	



## Condensed interim statements of changes in equity for the six-month period ended 30 June 2013

All amounts in LTL thousands unless otherwise stated

### Equity attributable to shareholders of the Company

Group	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
<b>Balance at 1 January 2012</b>	<b>635,084</b>	<b>295,767</b>	<b>13,735</b>	<b>35,972</b>	<b>717,775</b>	<b>(67,183)</b>	<b>1,631,150</b>	<b>39,951</b>	<b>1,671,101</b>
Depreciation of revaluation reserve	-	-	(608)	-	-	608	-	-	-
Formation of reserves	-	-	-	270	-	(270)	-	-	-
Other adjustments	-	-	-	-	-	98	98	-	98
Comprehensive income	-	-	890	-	-	25,446	26,336	732	27,068
<b>Balance at 30 June 2012 (unaudited)</b>	<b>635,084</b>	<b>295,767</b>	<b>14,017</b>	<b>36,242</b>	<b>717,775</b>	<b>(41,301)</b>	<b>1,657,584</b>	<b>40,683</b>	<b>1,698,267</b>
<b>Balance at 1 January 2013</b>	<b>635,084</b>	<b>295,767</b>	<b>12,055</b>	<b>36,145</b>	<b>717,775</b>	<b>(30,037)</b>	<b>1,666,789</b>	<b>41,498</b>	<b>1,708,287</b>
Depreciation of revaluation reserve	-	-	(447)	-	-	447	-	-	-
Formation of reserves	-	-	(65)	-	-	-	(65)	-	(65)
Transfer to reserves	-	-	-	1,707	-	(1,707)	-	-	-
Transfer to retained earnings	-	-	-	-	(40,000)	40,000	-	-	-
Dividends paid	-	-	-	-	-	(25,402)	(25,402)	-	(25,403)
Comprehensive income	-	-	-	-	-	56,654	56,654	1,235	57,889
<b>Balance at 30 June 2013 (unaudited)</b>	<b>635,084</b>	<b>295,767</b>	<b>11,543</b>	<b>37,852</b>	<b>677,775</b>	<b>39,955</b>	<b>1,697,976</b>	<b>42,733</b>	<b>1,740,709</b>

(continued on the next page)

(Continuation from page 41)

Company	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total equity
<b>Balance at 1 January 2011</b>	<b>635,084</b>	<b>295,767</b>	<b>8,395</b>	<b>35,867</b>	<b>717,775</b>	<b>(44,656)</b>	<b>1,648,232</b>
Depreciation of revaluation reserve	-	-	(339)	-	-	339	-
Other adjustments	-	-	-	-	-	215	215
Comprehensive income	-	-	1,416	-	-	27,032	28,448
<b>Balance at 30 June 2012 (unaudited)</b>	<b>635,084</b>	<b>295,767</b>	<b>9,472</b>	<b>35,867</b>	<b>717,775</b>	<b>(17,070)</b>	<b>1,676,895</b>
<b>Balance at 1 January 2013</b>	<b>635,084</b>	<b>295,767</b>	<b>7,774</b>	<b>35,867</b>	<b>717,775</b>	<b>(10,572)</b>	<b>1,681,695</b>
Depreciation of revaluation reserve	-	-	(268)	-	-	268	-
Transfer to reserves	-	-	-	1,673	-	(1,673)	-
Transfer to retained earnings	-	-	-	-	(40,000)	40,000	-
Dividends paid	-	-	-	-	-	(25,403)	(25,403)
Comprehensive income	-	-	-	-	-	53,197	53,197
<b>Balance at 30 June 2013 (unaudited)</b>	<b>635,084</b>	<b>295,767</b>	<b>7,506</b>	<b>37,540</b>	<b>677,775</b>	<b>55,817</b>	<b>1,709,489</b>

