



Bank of Lithuania
Žirmūnų street 151,
LT-09128 Vilnius

31-05-2013

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Securities Commission of the Republic of Lithuania, we, Arvydas Tarasevičius, Chief Executive Officer of LESTO AB, and, Ramutė Ribinskienė, Head of Finance and Administration, hereby do confirm that, to the best of our knowledge, LESTO AB and consolidated interim consolidated unaudited financial statements of the three months of the year 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flow of LESTO AB and its consolidated enterprises.

Chief Executive Officer

Arvydas Tarasevičius

Head of Finance and Administration

Ramutė Ribinskienė



AB LESTO group
Interim report
for the three months of 2013

31 May 2013

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CEO ADDRESS TO COMPANY'S SHAREHOLDERS

Ladies and Gentlemen,

We have started the year 2013 with exceptional good results – the increasing efficiency of LESTO work since its establishment in 2011, new investments and various changes were the main reasons why LESTO has earned the first quarterly net profit. LESTO group's consolidated net profit in the first quarter of 2013 amounted to 14.41 million LTL, while LESTO group's net loss amounted to 6.45 million LTL in the same period of 2012.

It should be noted that depreciation and amortization costs in financial statements are much higher than those which are calculated in distribution tariffs and set by regulator – this is why the company's net operating results are significantly reduced.



The increase in effectiveness of LESTO group shows growing EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortization) – in the first quarter of 2013 it was 19.21 % when in the same period of 2012 – 15.96%. EBITDA of the group increased by 24.5 % comparing with the three months of 2012 and reached 124.33 million LTL.

More effective activities and formerly investments let LESTO AB significantly reduce operating costs and earn profit in the first quarter of 2013 despite 3 % lower electricity distribution tariffs. In the first quarter of 2013 LESTO group's operating expenditure amounted to 70.35 million LTL and decreased by 9.9 % comparing with the three months of 2012. LESTO group's operating expenditure declined in all expenditure groups.

It should be noted that the costs are reduced by the increasing efficiency of business processes, therefore customer service quality is consistently improving. The assessment of the reliability of the electricity supply, customer satisfaction and other indicators shows that LESTO is ahead of the averages of the European Union utility companies

Regardless of the influence of natural disasters („force majeure“) the system average interruption duration index (SAIDI) per customer was equal to 12.12 minutes in the three months of 2013 (in the first quarter of 2012 SAIDI amounted to 15.35 minutes), the system average interruption frequency index (SAIFI) per customer reached 0.17 times (in the first quarter of 2012 SAIFI was equal to 0.23 times). These indices are even better comparing with the indicators of the year 2012 that are marked as the best electricity distribution reliability year through independent Lithuania's history.

LESTO purposefully plans investments in the network and, regardless of prolonged winter, the company continues the modernization and development of grids. During the first quarter of 2013 LESTO has connected 3,194 objects of new customers. The permissible power for new customers connected amounted to 57,927 kW, which is 7.6 % more than in the three months of 2012.

According the approved long-term strategy, LESTO will continue to improve its operations efficiency. The new technologies will let the company to achieve even better results in the future.

We consistently follow the company's declared values and the main strategic goal – to be an effective, cost efficient, customer-satisfaction oriented and the company that is having public confidence.

Respectfully,

Dr. Arvydas Tarasevičius,

Chief Executive Officer of AB LESTO

GENERAL INFORMATION

Reporting period covered by the report

Report covers January to March of 2013.

Key data on issuer

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

Information availability

This report and other documents based on which it has been prepared are available at the company's office at Žvejų str. 14, Vilnius, Corporate Communication department (office No.118) from 7.30 to 16.30 Monday to Thursday and from 7.30 to 15.15 on Fridays. Report is available on company's website (www.lesto.lt) and on Stock exchange market NASDAQ OMX Vilnius website (<http://www.nasdaqomxbaltic.com>).

Public announcements that AB LESTO must announce according to the valid Laws of the Republic of Lithuania, are published via Register of Legal Entities electronic edition for public announcements. Company also publishes announcements via company's website (www.lesto.lt) and Stock exchange market NASDAQ OMX Vilnius website (www.nasdaqomxbaltic.com).

Persons responsible for the information provided in the report

Office	Name, surname	Telephone
Chief Executive Officer	Arvydas Tarasevičius	+370 5 277 7524
Director of Finance and Administration division	Ramutė Ribinskienė	+370 5 277 7524
Director of Finance department	Artūras Paipolas	+370 5 277 7524
Director of Accounting department	Zina Chmieliauskienė	+370 5 277 7524

Report is prepared in accordance with Law on Securities of the Republic of Lithuania, decision of the Board of the Bank of Lithuania No. 03-48 (28 February, 2013) on Rules of Drawing up and the Submission of the Periodic and Additional Information, and other valid laws and legal acts.

Report signature date

Report was prepared and signed on 31 May, 2013.

LESTO activities

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

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

LESTO values

COOPERATION: We work and take responsibility as a team.

RESPECT: We respect each individual and the surrounding environment.

DEDICATION: We are proud to represent energy sector and serve our community.

POSITIVE ATTITUDE: We are always looking ahead and constantly spread good mood.

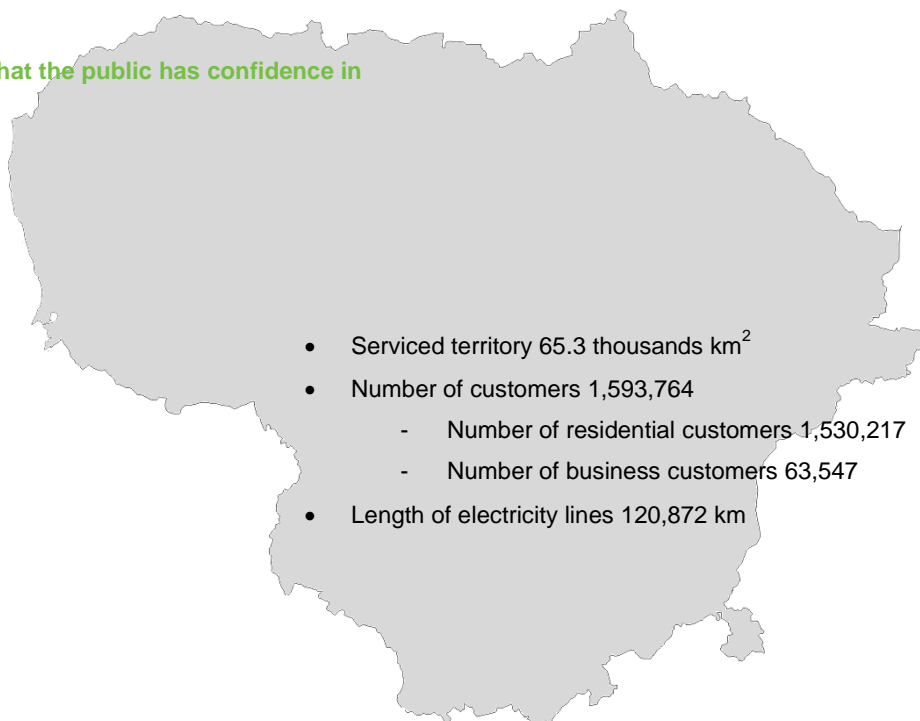
INNOVATIVENESS: We are seeking perfection and initiating changes.