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

## Condensed interim statements of cash flows for the six-month period ended 30 June 2013

All amounts in LTL thousands unless otherwise stated

	Group 1 January – 30 June 2013 (unaudited)	Company 1 January – 30 June 2013 (unaudited)	Group 1 January – 30 June 2012 (unaudited)	Company 1 January – 30 June 2012 (unaudited)
<b>Profit for the period</b>	<b>57,889</b>	<b>53,197</b>	<b>26,178</b>	<b>27,032</b>
<b>Adjustments for non-cash items and other adjustments:</b>				
Depreciation and amortisation expenses	67,452	61,044	42,130	34,939
Loss/(income) on revaluation of emission allowances and provision expense	14,831	14,831	-	-
Impairments	7,528	7,374	4,678	4,678
Share of (profit) of associates and joint ventures	(1,225)	-	(1,155)	-
Income tax expenses	3,953	2,932	6,216	5,834
Change in deferred income tax liability	154	288	(2,818)	(2,435)
(Income) from grants	(19,605)	(19,605)	(5,859)	(5,859)
Increase in other provisions	2,506	2,506	10,324	10,324
Gains on disposal/write-off of non-current assets (except of financial assets)	19	17	12	4
Elimination of results of financing and investing activities:				
- Interest (income)	(9)	(4)	(353)	(463)
- Interest expense	11,882	11,739	1,428	1,406
- Other finance costs	(2,612)	(4,295)	822	(2,177)
<b>Changes in working capital</b>				
(Increase) decrease in trade receivables and other amounts receivable	73,790	60,996	(30,541)	(23,477)
Decrease in inventories and prepayments	24,258	25,443	65,675	68,499
(Decrease) increase in accounts payable, grants and advance amounts received	(35,147)	(29,806)	(6,428)	1,766
<b>Cash flows generated from operations</b>				
Income tax (paid)	(3,110)	(2,830)	(3,201)	(2,846)
<b>Net cash generated from operating activities</b>	<b>202,555</b>	<b>183,827</b>	<b>107,108</b>	<b>117,225</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment (PPE) and intangible assets	(66,356)	(60,436)	(14,844)	(13,089)
Proceeds from sale of PPE and intangible assets	4,223	164	8	-
Dividends received	-	2,000	-	3,000
Interest received	56	51	111	221
<b>Net cash used in investing activities</b>	<b>(62,077)</b>	<b>(58,221)</b>	<b>(14,725)</b>	<b>(9,868)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	1,683	-	4,781	-
Repayments of borrowings	(43,538)	(40,818)	(21,984)	(21,984)
Finance lease payments	(177)	-	(263)	-
Interest (paid)	(11,843)	(11,700)	(17,134)	(17,112)
Dividends (paid)	(25,087)	(25,087)	(5)	(5)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(78,962)</b>	<b>(77,605)</b>	<b>(34,605)</b>	<b>(39,101)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(61,516)</b>	<b>48,001</b>	<b>57,778</b>	<b>68,256</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(29,546)</b>	<b>(49,271)</b>	<b>21,349</b>	<b>2,893</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>31,970</b>	<b>(1,270)</b>	<b>79,127</b>	<b>71,149</b>

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

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## Notes to the condensed interim financial information for the six-month period ended 30 June 2013

All amounts in LTL thousands unless otherwise stated

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### 1. GENERAL INFORMATION

„Lietuvos energijos gamyba“, AB is a public limited liability company registered in the Republic of Lithuania. Lietuvos Energija, AB (hereinafter referred to as the “Company”) is a limited liability profit-making entity, registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company’s registration date is 20 July 2011, company code 302648707, VAT payer’s code LT100006256115. The Company has been established for an unlimited period. The address of the Company’s registered office is Elektrinės str. 21, LT-26108, Elektrėnai, Lithuania.

At the extraordinary general meeting of shareholders which was held on 29 July 2013, adopted decision to change Lietuvos energija, AB (code 302648707) business name to „Lietuvos energijos gamyba“, AB. Starting from 5 August 2013 Company name is „Lietuvos energijos gamyba“, AB. All relevant information regarding the change of the name of Company is published in the Register of Legal Entities electronic publication according to the legislation of Lithuanian Republic. Other contacts and details of the „Lietuvos energijos gamyba“, AB remain the same.

„Lietuvos energijos gamyba“, AB was established as a result of implementation of the National Energy Strategy, as a result of reorganisation by way of merger of the following two public companies: AB “Lietuvos Energija”, company code 220551550, including its branch offices Kruonis Pumped Storage Power Plant, Kaunas Hydro Power Plant, and Lietuvos Elektrinė AB, company code 110870933.

AB “Lietuvos Energija” and AB Lietuvos Elektrinė were reorganised by way of merger pursuant to paragraph 4 of Article 2.97 of the Lithuanian Civil Code by merging the companies under reorganisation, which ceased their activities as legal entities after the reorganisation, into new company Lietuvos Energija, AB, which continues the activities of the reorganised companies after the reorganisation and to which all assets, rights and obligations of the companies under reorganisation were transferred, i.e. a new legal entity “Lietuvos energijos gamyba“, AB (previously Lietuvos Energija, AB) was formed which continues its activities on the basis of companies which ceased their activities.

The reorganisation was aimed at combining and optimising electricity generation capacities that are under the state’s control by way of forming a single electricity generation block. As a result, electricity generation activities were singled out and concentrated in one company, electricity generation capacities were reorganised and centralised in order to ensure energetic independence of the Republic of Lithuania.

The authorised share capital of „Lietuvos energijos gamyba“, AB amounts to LTL 635,083,615 and it is divided into 635,083,615 ordinary registered shares with par value of LTL 1 each. There were no changes in the Company’s authorised share capital during 2011 and 2012. All the shares issued are fully paid. With effect from 1 September 2011, the shares of Lietuvos Energija AB were included in the Main List of NASDAQ OMX Vilnius stock exchange. As at 30 June 2012 and 31 December 2011, the Company had not acquired any own shares.

In 2013 and 2012, the Company was engaged in electricity generation, electricity trading and export activities. In addition to these principal activities, the Company can be engaged in any other business activities not forbidden under the laws and stipulated in the Company’s Articles of Association.

The Company has permits of unlimited validity to engage in electricity generation activities at the Lithuanian Power Plant, Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant, as well as in electricity

import and export activities. The Company also holds permits to expand electricity generation capacities at the Lithuanian Power Plant and Kruonis Pumped Storage Power Plant, and certificates entitling to engage in maintenance and operation of electric, thermal power, natural gas and oil facilities. On 29 July 2011, based on the decision of the National Control Commission for Prices and Energy, Lietuvos Energija AB obtained a licence of an independent electricity supplier. The Company's subsidiary Energijos Tiekimas UAB also holds a licence of an independent electricity supplier.