LESTO mission

Reliable electricity for a meaningful life of everyone

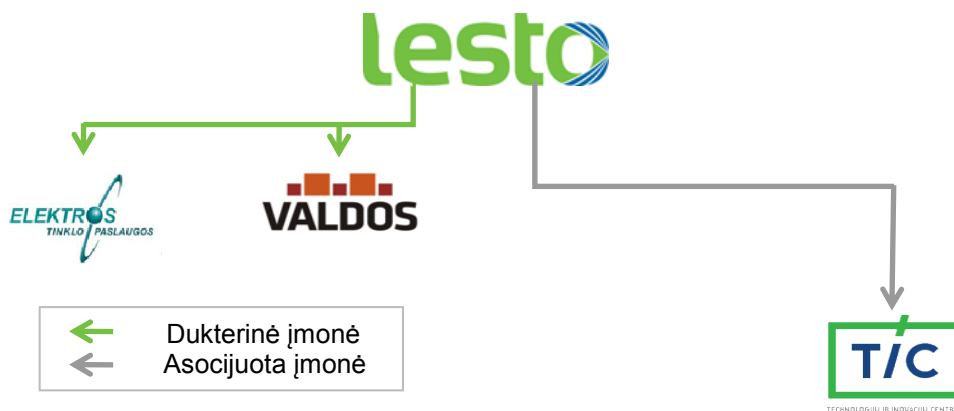
LESTO vision

A model company that the public has confidence in



LESTO company group

On 31 March, 2013, LESTO with its subsidiaries ELEKTROS TINKLO PASLAUGOS UAB, NT Valdოს UAB and associated companies Technologijų ir inovacijų centras UAB (On report signature date Technologijų ir inovacijų centras UAB had 100% Respublikinio energetikų mokymo centras Vsl, 0,59% NT Valdოს, UAB capital), make up LESTO company group (hereinafter – LESTO group).



Key data on subsidiaries and associated companies

	Elektros tinklo paslaugos UAB	NT Valdოს UAB	Technologijų ir inovacijų centras UAB	TETAS UAB
Address	Motorų str. 2, Vilnius	Geologų str. 16, Vilnius	A.Juozapavičiaus str. 13, Vilnius	Senamiesčio str. 102B, Panevėžys
Registration date	8 December 2004	18 January 2007	9 July 2010.	8 December 2005
Company code	300072351	300634954	302527488	300513148
Telephone	+370 5 210 6809	+370 5 210 6539	+370 5 278 2272	+370 5 504 670
Fax	+370 5 216 7875	+370 5 210 6543	+370 5 278 2299	+370 5 504 684
E-mail	etp@etpa.lt	info@valdos.eu	info@etic.lt	tetas@rst.lt
Website	www.elektrostinklopaslaugos.lt	www.valdos.eu	www.etic.lt	www.tetas.lt
LESTO ownership, % on 31 December 2012	74.97	57.30	24.94	38.87
LESTO ownership, %, on 31 March 2013*	100	57.30	24.94	-
Profile of activities	Power network engineering, construction, repair, maintenance and customer connection to the grid services.	Real estate and transport rental and administration services.	IT and communication services.	Power network engineering, construction, repair, maintenance and customer connection to the grid services

* LESTO ownership has changed on 7 January, 2013, after making the shares swap agreement with LITGRID AB (code 302564383) under LESTO Board 30 October, 2012 decision, according to which LESTO transferred TETAS UAB shares which amounted 38.87 % of authorized capital to LITGRID AB. In return LITGRID AB transferred Elektros tinklo paslaugos UAB shares which amounted 25.03% of authorized capital of transferred Elektros tinklo paslaugos UAB. After obtaining Elektros tinklo paslaugos UAB shares LESTO became the only shareholder of Elektros tinklo paslaugos UAB.

LESTO management

LESTO management bodies include General Meeting of Shareholders, Board and Chief Executive Officer. LESTO does not have Supervisory Board.

General Meeting of Shareholders

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

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

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

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

Board

LESTO Board is a collegiate managing body of the Company.

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

In the beginning of the reporting period the Board of the Company consisted of the chairman of the Board Darius Maikštėnas and Board members: Arvydas Tarasevičius, Edita Jonikienė and Paulius Martinkus.

On 30 April, 2013 Ramutė Ribinskienė was elected as a chairman of the Board by the decision of the General Meeting of Shareholders.

On the report signature day the Board of the Company consists of the chairman of the Board Darius Maikštėnas and Board members: Arvydas Tarasevičius, Edita Jonikienė, Paulius Martinkus and Ramutė Ribinskienė. Ending of term of the Board is 13 December, 2014.

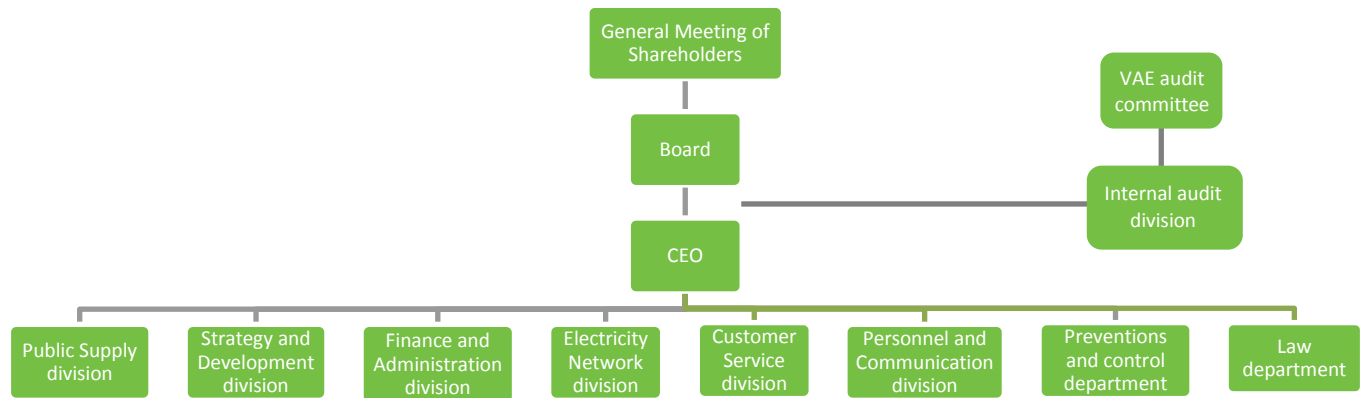
Chief Executive Officer

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

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

On 13 December, 2010 Arvydas Tarasevičius was elected as a CEO of LESTO.

LESTO management structure



LESTO Board and CEO



Darius Maikštėnas
Independent member of the Board,
Chairman of the Board

In this position:

since 3 January, 2012

Ending of term:

13 December, 2014

Education:

Kaunas University of Technology,
Master in Business Management.
Baltic Management Institute,
Executive MBA.

Harvard Business School,
GMP graduate.

Main occupation:

UAB „Omnitel“, Vice-president



Arvydas Tarasevičius
Member of the Board

In this position:

since 29 April, 2011

Ending of term:

13 December, 2014

Education:

Vilnius University, Master in Economic
Cybernetics.

Vilnius University, Doctor of Social
Sciences.

Main occupation:

LESTO AB, CEO



Edita Jonikienė
Independent member of the Board

In this position:

since 21 June, 2012

Ending of term:

13 December, 2014

Education:

Vytautas Magnus university, Master in
Business Management
Government of France and three French
universities Institut d'études politiques de
Paris, École nationale des ponts et
chaussées and Mines ParisTech
management studies after Master
degree

Main occupation:

UAB „Vilniaus investicijos“, CEO



Paulius Martinkus
Member of the Board

In this position:

since 21 June, 2012

Ending of term:

13 December, 2014

Education:

The Stockholm School of Economics in
Riga, Bachelor in Economics and
Business Administration

Main occupation:

the State Property Fund, head of state
owned companies' control coordination
department



Ramutė Ribinskienė
Member of the Board

In this position:

since 30 April, 2013

Ending of term:

13 December, 2014

Education:

Vilnius University, Master in Economic
Cybernetics.

Main occupation:

LESTO AB, Director of Finance and
Administration division

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

Name, surname	Name of organisation, position	Capital held, %	Share of votes, %
Board			
Darius Maikštėnas	LESTO AB, independent member of the Board, chairman of the Board	-	-
	UAB "Omnitel", vice-president	-	-
	"TeliaSonera AB" mobile services, business manager of business and private clients of Lithuania	-	-
	Association „Baltic Institute of Corporate Governance“, member of the Board	-	-
Arvydas Tarasevičius	LESTO AB, CEO and member of the Board	-	-
	NT Valdos UAB, member of the Board	-	-
	LITHUANIAN ELECTRIC ENERGY ASSOCIATION, member of the Council	-	-
	Homestead cooperative Žemyna, member of the Board	-	-
	VšĮ Respublikinis energetikų mokymo centras, member of the Board	-	-
Edita Jonikienė	LESTO AB, independent member of the Board	-	-
	UAB Vilniaus Investicijos, CEO	82	82
	Panevėžys region agriculture company „Atžalynas“, member of the Board	10	10
	Agriculture company „Gulbinas“	10	10
	UAB „Arbėja“	43	43
	UAB „Suvalkijos aidai“, member of the Board and chairman of the Board	-	-
	VsĮ The American International School of Vilnius, member of the Board	-	-
	ABIOTEK UAB, member of the Board and CEO	50	50
Paulius Martinkus	LESTO AB, member of the Board	-	-
	The State Property Fund, head of state owned companies' control coordination department	-	-
Ramutė Ribinskienė	LESTO AB, member of the Board	-	-
	LESTO AB, Director of Finance and Administration division	-	-
CEO			
Arvydas Tarasevičius	Look for the information above	-	-
Chief Accountant, Director of Accounting department			
Zina Chmieliauskienė	-	-	-

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

	Salaries, LTL	Other payments, LTL
CEO Arvydas Tarasevičius	59,694	-
Chairman of the Board Darius Maikštėnas	-	8,250
Member of the Board Edita Jonikienė	-	1,800
Director of Accounting department Zina Chmieliauskienė	42,405	-
Members of the Administration total	102,099	10,050

* 27 April, 2012 by the decision of General Meeting of Shareholders, the agreement of independant member factual work was signed with chairman of the Board Darius Maikštėnas.
 6, November 2012 by the decision of General Meeting of Shareholders, the agreement of independant member factual work was signed with member of the Board Edita Jonikienė.
 The payoffs are not set to the other members of the Board.

**LESTO has not transferred any assets to members of management bodies.

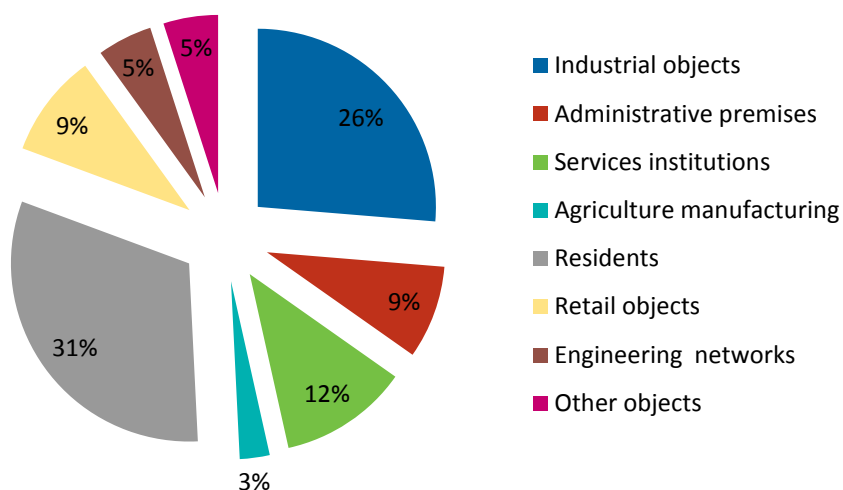
Electricity distribution network

Development and expansion of the activities

Activity indicators	2013 January - March	2012 January - March
Amount of electricity received to the distribution network, million kWh	2,416	2,419
Technological losses in the distribution network, million kWh	205	204
Volume of network service, million kWh	2,210	2,215
Amount of electricity sold, million kWh	863	1,062
Electricity quality indicators:		
SAIDI, minutes (with "force majeure")	15.11	34.26
SAIFI, times (with "force majeure")	0.19	0.40

During the three months of 2013 the amount of LESTO network service reached 2,210 million kWh. Electricity sales made up 39 % of this amount, to the rest customers LESTO granted only network service. Comparing with the same period of 2012, the volume of network service slightly decreased (0.2 %), while the amount of electricity sold decreased by 18.7 %. Such a decline was due to the fact that more consumers have opted independent suppliers. Technological losses experienced by the Company during the three months of 2013 amounted to 205 million kWh and this totalled to 8.5 % from the amount of electricity received.

Structure of network service volumes by objects



31 % of electricity network service volume was allocated to residents. Industrial and service institutions consumed 26 % and 12 % respectively. In comparison with 2012 data, the structure of electricity network service has changed insignificantly. The share of electricity transmitted to industrial objects, residents and retail objects declined by 1 percentage point, and that of the administrative premises and services institutions increased by 1 percentage point.

LESTO pays much attention to electricity network development and updating. This helps to provide the society with economic and social benefits, to increase the reliability and quality of electricity supply, to facilitate more rational use of energy, all this contributes to the Company's environmental policy.

In the three months of 2013, LESTO investments in electricity network expansion and modernization reached LTL 38.1 million. This was 29.1 % less compared to the investment during the same period of 2012.

Comparing with the three months of 2012, the biggest decrease (63.10 %) was in investment in the reconstruction of 110/35/10 kV transformer substations and 10 kV distribution subsections. Investment in the reconstruction and overhaul of 0.4 - 10 kV electricity network has decreased by 32 %. Investment in the buyout of electricity objects has increased by 15.9 % compared with the same period of 2012.