As of the date of these financial statements, the Company directly participated (had control or significant influence) in the management of the following companies: UAB "Kauno Energetikos Remontas" (Lithuania), Energijos Tiekimas UAB (Lithuania), UAB Technologijų ir Inovacijų Centras (Lithuania), Nordic Energy Link AS (Estonia), UAB "Geoterma" (Lithuania), NT Valdos UAB (Lithuania). Indirectly, the Company had the majority of votes in UAB "Gotlitas" (Lithuania) through Kauno Energetikos Remontas UAB, and the majority of votes in Data Logistics Center UAB (Lithuania) and VŠĮ Respublikinis Energetikų Mokymo Centras (Lithuania) through UAB Technologijų ir Inovacijų Centras, and exercised significant influence over UAB "Enmašas" (Lithuania).

The consolidated financial statements of "Lietuvos energijos gamyba", AB and its subsidiaries and the stand-alone financial statements of "Lietuvos energijos gamyba", AB as a parent company are presented in these financial statements.

As at 30 June 2013 and 31 December 2012, the Group consisted of "Lietuvos energijos gamyba", AB and the following directly and indirectly controlled subsidiaries:

Company	Address of the company's registered office	The Group's sharehold- ing at 30 June 2013	The Group's sharehold- ing at 31 December 2011	Profit (loss) for 1 January– 30 June 2012	Equity at 30 June 2013	Profile of activities
UAB "Kauno energetikos remontas"	Chemijos str. 17, Kaunas, Lithuania	100%	100%	34	21,709	Repair of energy equipment, production of metal constructions
UAB "Gotlitas"	R.Kalantos str. 119, Kaunas, Lithuania	100%	100%	(26)	1,408	Accommodation services, trade
UAB "Energijos tiekimas"	Žvejų str. 14, Vilnius, Lithuania	100%	100%	2,756	8,171	Independent electricity supply
Energijos tiekimas OU	Narva mnt 5, 10117 Tallinn	100%	-	(8)	113	Independent electricity supply
Energijos tiekimas SIA	Elizabetes iela 45/47, Riga, LV-1010	100%	-	(2)	97	Independent electricity supply
UAB Technologijų ir inovacijų centras	Juozapavičiaus str. 13, Vilnius, Lithuania	54.04%	54.04%	2,624	59,785	IT services
VŠĮ Respublikinis energetikų mokymo centras	Jeruzalės str. 21, Vilnius, Lithuania	54.04%	54.04%	64	(1,342)	Professional development of energy specialists and continual professional training

As at 30 June 2013 and 31 December 2012, Group's investments into associates and joint ventures consisted:

Company	Address of the company's registered office	The Group's shareholding at 30 June 2013	The Group's shareholding at 31 December 2012	Profile of activities
UAB "Geoterma"	Lypkių str. 53, Klaipėda, Lithuania	23.44%	23.44%	Geothermal energy production
UAB "NT Valdos"	Geologų str. 16, Vilnius, Lithuania	42.06%	41.42%	Asset management services
AS Nordic Energy Link	Laki 24, Tallinn	25.00%	25.00%	Management of electricity transmission line between Finland and Estonia

As at 30 June 2013, the number of employees of the Group was 1,134 (31 December 2012 – 1,180). As at 30 June 2012, the number of employees of the Company was 508 (31 December 2012 - 511).

The Company's and Group's operations are not affected by seasonality.

## 2. ACCOUNTING POLICIES

### 2.1. Basis of preparation

The Company's and consolidated Group's condensed interim financial information for a six-month period ended 30 June 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.

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

### 2.2. Accounting policies

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

#### ***Adoption of new and (or) amended IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)***

There are no new standards, amendments and interpretations that are mandatory for the Company and the Group with effect from 2013, and that have a significant impact on the Company's and the Group's financial information.

The Company's management do not believe the newly published standards, amendments and 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. CRITICAL ACCOUNTING ESTIMATES AND UNCERTAINTIES

The preparation of condensed interim financial information in conformity with IFRS requires management to make estimates and assumptions that affect the accounting policies applied and the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The actual results may ultimately differ from these estimates, as future events can amend assumptions that were used. Such changes in estimates will be recorded in the financial statements when determinable. Significant judgments made by management in relation to accounting policies and key sources of identification of contingencies were consistent with those applied in preparation of the financial statements for the year ended 31 December 2012.

- **Tax audits**

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's and Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

- **Depreciation rates of property, plant and equipment**

When assessing the remaining useful life of property, plant and equipment, management takes into consideration the conclusions provided by employees responsible for technical maintenance of assets.

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

On 31 December 2011 an independent property valuator Census Optimus UAB carried out a valuation of market value of the Company's assets stated at revaluated amount. The valuation was performed using the replacement cost method.

On 31 December 2011, revaluation was carried out for property, plant and equipment of the Company's subsidiary Kauno Energetikos Remontas UAB. Property, plant and equipment were revaluated on 31 December 2011 based on the report submitted by an independent property valuator Latmas Nekilnojamasis Turtas UAB on changes in the fair values of immovable property in Lithuania by region. This report was based on observable market evidence on prices of immovable property.

Considering the date of the last revaluation of these assets and the periods of their acquisition, in the opinion of management, the fair value of the Group's/Company's property, plant and equipment stated at revaluated amounts as at 30 June 2013 not significantly differ from its carrying amounts.

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

The Group and the Company make an assessment, at least annually, whether there are any indications that the carrying amount of property, plant and equipment has been impaired.

In 2013 and 2012, the Group and the Company accounted for property, plant and equipment (except for assets of the Hydro Power Plant, Pumped Storage Power Plant and Thermal Power Plant) at fair value in accordance with International Accounting Standard No.16 'Property, plant and equipment'.

As 31 December 2012 the management of the Company did not identified any impairment indicators for property, plant and equipment of Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant and Combined-cycle block. There were no changes as at reporting period in key assumptions, used in performing the impairment test as at 31 December 2012. The carrying amount of property, plant and equipment will be tested for the impairment as at 31 December 2013.

- **Write-down of inventory to net realisable value**

Write-down of inventory to the net realisable value was determined based on the management's estimates on inventory obsolescence and estimated possible selling prices. This determination requires significant judgment. Judgment is exercised based on historical and future usage of spare parts and materials as well as estimated possible selling price and other factors.



- **Provisions for emission allowances**

The Group/Company estimates the provisions for emission allowances based on actual quantity of emission during the reporting period multiplied by the market price of one emission allowance. The actual quantity of emission is approved by the responsible regulating state authority within 4 months after the year-end. Based on historical experience, the management of the Group does not expect any material differences between the amount of estimated provisions as at 30 June 2013 and emission quantities which will be approved in 2014.

- **Accrual of PSO service fees**

The variable part of PSO service fees is estimated with reference to variable costs incurred during the reporting period. The producers ensuring the security of electric power supply and reserves of energy system, submit their PSO service fee estimates to the Commission which include breakdown of variable electric power production costs – natural gas, heavy fuel oil, emission allowance costs, costs for reagent desulphurisation. The variable part of PSO service fees in future calendar year is estimated with reference to scheduled variable costs to be incurred for the production of approved quota of electricity subject to support. Accordingly, as at 30 June 2013 the Company's management accounted for LTL 4,479 thousand PSO service revenue as compensation for the difference in gas prices (at 30 June 2012 – LTL 16,950 thousand).

## 4. INTANGIBLE ASSETS

The movements of the Group's intangible assets were as follows:

Group	Patents and licenses	Computer software	Emission allowances	Other intangible assets	Total
<b>At 30 June 2012</b>					
Opening net book amount	1,092	3,053	35,457	133	39,735
Additions	357	96	-	-	453
Grant received	-	-	14,832	-	14,832
Lending of emission allowances	-	-	(15,239)	-	(15,239)
Reclassified from property, plant and equipment	148	-	-	-	148
Emission allowances utilised	-	-	(16,268)	-	(16,268)
Amortisation	(303)	(720)	-	(7)	(1,030)
Revaluation income of emission allowances	-	-	1,418	-	1,418
<b>Net book amount at 30 June 2012</b>	<b>1,294</b>	<b>2,429</b>	<b>20,200</b>	<b>126</b>	<b>24,049</b>
<b>At 30 June 2012</b>					
Opening net book amount	877	2,053	55,413	198	58,541
Additions	16	144	181	2	343
Grant received	-	-	1,040	-	1,040
Disposals	-	-	(4,041)	-	(4,041)
Reclassified from property, plant and equipment	652	-	-	-	652
Emission allowances utilised	-	-	(13,895)	-	(13,895)
Amortisation	(345)	(805)	-	(23)	(1,173)
Revaluation income of emission allowances	-	-	(14,437)	-	(14,437)
<b>Revaluation income of emission allowances</b>	<b>1,200</b>	<b>1,392</b>	<b>24,261</b>	<b>177</b>	<b>27,030</b>



The movement of the Company's intangible assets is presented below:

Company	Computer software	Emission allowances	Other intangible assets	Total
<b>At 30 June 2012</b>				
Opening net book amount	888	35,457	-	36,345
Additions	-	-	5	5
Grant received	-	14,832	-	14,832
Emission allowances utilised	-	(16,268)	-	(16,268)
Lending of emission allowances	(175)	-	-	(175)
Amortisation	-	(15,239)	-	(15,239)
Revaluation costs of emission allowances	-	1,418	-	1,418
<b>Net book amount at 30 June 2012</b>	<b>713</b>	<b>20,200</b>	<b>5</b>	<b>20,918</b>
<b>At 30 June 2012</b>				
Opening net book amount	582	55,413	65	56,060
Additions	-	181	-	181
Grant received	-	1,040	-	1,040
Disposals	-	(4,041)	-	(4,041)
Emission allowances utilised	-	(13,895)	-	(13,895)
Amortisation	(185)	-	(9)	(194)
Revaluation costs of emission allowances	-	(14,437)	-	(14,437)
<b>Net book amount at 30 June 2012</b>	<b>397</b>	<b>24,261</b>	<b>56</b>	<b>24,714</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