LESTO investment, LTL thousand

	2013 January-March	2012 January-March	Change, %	Structure, %	
				2013 January-March	2012 January-March
Investments in expansion	26,626	35,759	-25.5	69.9	66.6
Connection of new customers	26,357	35,526	-25.8	99.0	99.3
Buyout of electricity objects	269	232	15.9	1.0	0.7
Investments in maintenance	11,444	17,921	-36.1	30.1	33.4
Low voltage electricity grid	7,405	10,890	-32.0	64.7	60.8
Medium voltage electricity grid	2,359	6,390	-63.1	20.6	35.7
Other investments	1,680	641	162.1	14.7	3.6
Total	38,069	53,679	-29.1	100.0	100.0

During the three months of 2013, LESTO has connected 3,194 objects of new customers, 15.8 % less than in the same period of 2012 when it had 3,794 objects connected. The permissible power for new customers was equal to 57,927 kW, which is 7.6 % more than in the three months of 2012, when the permissible power was 53,853 kW.

In 2013 LESTO continues the redemption of networks of the gardeners communities in order to meet the rising demands for electricity consumption of the gardeners and the infrastructure maintenance needs and ensure reliable, safe supply of electricity and network upgrades. All networks have been redeemed by the natural state, the customers had individual electricity meters installed free of charge. During the three months of 2013, LESTO redeemed 2 networks of the gardeners communities. From the beginning of the redemption process of the power networks (in 2003) LESTO redeemed 917 power networks or 95 % of the networks of the gardeners communities.

While implementing a finance and administration contract between LESTO, the Ministry of Economy of the Republic of Lithuania and the public enterprise Lithuanian Business Support Agency "AB LESTO Electricity Distribution Network Modernization and Expansion in the Gardeners Communities" signed on March 29, 2012 (project code no. VP2-4.2-ŪM-01-K-03-002) on the modernization of the electricity networks of 76 gardeners communities that are located on the LESTO serviced territory of Lithuania, during the three months of 2013, there were fully implemented network modernization and expansion works in 2 gardeners communities. Up to LTL 12.46 million have been allocated from the EU Structural Funds for the project funding.

While implementing a finance and administration contract between LESTO, the Ministry of Economy of the Republic of Lithuania and the public enterprise Lithuanian Business Support Agency "AB LESTO Electricity Distribution Network Development - Electrification of Homesteads" signed on March 29, 2012 on the electrification of 31 not electrified homesteads in the western part of Lithuania". Until the end of March, 2013, technical works of the connection to the power network were finished in 30 homesteads. The agreements on purchase and sales of electricity power were signed by the habitants of 21 homesteads.

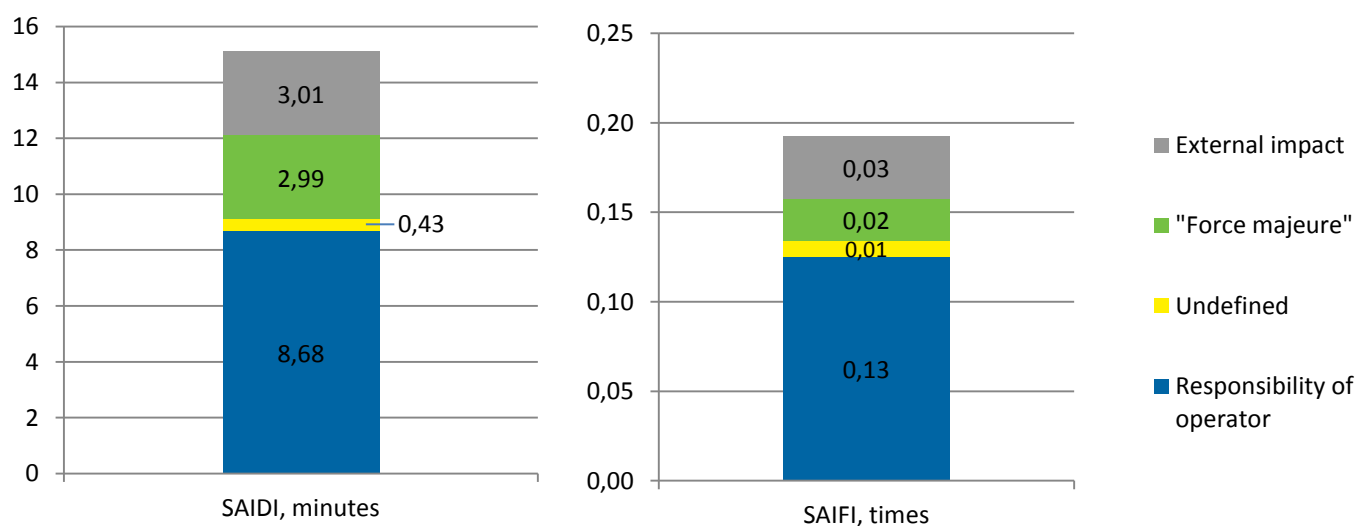
In 2013, the Company will implement the projects that will be partly financed by the EU Structural Funds. LESTO signed three finance and administration contracts with Ministry of Economy of the Republic of Lithuania and the public enterprise Lithuanian Business Support Agency on December 28, 2012, to implement these projects:

- “AB LESTO Electricity Distribution Network Modernization and Expansion in the Gardeners Communities” (project code no. VP2-4.2-ŪM-01-K-04-004), on the modernization of the electricity networks of 17 gardeners communities that are located on the LESTO serviced territory of Lithuania. Up to LTL 4.64 million have been allocated from the EU Structural Funds for the project funding. During the three months of 2013 LESTO has selected contractors and signed contracts on the modernization of the electricity networks of 3 gardeners communities for LTL 523.7 thousand.
- “AB LESTO overhead power lines replacement with cable lines” (Project code no. VP2-4.2-ŪM-01-K-04-002) (36 objects). Up to LTL 7.8 million have been allocated from the EU Structural Funds for the project funding. During the three months of 2013 LESTO has selected contractors and signed contracts on the 3 projects of overhead power lines replacement with cable lines for LTL 700.4 thousand.
- “AB LESTO Transformer Substations Modernization” (project code no. VP2-4.2-ŪM-01-K-04-003). The project will include upgraded 7 transformer substations. Project allocated funding from the EU Structural Funds is up to LTL 15 million.

Distribution network reliability indexes

In the three months of 2013, regardless of the influence of natural disasters (“force majeure”) the system average interruption duration index (SAIDI) per customer was equal to 12.12 minutes, the system average interruption frequency index (SAIFI) per customer reached 0.17 times. In comparison with the same period of 2012, power supply quality indicators, regardless of natural disasters, have improved: in the three months of 2012, SAIDI amounted to 15.35 minutes and SAIFI was equal to 0.23 times.

Quality of electricity supply (SAIDI, SAIFI) 2013 January – March



LESTO personnel

The main asset of the Company is its employees, the most important link when pursuing the set objectives. The Company's personnel policy is focused occupational training of the workers and culture development of organization, ensuring the creation of greater value for the customers, partners and society.

In order to increase the Company's efficiency in the three months of 2013, when implementing Distribution network strategy, LESTO has centralized the function of identification of network defects and established groups for identification of defects, best specialists in this field were selected into these groups. This change has had no impact on the number of employees of LESTO, because all the employees in the new structural subdivisions were selected within the Company and were transferred from other subdivisions.

In the beginning of 2013 the number of employees of LESTO was 2555. During the three months of 2013 the number of LESTO employees decreased by 22 employees up to 2,533 employees in the end of March, 2013.

Training

LESTO organizes different types of training courses. During formal and informal training sessions the employees improve their qualification and receive special work permit certificates. During the three months of 2013 the compulsory trainings involved 430 employees. The employees participated in the trainings for lifting platforms and equipment operators, utility pole climbers, managers of utility pole climbers, insulation, grounding and resistance scalers, automotive platform hoist operators, logging managers, trees, shrubs and branches hewers working in lines protection zones, first aid and hygiene skills, special driving licenses, and in other trainings.

During the three months of 2013 the staff trainings for general education competencies were attended by 410 employees. These trainings are organized in groups within the company, as well as individual employees are sent to the seminars and conferences organized by external suppliers. Since the establishment LESTO focuses on development of the leadership skills, therefore continuous leadership development training program "Objectives formulation" was organized in the beginning of this year, the successors of key positions and talents (employees who demonstrate outstanding potential) were also involved in the trainings. The Company pays great attention to process improvement and process owners training, so in the beginning of this year the trainings for process owners began on how to effectively manage and improve processes.

The third type of LESTO trainings were internal training in the Company that were carried out by the employees themselves. Internal trainers taught the employees the particularities of electrical ABC, MS Excel skills, effective time management, successful recruitment and other. There are 16 internal trainers and courses on 18 subjects. In the first three months of 2013 the internal training involved 37 participants.

The Company also regularly collaborates with manufacturers, equipment suppliers that are free to share their knowledge with LESTO grid service employees, present market trends and innovations in the field of energy. In such trainings during the three months 192 workers were involved.

In the course of preparation of the training programs and in order to ensure the quality of the training, close cooperation is promoted with training suppliers, ongoing training evaluation surveys are carried out.

Payment system

The introduced remuneration system has placed LESTO among the other most innovative companies of the country that compensate their employees for work performed by the results achieved, the value created for the organization and the team. The remuneration system is formed by applying Hay Group methodology which guaranteed an objective job evaluation on the basis of appropriate education, problem complexity and level of responsibility that falls on a particular position. This system

allows the Company to effectively manage the costs and ensures LESTO strategic objectives and business management logics be reflected in the payroll system.

Collective agreement

The collective agreement was passed at the Conference of LESTO employees on March 10, 2011. The purpose of this agreement is to ensure effective activities of the Company and represent the rights of all employees of the Company and their legitimate interests. The collective agreement specifies the scheme of remuneration of the employees, social, economic and occupational conditions and the guarantees that are not regulated by laws and other legal acts. The employees are offered additional guarantees (allowances in the cases of accidents, illness, death of immediate family members, birth of a child support, additional days of paid leave following the birth, marriage, and in other cases).

Internship

LESTO actively cooperates with educational institutions and allows university and college students to apply their theoretical knowledge and practical skills and to acquire practical skills from the Company's employees. During the three month of 2013 LESTO received 42 students for their internship. The Company received not only the student coming for the mandatory internship. The company was looking for motivated and enthusiastic students and provided the chosen ones with the opportunity to practice in the Company on a voluntary basis. If necessary, LESTO invites the former trainees to get employed in the Company. During the three month of 2013 three former trainees joined the Company with a fixed-term or open-ended employment contract.

Customer Service

Customer Satisfaction

LESTO regularly carries out a survey "The Customers' Voice". The survey displays the customer opinion about service quality and the Company, on the basis of the results, plans and implements activities on service quality improvement. The results of the three months of 2013 showed that the quality of LESTO customer service is increasing. Customers point out the problem solving and attentive and kind servicing as strong sides of the service.

The Number of the Customers Served

In March 31 of 2013, LESTO had entered into 1.53 million contracts with private customers and more than 63.5 thousand contracts with commercial customers.

Service Channel Development

In recent years, there increased the number of customers using remote service channels (users of the self-service web site "My Electricity" and the customer service hotline 1802). The flow of electricity consumers in LESTO customer service centers in smaller towns is decreasing. As the customer needs are changing, the Company consistently invests and expands the services which are supplied via telecommunication and Internet channels.

In 2013 remote customer service channels are continued to develop further. During the three months of 2013 for the convenience of customers, 2 relevant additional services of self-service web site "My Electricity" were introduced. From now on,

customers in LESTO self-service can provide the new user application to increase or decrease the permissible power, to change the reliability category or to connect new devices to the grid. Since the introduction of this function few hundred user applications were submitted. Business customers that have opted independent suppliers in LESTO self-service are able to inform about the entering into a contract between the client and an independent supplier or changes of the contract in a fastest possible way. Customers are also increasingly making use of functionalities of connecting and ordering the services through the electronic banking and e-signature. In this way more than two thousands new site users join the self-service site each month.

The Company's customers are actively using the Company services and information supplied. During the three months of 2013 the quarterly number of visitors of LESTO self-service site "My Electricity" (compared to the corresponding period of 2012) has grown from 448 thousand to 622 thousand, the number of unique visitors of the system has grown from 254 thousand to 340 thousand. During the three months of 2013 the number of registered private Company users in self-service website has increased by 24% (from 168 thousand to 209 thousand).

Information by the short customer service number 1802 was provided to more than 248 thousand customers (in the three months of 2012 information was provided to 243 thousand customers). More than 73 thousand customer referrals on various issues were received and solved.

During the three months of 2013, more than 78 thousand customers were serviced in customer service centers of five largest cities of Lithuania.

Maintenance and Development of Accounting for Electricity

During the three months of 2013, the Company installed 3,495 electricity meters to new customers, of which 30 % were for a single-phase electricity metering in alternating current networks, and 70 % in three-phase networks, also performed more than 289 thousand electricity meter inspection and readings control works.

During the three months of 2013, further developing the electricity metering equipment automation, the Company has added 513 electrical metering devices of electricity consumption of the business customers to an automated reading system, and currently by means of remote data scanning it receives the information from 18,286 energy metering devices which record the electric energy consumption of the customers. Electricity metering equipment automation has enabled automatically submit bills for electricity consumption for the clients, eliminating a need for customers to declare electricity consumption.

In order to increase the Company's customer's satisfaction the memos of good customer service were prepared for the employees operating electric metering devices. These memos will encourage and remind employees how to properly serve the customers.

Customer Settlement Management

The customers now more often use electronic payment methods. 38 % of LESTO private clients make their payments for the consumed electricity online.

Direct debit is getting one of the most popular means in Lithuania for the payment of the consumed electric energy when each month a regular amount is paid and it is automatically charged from the customer's bank account. Already more than 130,000 customers of LESTO are paying by direct debit. Each customer paying for electricity by direct debit is personally informed about the size of the individual payment. The LESTO customers who choose direct debit payment methods, at their request, have their payments recalculated after the periodic reading of their meters, and in the cases when the price of electricity is changed. Besides, the customers are free to determine themselves the most convenient payment date when the bill for the electricity consumed can be paid automatically.

The customers can declare the readings of electricity consumed in constantly updated self-service website, "My electricity".