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

Group	Land	Build-ings	Struc-tures and equip-ment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-cycle block	Motor vehicles	Other PP&E	Construction in progress	Total
<b>At 30 June 2012</b>										
Opening net book amount	5,737	17,096	27,612	537,320	1,330,667	-	1,038	27,420	1,167,520	3,114,410
Additions	-	-	420	51	96	-	31	812	65,750	67,160
Disposals	-	-	-	-	-	-	(5)	(4)	-	(9)
Write-offs	-	-	-	-	(4)	-	-	(11)	-	(15)
Reclassifications between groups	-	-	-	-	-	-	-	34	(34)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	(148)	-	(148)
Reclassification from inventories	-	-	-	-	-	-	-	39	-	39
(Impairment)	-	(619)	-	-	-	-	-	-	-	(619)
Depreciation	-	(328)	(1,850)	(13,716)	(20,490)	-	(230)	(4,493)	-	(41,107)
<b>Net book amount at 30 June 2012</b>	<b>5,737</b>	<b>16,149</b>	<b>26,182</b>	<b>523,655</b>	<b>1,310,269</b>	<b>-</b>	<b>834</b>	<b>23,649</b>	<b>1,233,236</b>	<b>3,139,711</b>
<b>At 30 June 2013</b>										
Opening net book amount	5,737	16,396	24,378	511,539	1,289,502	1,316,537	884	21,471	12,147	3,198,591
Additions	-	-	279	163	269	123	-	2,466	4,674	7,974
Disposals	-	-	-	-	(164)	-	-	(2)	-	(166)
Write-offs	-	-	-	-	(17)	-	-	(2)	-	(19)
Reclassifications between groups	-	-	889	175	(248)	248	-	2,521	(3,585)	-
Reclassification to intangible assets	-	-	-	-	-	-	-	-	(652)	(652)
Reclassification from inventories	-	-	-	405	1,356	2,117	-	(9)	-	3,869
(Impairment)	-	(77)	20	-	-	-	-	-	-	(57)
Depreciation	-	(230)	(1,619)	(14,456)	(20,703)	(25,219)	(111)	(3,941)	-	(66,279)
<b>Net book amount at 30 June 2013</b>	<b>5,737</b>	<b>16,089</b>	<b>23,947</b>	<b>497,826</b>	<b>1,269,995</b>	<b>1,293,806</b>	<b>773</b>	<b>22,504</b>	<b>12,584</b>	<b>3,143,261</b>

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

Company	Land	Build-ings	Struc-tures and equip-ment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-cycle block	Motor vehicles	Other PP&E	Construction in progress	Total
<b>At 30 June 2012</b>										
Opening net book amount	5,737	1,438	11,153	537,320	1,330,667	-	343	172	1,167,417	3,054,247
Additions	-	-	-	51	96	-	31	-	65,702	65,880
Write-offs	-	-	-	-	(4)	-	-	-	-	(4)
Depreciation	-	(97)	(382)	(13,716)	(20,490)	-	(65)	(14)	-	(34,764)
<b>Net book amount at 30 June 2012</b>	<b>5,737</b>	<b>1,341</b>	<b>10,771</b>	<b>523,655</b>	<b>1,310,269</b>	<b>-</b>	<b>309</b>	<b>158</b>	<b>1,233,119</b>	<b>3,085,359</b>
<b>At 30 June 2013</b>										
Opening net book amount	5,737	1,420	10,371	511,539	1,289,502	1,316,537	296	215	10,771	3,146,388
Additions	-	-	-	163	269	123	-	38	1,803	2,396
Disposals	-	-	-	-	(164)	-	-	-	-	(164)
Write-offs	-	-	-	-	(17)	-	-	-	-	(17)
Reclassifications between groups	-	-	-	175	(248)	248	-	-	(175)	-
Reclassification from inventories	-	-	-	405	1,356	2,117	-	-	-	3,878
Depreciation	-	(14)	(400)	(14,456)	(20,703)	(25,219)	(34)	(24)	-	(60,850)
<b>Net book amount at 30 June 2013</b>	<b>5,737</b>	<b>1,406</b>	<b>9,971</b>	<b>497,826</b>	<b>1,269,995</b>	<b>1,293,806</b>	<b>262</b>	<b>229</b>	<b>12,399</b>	<b>3,091,631</b>

## 6. SHARE CAPITAL

As at 30 June 2013 and 31 December 2012, the share capital of the Company was LTL 635,083,615 and it was divided into 635,083,615 ordinary registered shares with the par value of LTL 1 each. All the shares are fully paid. The highest share price at the Stock Exchange trading session in 2013 was LTL 1.419 per share (2012 – 1.571), and the lowest share price was LTL 1.247 per share (2012 – 1.309). The total number of shareholders as at 30 June 2013 was 6,222 (31 December 2012 – 6,406).

The shareholders' structure of the Company is as follows:

Shareholders	Share capital at 30 June 2013		Share capital at 31 December 2012	
	(LTL)	%.	(LTL)	%.
UAB "Visagino atominė elektrinė"	610,515,515	96.13	610,515,515	96.13
Other shareholders	24,568,100	3.87	24,568,100	3.87
<b>Total:</b>	<b>635,083,615</b>	<b>100.00</b>	<b>635,083,615</b>	<b>100.00</b>

Visagino Atominė Elektrinė UAB is wholly owned by the State of Lithuania represented by the Lithuanian Ministry of Energy (100.00%).