Market liberalization

On March 31, 2013, the independent supplier was chosen by 14,069 clients. On July 8, 2009, the Government of the Republic of Lithuania approved the Lithuanian electricity market development plan. In accordance with the plan, on March 31, 2013, an independent electricity supplier has been chosen by the following objects:

- With permissible power of 400 kW and more – about 92.9 per cent;
- With permissible power 100 kW and more – about 84.5 per cent;
- With permissible power 30 kW and more – about 69.2 per cent;
- With permissible power of less than 30 kW – about 44.8 per cent.

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

Projects and initiatives on social responsibility

LESTO is a member of the Global Compact initiated by the United Nations, and submits the annual progress report, that is prepared in accordance with the Global Compact principles. The UN “Global Compact” is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The UN “Global Compact” asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

The award, evaluation

United Nations Development Programme (UNDP) that introduced “Global Compact” in Lithuania and the National Responsible Business Network in Lithuania (NRBNL) invited LESTO to become the leading company of the NRBNL in 2013. NRBNL is a socially responsible businesses unifying entity in Lithuania. The main network's mission - to promote responsible business ideas and their development as an essential condition for sustainable development in Lithuania.

LESTO employee was recognized as a corporate social responsibility leader in city Siauliai. Arūnas Navarauskas, Šiauliai Grid exploitation unit manager of the Company, while implementing the European Social Fund project "Gateway: Corporate Social and Environmental Innovation", on January 10, 2013 was recognized as a corporate social responsibility leader in the region of Siauliai. Award was given "for an endless enthusiasm while working on Corporate Social responsibility interests and incentives to engage other employees". The project "Gateway: Corporate Social and Environmental Innovation" was implemented and nominations were established by the United Nations Development Programme in Lithuania along with Lithuanian Business Employers' Confederation, trade union "Solidarity" and Non-Governmental Organizations' Information and Support Centre.

The priorities of LESTO Corporate social responsibility

The main goal of LESTO social responsibility activities is to cultivate the skills of safe and rational use of electricity in the society, to contribute to the conservation of energy resources and their environmental impact, therefore all social responsibility activities initiated and carried out by LESTO contribute to these objectives.

The Company's responsibility while acting in the market included responsible behavior in cooperation with all concerned: customers, suppliers, contractors, state agencies. Particular attention was paid to the Company's customer service quality; it expanded the spectrum of the services that help them save time and money. Work with customers was based on the principles of respect, understanding of their needs, professional and expeditious decisions.

Environmental Projects

In the everyday activities, the Company encourages the application of the working tools which reduce labor expenditure and pollution, actively seeking for the ways how to reduce the negative impact of energy facilities to people and the environment. LESTO invests in environmentally friendly modern technology. While implementing the environmental projects LESTO attempts to reduce the negative impact of energy facilities to people and the environment and to encourage a wider public participation in the initiatives.

In order to promote the use of environmentally friendly means of transport, LESTO invited a group of interested companies, public institutions and other organizations to develop the infrastructure for electric vehicles in Lithuania, to promote and support the development of environmentally friendly and energy-efficient technologies.

LESTO envisions great potential for future development of electric vehicles; energy-efficient new technologies and their installation in the automotive industry becomes more competitive on the market, especially in comparison with the old cars using traditional fossil-fuel. LESTO updated the public information about electric cars on its website www.lesto.lt in the page section of Social Responsibility: presentational film was created, also "Electric car ABC" was prepared, it may be downloaded by anyone visiting the site.

LESTO takes care of waste management. It has contracts with waste management companies.

The Company continuously encourages customers to give up paper bills and billing books and move to remote service channels or direct debit. Over 90 % of the Company's business customers have already switched to electronic billing.

In order to reduce the use of paper and document management costs for paper invoices and correspondence administration, our Company has implemented an electronic document management system, where all documents are managed and archived electronically. Occasional greetings to customers and partners are being sent only by e-mail. The Company newsletter "People of Electricity" designed for employees was also prepared in electronic format only. The recipients of the e-mail messages of the Company employees are encouraged to print the information only when it is necessary.

LESTO together with the Lithuanian Ornithological Society and the Institute of Ecology for the Nature Research Center and the partners implement the project of the European Union Financial Instrument for the Environment LIFE + "The White Stork Protection in Lithuania". The stork nests built on the electricity poles are not safe either to birds or to people. When the storks touch the electrical wires they often get fatally injured; and LESTO incur losses due to electrical leakage and breaks in wires. In 2013 the returning storks were greeted 1,520 new artificial stork nets on electricity poles, during the project LESTO installed a total of 3,260 artificial nets.

To the public

LESTO implements the large-scale long-term projects on social responsibility for children, young people and the general public, they all are united by the involvement of active communities and target groups of the society, secure and efficient energy use and environmental sustainability ideas.

The Initiative on Loss Mitigation and Public Education "Operation 2020"

The program "Operation 2020" is planned to continue up to 2020 with the aim to promote responsible behaviour with electric net equipment, enhance the awareness of the population on security of electrical equipment and reduce negative effects caused by irresponsible or malicious behavior of the population.

The important part of "Operation 2020" is live meetings of LESTO staff with the local population of the regions – there were active meetings of the LESTO employees with local self-government (administration, heads of local municipalities, police)

promoting to find ways how to solve the most pressing population problems related to security, updating of electric network or lighting, and how to increase public responsibility.

In order to prevent theft of the distribution network equipment, LESTO cooperates with major infrastructure companies - TEO, AB, and AB "Lithuanian Railways, electronics collectors association EEPA, recycling Association of APIA, metal scrap buying Association. "The Association of Chiefs of Local Authorities of Lithuania" is the main partner in initiative "Operation 2020", that is also dedicated to promoting citizenship and responsibility.

Residents are encouraged to inform the Company about the observed impaired network devices, tree branches that are close or fallen on the power lines, suspicions of possible electricity or equipment theft.

A Project on Rational Use of Electricity „To the Extent Required“

The promotion of rational use of energy is one of the priority directions of the social responsibility of the Company, thus contributing to environmental sustainability and conservation of energy resources and to the obligations of the country pursuing the goals of the European Union climate change program. The project is designated to develop the traditions for a rational society. The aim is to find out rational energy consumption patterns in daily life and for business.

The energy efficiency of Lithuania, compared with the EU average, is almost twice lower. This shows that business has not yet reached its full potential to use electric energy efficiently and rationally. One of LESTO social responsibility objectives is to encourage companies to use electricity rationally and to create greater added value with the same amount of electricity.

In 2013 the Company with daily newspaper "Verslo žinios" organized the third annual conference on rational use of energy for companies and organizations, more than 300 participants from more than 160 companies in the country participated in the event. Compared to the previous conference participants' interest was one-third higher. This is due to the growing relevance of practical energy saving solutions for businesses, allowing not only to increase competitiveness, but also to contribute to the global objectives of the preservation of natural resources. The most advanced energy-efficiency solution providers, such as LLC Robert Bosch, LLC "BENCO", JSC "Aconitum", Arvi Group, Philips, Maxima Group, shared their experience and knowledge in the conference, also presented products, and specific projects that were implemented.

The companies for the third year are invited to join the "The Green Protocol". This is the Company initiated agreement and the only of its kind; the companies confirm that they are familiar with sustainable ideas that promote rational use of electricity; they approve the ideas and promise to apply them in practice. At the moment "Green Protocol" has been signed by 118 companies.