## 7. BORROWINGS

The Group's and the Company's borrowings by maturity grouping are presented below:

	Group at 30 June 2013	Company at 30 June 2013	Group at 31 December 2012	Company at 31 December 2012
<b>Non-current borrowings</b>				
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD AB Bank, Danske Bank A/S), in EUR, to be repaid by 3 June 2016	237,818	237,818	259,438	259,438
Loan from the European Bank for Reconstruction and Development, in EUR, to be repaid by 18 February 2025	214,505	214,505	224,720	224,720
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD Bankas AB) in EUR, to be repaid by 1 April 2018	52,814	52,814	59,940	59,940
Loan from Nordea Bank Finland Plc, Lithuania Branch, in EUR, to be repaid by 1 December 2017	9,100	-	8,272	-
<b>Total non-current borrowings:</b>	<b>514,237</b>	<b>505,137</b>	<b>552,370</b>	<b>544,098</b>
<b>Current borrowings</b>				
Syndicated loan (Swedbank AB, SEB Bankas AB, Nordea Bank Finland Plc, Lithuania Branch and DnB NORD Bank AB, Danske Bank A/S) in EUR, to be repaid by 3 June 2016	21,620	21,620	21,620	21,620
Loan from the European Bank for Reconstruction and Development, accrued interest, in EUR, to be repaid by 18 February 2025	20,429	20,429	20,429	20,429
Syndicated loan (Swedbank AB, SEB Bank AB, Nordea Bank Finland Plc, Lithuania Branch, DnB NORD Bankas AB) in EUR, to be repaid by 1 April 2018	14,253	14,253	14,253	14,253
Overdrafts	12,768	12,768	63,890	57,428
Nordea Bank Finland Plc, Lithuania Branch, in EUR, to be repaid by 1 December 2017	900	-	300	-
Loan from the European Bank for Reconstruction and Development, accrued interest	828	828	905	905
Nordea Bank Finland Plc, Lithuania Branch, in LTL, to be repaid by 27 March 2013	690	-	3,155	-
Loan from DnB NORD AB, in EUR, to be repaid by 1 May 2013	-	-	1,857	1,857
<b>Total current borrowings:</b>	<b>71,488</b>	<b>69,898</b>	<b>126,409</b>	<b>116,492</b>

As at 30 June 2013, according to the above-mentioned agreements the balances of undrawn loans and overdrafts of the Company/Group amounted to LTL 177,232 thousand.

## 8. GRANTS

The grants balance consists of grants to finance acquisition of assets. Movements in grants during the six months period ended 30 June 2013 and 30 June 2012 were as follows:

Group/Company	Assets-related grants		Grants for emission allowances	Total
	Fuel combustion equipment and other assets	Project for renovation, improvement of environmental and safety standards		
<b>Balance at 1 January 2012</b>	<b>93,853</b>	<b>914,716</b>	<b>-</b>	<b>1,008,569</b>
Grants received	(58)	42,218	14,832	56,992
Depreciation of immovable property, plant and equipment	(1,045)	(4,814)	-	(5,859)
Utilisation of grant for emission allowances	-	-	(7,420)	(7,420)
<b>Balance at 30 June 2012</b>	<b>92,750</b>	<b>952,120</b>	<b>7,412</b>	<b>1,052,282</b>
<b>Balance at 1 January 2013</b>	<b>91,729</b>	<b>1,008,732</b>	<b>-</b>	<b>1,100,461</b>
Grants received	(23)	-	1,040	1,017
Depreciation of immovable property, plant and equipment	(1,116)	(18,489)	-	(19,605)
Utilisation of grant for emission allowances	-	-	(1,040)	(1,040)
<b>Balance at 30 June 2013</b>	<b>90,590</b>	<b>990,243</b>	<b>-</b>	<b>1,080,833</b>

During 2013, Company's assets-related grants decreased by LTL 19,605 thousand, i.e. by the amount of depreciation of property, plant and equipment (six months period ended 30 June 2012 - LTL 5,859 thousand). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of comprehensive income.

In 2012, the Company received a grant of LTL 25,707 thousand from the International Fund for Support of Decommissioning of Ignalina Nuclear Power Plant for the construction of a new unit of 455 MW combined cycle gas turbine, in 2013 there were no grants received.

In 2013 the Company received an additional grant of LTL 1,040 thousand for emission allowances to utilise for 2012. In 2012 the Company receives a grant of LTL 14,832 thousand for emission allowances.

## 9. PROVISIONS FOR EMISSION ALLOWANCES

Provisions for emission allowances were accounted for as follows:

	Group	Company
<b>Balance at 31 December 2011</b>	<b>61,931</b>	<b>61,931</b>
Provisions for pollution emitted*	10,324	10,324
Provisions for onerous contracts	2,360	2,360
Emission allowances utilised	(16,268)	(16,268)
<b>Balance at 30 June 2012</b>	<b>58,347</b>	<b>58,347</b>
<b>Balance at 31 December 2012</b>	<b>13,915</b>	<b>13,915</b>
Provisions for pollution emitted*	2,506	2,506
Emission allowances utilised	(13,895)	(13,895)
<b>Balance at 30 June 2013</b>	<b>2,526</b>	<b>2,526</b>

\*For the purpose of the statement of comprehensive income, expenses related to provisions for emission rights utilised are accounted for net of government grants utilised.

## 10. INVESTMENTS IN ASSOCIATES

On 31 January 2012, share subscription agreement was signed between Lietuvos energija, AB and NT Valdoss, UAB. According to the agreement, the Company subscribed for 37,790 ordinary NT Valdoss, UAB shares of LTL 100 par value each. The total emission price was LTL 3,799,000 thousand. The total issue price has been paid in non-monetary contribution, consisting of real estate and other assets. After this transaction, the Company's share in NT Valdoss, UAB increased by 0.64% and as at 30 June 2012 was 41.74%

## 11. SEGMENT INFORMATION

In 2013, 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 separating activities to regulated and commercial. Operating profit (loss) is a profitability measure analysed by the Board. The reports reviewed by the Board are in line with the financial statements prepared in accordance with IFRS, except for the format of presentation.

As at 30 June 2013 and 2012, the Board analyses the operations of the Company separating activities to regulated and commercial. The regulated activities include revenue from heat and electricity production of the Lithuanian Power Plant, revenue from balancing and regulating activities, power reserve, including electric power reservation income of Kruonis Pumped Storage Power Plant. Commercial activities include electricity trade in the market, export / import, electricity production in Kaunas Hydro Power Plant and Kruonis Pumped Storage Power Plant, including related regulatory and balancing services. Administrative costs are allocated between the regulated and commercial activities with a reference to operating expenses, number of employees and purchase volumes. The operations of Energijos Tiekimas UAB representing trade in electricity also constitute a separate segment. Other activities within the Group include repair services of energy facilities and IT services.

Inter-company transactions within the Group are conducted at market prices, except for trade in electricity and related services, the prices of which are established by the National Control Commission for Prices and Energy.

The table below presents the Group's information on segments for the six-month period ended 30 June 2013:

2013	Electricity production and trade (including export/import)			Other activities	Total
	"Lietuvos energijos gamyba", AB Regulated activities	Commercial activities	Energijos tiekimas UAB (Group)		
<b>Total segment revenue</b>	201,149	280,756	91,387	47,773	621,064
Inter-segment revenue	-	-	(86,907)	(2,824)	(89,731)
<b>Revenue from external clients</b>	<b>201,149</b>	<b>280,756</b>	<b>4,480</b>	<b>44,949</b>	<b>531,333</b>
<b>Expenses after elimination of turn-over among the Group companies</b>	<b>(190,871)</b>	<b>(227,175)</b>	<b>(1,594)</b>	<b>(41,661)</b>	<b>(461,301)</b>
including depreciation and amortisation expenses	(31,972)	(9,466)	(20)	(6,388)	(47,846)
<b>Operating profit</b>	<b>10,278</b>	<b>53,581</b>	<b>2,886</b>	<b>3,288</b>	<b>70,032</b>
<b>Finance income</b>	339	133	308	43	<b>823</b>
<b>Finance costs</b>	(9,531)	(383)	(17)	(153)	<b>(10,084)</b>
<b>Share of result of associates and joint ventures</b>				1,225	<b>1,225</b>
<b>Profit before income tax</b>	<b>1,086</b>	<b>53,331</b>	<b>3,177</b>	<b>4,403</b>	<b>61,996</b>
<b>Income tax</b>					<b>(4,107)</b>
<b>Profit for the period</b>					<b>57,889</b>

The table below presents the Group's information on segments for the six-month period ended 30 June 2012:

2012	Electricity production and trade (including export/import)			Other activities	Total
	“Lietuvos energijos gamyba“, AB		Energijos tiekimas UAB (Group)		
	Regulated activities	Commercial activities			
Total segment revenue	233,847	284,750	164,477	57,402	740,476
Inter-segment revenue	-	-	(65,448)	(10,159)	(75,607)
Revenue from external clients	233,847	284,750	99,029	47,243	664,869
Expenses after elimination of turnover among the Group companies	(237,218)	(252,220)	(100,148)	(44,854)	(634,440)
including depreciation and amortisation expenses	(20,200)	(8,887)	-	(7,191)	(36,278)
Operating profit	(3,371)	32,530	(1,119)	2,389	30,429
Finance income	124	401	250	68	843
Finance costs	(2,163)	(302)	(53)	(112)	(2,630)
Share of result of associates and joint ventures				1,155	1,155
Profit before income tax	(5,410)	32,629	(922)	3,500	29,797
Income tax					(3,619)
Profit for the period					26,178

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

The Group's revenue received from a single external client during the half-year ended 30 June 2013 amounted to LTL 189,551 thousand (the half-year ended 30 June 2012 - LTL 252,480 thousand).

## 12. RELATED-PARTY TRANSACTIONS

### Purchase and sale of goods and services:

The Group's transactions with related parties during the period of January to June 2013 and the balances arising on these transactions as at 30 June 2013 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Associates of the Group	1,749	304	7,040	1 329
Entities controlled by the Ministry of the Energy of the Republic of Lithuania (including subsidiaries of UAB "Visagino Atominė Elektrinė")	31	49,416	160	204,170
UAB "Visagino Atominė Elektrinė"	-	51	12	268
<b>Total</b>	<b>1,780</b>	<b>49,772</b>	<b>7,212</b>	<b>205,767</b>

The Company's transactions with related parties during the period of January to June 2013 and the balances arising on these transactions as at 30 June 2013 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	997	15,912	2,564	88,848
Entities controlled by the Ministry of the Energy of the Republic of Lithuania (including subsidiaries of UAB "Visagino Atominė Elektrinė")	7	45,089	53	189,550
UAB "Visagino atominė elektrinė"	-	-	12	-
Associates of the Company	83	-	3,973	-
<b>Total</b>	<b>1,087</b>	<b>61,001</b>	<b>6,602</b>	<b>278,398</b>