In the beginning of 2013 "Baltijos tyrimai" on behalf of the Company carried out a public opinion survey on electricity consumption habits. The majority of respondents said they save on electricity at home, but a third of them, when asked to mention any known saving methods, could not mention even one. Most respondents linked savings only to energy saving bulbs and turning off the lighting. One-third of the population does not apply known energy saving measures.

The visitors of the project site www.tiekkiekreikia.lt can find tips for sustainable consumption, ask questions and get advice from competent experts.

Educational project "Electromagic" for children and young people on safety and energy saving

Youth-oriented educational initiative "Electro-Magic" is designed to educate children and young people on energy use, threats, and safety problems. The initiative aim is to encourage students to learn how to safely handle with electricity and electric facilities, to promote interest in responsible use of energy, environmental and sustainable development ideas.

Each year www.elektromagija.lt organizes several competitions that aim to teach children to behave safely with electricity, teach about the rational use of it and promote interest in new technologies that could ensure energy preservation.

During the project LESTO cooperate with the Lithuanian schools and their communities. In the project site www.elektromagija.lt playful virtual characters tell about electricity, and children by playing interactive games acquire knowledge on safety, electricity

threats and its potential. Site visitors are encouraged to join the creation of site contents: in January - March of 2013 children were invited to create new characters for the site. The competition was attended by nearly 1,000 children who submitted over 1,000 drawings.

This educational initiative develops children and young people safe use of electricity and environment-friendly habits.

Corruption prevention

LESTO does not tolerate any corruption and speaks up for fair business and transparent communication with the public authorities. The risk is minimized by the operating complex internal control mechanisms designated to identify potential corruption risks. Corruption prevention is one of the functions of Department of Prevention and Control in the Company.

Transparency

In order to ensure the transparency in public procurement more public procurement procedures were performed by Central Public Procurement Information System (CVP IS) means. The system enables procuring organizations to organize all the procurement cycle by electronic method and procurers can conveniently and easily under “one-window” principle participate in public procurement.



INFORMATION ON THE ISSUER'S SECURITIES AND AUTHORISED CAPITAL

Authorised capital structure

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

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

All shares of the Company are fully paid.

Shareholders

On December 31, 2012 the number of LESTO shareholders totalled – 7,431.

On March 31, 2013 the number of LESTO shareholders amounted to 7,400.

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

LESTO number of shareholders according to countries, 2013-03-31

Country	Number of shareholders
Lithuania	7,191
Russia	49
Belarus	38
Estonia	39
United States	20
Latvia	16
Other countries	47
Total	7,400

Shareholders who owned more than 5 % of the issuer's authorized capital on 31 March, 2013

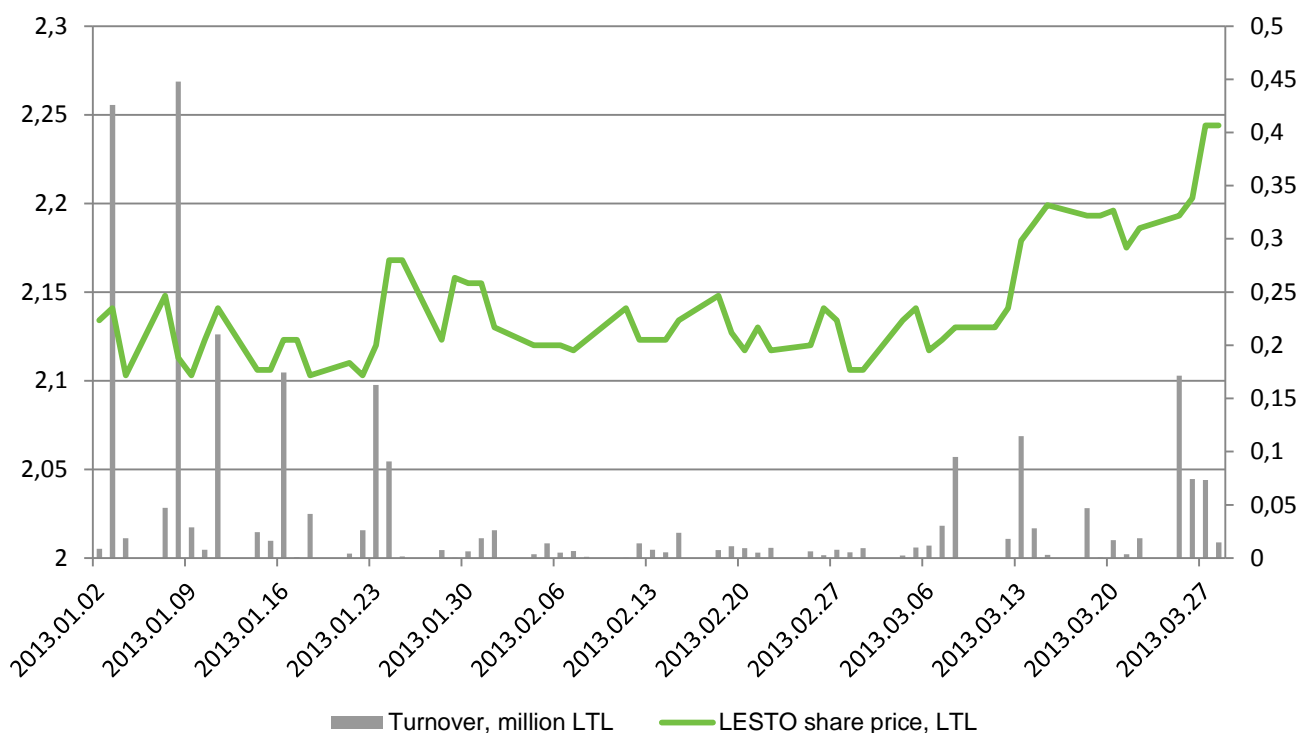
Full names of the shareholders (names of companies, types, headquarter addresses, company register code)	Number of ordinary registered shares	Share of authorized capital, %	Votes granted by shares owned, %
Visagino atominė elektrinė, UAB Žvejų str.14, Vilnius, company reg. No. 301844044	499,026,209	82.63	82.63
E.ON Ruhrgas International GmbH, Brüsseler Platz 1 45131 Essen, Germany HRB No 21974	71,040,473	11.76	11.76