The Group's transactions with related parties during the period of January to June 2012 and the balances arising on these transactions as at 30 June 2012 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Associates of the Group	1,395	207	6,388	1,252
Entities controlled by the Ministry of the Energy of the Republic of Lithuania (including subsidiaries of UAB "Visagino Atominė Elektrinė")	103	57,635	1,041	262,222
UAB "Visagino Atominė Elektrinė"	17	-	-	287
<b>Total</b>	<b>1,515</b>	<b>57,842</b>	<b>7,429</b>	<b>267,761</b>

The Company's transactions with related parties during the period of January to June 2012 and the balances arising on these transactions as at 30 June 2012 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	3,141	23,316	6,939	65,484
Associates of the Company	167	-	4,132	29
Entities controlled by the Ministry of the Energy of the Republic of Lithuania (including subsidiaries of UAB "Visagino Atominė Elektrinė")	5	23,316	6,939	65,484
UAB "Visagino atominė elektrinė"	-	-	-	-
<b>Iš viso</b>	<b>3,313</b>	<b>75,632</b>	<b>11,115</b>	<b>321,144</b>

The major related-party sale and purchase transactions in 2013 and 2012 comprised transactions with the entity controlled by the Ministry of Finance of the Republic of Lithuania AB LESTO. The Group's sales transactions to this entity mainly included sales of electricity.

Transactions with state-owned entities other than those controlled by the Ministry of Finance included regular business transactions and therefore they are not disclosed.

The Company sold capacity to its associate Nordic Energy Link AS, paid capacity, operation, transmission and balancing fees to this company, and purchased capacity from it.



## Payments to key management personnel

	Group 1 January – 30 June 2012	Company 1 January – 30 June 2012	Group 1 January – 30 June 2012	Company 1 January – 30 June 2012
Employment-related payments	2,246	932	2,139	799
Termination benefits	52	-	154	-
Number of key management personnel	26	9	26	10

Management consists of heads of administration and their deputies, and the chief financier.

## 13. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

### Regarding the resignation of Chief Executive Officer

On 22 July, 2013 the Board of the Company accepted request of Mr Dalius Misiūnas to leave the position of Chief Executive Office. The Board of the Company, till the new Chief Executive Officer will be appointed, temporally appointed Mr Juozas Bartlingas, who currently holds position of Director of Department of Power Generation, as Acting Chief Executive Officer of the Company. Mr Dalius Misiūnas, in regard with the recommendation of the Supervisory Board of UAB "Visagino atominė elektrinė", has been elected as a Chairman of the Board and Chief Executive Officer of the UAB "Visagino atominė elektrinė".

### Regarding the Resignation of the Members of the Board

From July 24, 2013 members of the Board of Company Mr Dalius Misiūnas and Mr Darius Kašauskas has resigned.

### Regarding decision adopted at the extraordinary general meeting of shareholders of Lietuvos energija, AB on 29 July 2013

At the extraordinary general meeting of shareholders held on 29 July 2013 adopted the following decisions:

1. Change Lietuvos energija, AB (code 302648707) name to "Lietuvos energijos gamyba", AB.
2. To approve of the new edit of Articles of Association.
3. To form Supervisory Board for the cadency of 4 (four) years

### Regarding the election of the Chairman of the Supervisory Board of "Lietuvos energijos gamyba", AB

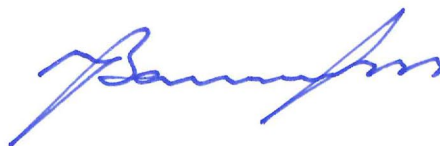
On 7 August 2013 at the meeting of the "Lietuvos energijos gamyba", AB Supervisory Board, Mr. Dalius Misiūnas was elected as a Chairman of the Supervisory Board of "Lietuvos energijos gamyba", AB. Mr. Dalius Misiūnas currently holds the position of Chairman of the Board and Chief Executive Officer of the UAB "Visagino atominė elektrinė".

2013-08-30 No. SD-2037

## CERTIFICATION STATEMENT

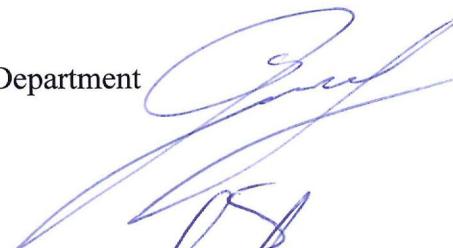
Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania, we, the undersigned Juozas Bartlingas, Acting General Manager, Artūras Jočius, Director of Finance and Legal Department, and Giedruolė Guobienė, Chief Financier, hereby confirm that, to the best of our knowledge, "Lietuvos Energijos gamyba", AB and consolidated financial statements for the six months period of the financial year 2013 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of "Lietuvos Energijos gamyba", AB and its consolidated group assets, liabilities, financial position, period profit or loss and cash flows, the Consolidated semi - annual Report includes a fair review of the development and performance of the business and the position of the Lietuvos Energija, AB and consolidated position of group.

Acting General Manager



Juozas Bartlingas

Director of Finance and Legal Department



Artūras Jočius

Chief Financier



Giedruolė Guobienė