Information on issuer's securities

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

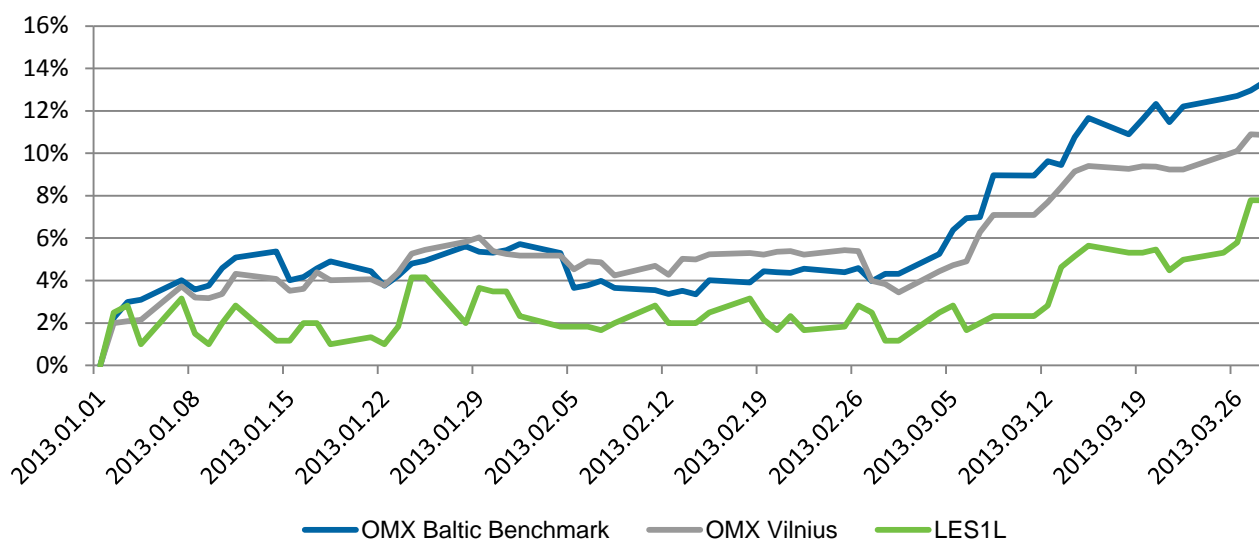
ISIN code	Trading list	Abbreviation of securities	Number of shares	Nominal value, LTL	Industry according to ICB standard	Supersector according to ICB standard
LT0000128449	BALTIC MAIN LIST	LES1L	603,944,593	1	7000 Utilities	7500 Utilities

LESTO share price dynamics and turnover, 31-03-2013



LESTO is one of the biggest companies by market capitalization in OMX Baltic securities exchange market. During the three months of 2013, LESTO share price did not dropped below LTL 2.10. On 4 January, 9 January, 18 January and 22 January, 2013 LESTO share price reached the lowest point of LTL 2.10. During the reporting period LESTO share price increased by 6.70 %. Faster LESTO share price rise recorded since mid-March. The highest point (LTL 2.24) during the reporting period was reached on 27 March, 2013. The average price of LESTO share during the reporting period was LTL 2.14.

Dynamics of LESTO share price, OMX Vilnius and OMX Baltic Benchmark indexes, 31-03-2013



LESTO shares are included in both OMX Vilnius and OMX Baltic Benchmark indexes. Index OMX Vilnius consists of all the shares listed on the Main and Secondary lists of the Vilnius exchange market. The weight of LESTO shares in this index contains 16.92 %.

OMX Baltic Benchmark index consists of a portfolio of the largest and most traded shares, representing all sectors available on the NASDAQ OMX Baltic Market. LESTO represents the utility sector. Since the beginning of the year until 31 March, the last trading day in the three months of 2013, index OMX Vilnius increased by 10.86%, OMX Baltic Benchmark increased by 13.36%, while price of LESTO share increased by 6.70 %.

Dividends

The Ordinary General Meeting of Shareholders of LESTO AB, held on 30 April 2013, adopted the decision to pay the dividends for the Company's Shareholders. The part of the profit of the year 2012 which was allocated to pay out dividends totalled to LTL 102.7 million. Dividends per share amounted to LTL 0.17. Retained earnings at the beginning of the financial year was LTL 890.1 million. Net annual operating loss totalled to LTL 44.3 million. The profit of the financial year that is unrecognized in the profit (loss) statement was equal to LTL 198.8 million. Total distributable profit amounted to LTL 1,044.6 million.

LESTO securities account manager

"Swedbank", AB is official manager of LESTO security account.

Contact details of Swedbank, AB:

Konstitucijos ave. 20 A, LT-03502 Vilnius

Tel. 1884, +370 5 268 4444, fax +370 5 258 2700.

FINANCIAL STATUS

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

Statement of financial position, LTL thousand

	LESTO group		Company	
	2013-03-31	2012-12-31	2013-03-31	2012-12-31
ASSETS				
Non-current assets				
Property, plant and equipment	4 664 199	4 733 676	4 519 452	4 585 537
Intangible assets	7 303	7 057	7 225	6 974
Prepayments for property plant and intangible assets	7 394	7 394	7 394	7 394
Investments in subsidiaries	-	-	203 652	195 628
Investment in associates	18 231	18 020	19 082	19 082
Investment property	142 834	141 730	-	-
Deferred income tax asset	470	210	-	-
Non-current receivables	2 193	2 183	2 193	2 183
	4 842 624	4 910 270	4 758 998	4 816 798
Current assets				
Inventories	10 548	9 981	4 081	4 900
Trade and other receivables	215 944	190 911	210 859	184 296
Prepayments, deferred charges and accrued income	22 463	22 003	21 957	21 638
Deposit guarantee funds	50	-	-	-
Short-term deposits	-	3 000	-	-
Cash and cash equivalents	36 943	30 066	19 185	9 581
	285 948	255 961	256 082	220 415
Non-current assets held for sale	652	4 280	-	2 488
	286 600	260 241	256 082	222 903
Total assets	5 129 224	5 170 511	5 015 080	5 039 701
EQUITY				
Equity and reserves attributed to owners of the Company				
Share capital	603 945	603 945	603 945	603 945
Revaluation reserve	1 587 912	1 634 355	1 558 819	1 605 245
Legal reserve	60 450	60 450	60 394	60 394
Retained earnings	1 059 476	1 001 228	1 107 959	1 044 584
	3 311 783	3 299 978	3 331 117	3 314 168
Non-controlling interest	126 035	131 452	-	-
Total equity	3 437 818	3 431 430	3 331 117	3 314 168
LIABILITIES				
Amounts payable after one year and non-current liabilities				
Borrowings	438 994	395 647	438 994	395 647
Deferred income tax liabilities	353 552	360 697	351 137	358 373
Deferred income	315 246	319 014	315 246	319 014
Grants and subsidies	46 159	45 940	46 159	45 940
Non-current employee benefits	3 451	3 220	3 451	3 220
Other non-current liabilities	322	322	322	322
	1 157 724	1 124 840	1 155 309	1 122 516
Amounts payable within one year and current liabilities				
Borrowings	133 114	181 120	133 114	181 120
Trade and other payables	272 056	330 224	271 781	324 000
Advances received and accrued liabilities	100 794	84 486	96 278	79 722
Derivative financial instruments	1 536	1 558	1 536	1 558
Current income tax liabilities	26 182	16 853	25 945	16 617
	533 682	614 241	528 654	603 017
Total liabilities	1 691 406	1 739 081	1 683 963	1 725 533
Total equity and liabilities	5 129 224	5 170 511	5 015 080	5 039 701

Statement of comprehensive income, LTL thousand

	LESTO group		Company	
	2013 Q1	2012 Q1	2013 Q1	2012 Q1
Sales revenue	647 353	625 783	641 026	623 947
Purchases of electricity	(457 930)	(454 389)	(457 930)	(454 389)
Depreciation and amortization	(102 550)	(100 534)	(99 805)	(97 982)
Employee benefits and related social security contributions	(40 442)	(42 593)	(32 873)	(35 492)
Repair and maintenance expenses	(9 781)	(12 541)	(13 247)	(15 678)
Transportation costs	(2 746)	(3 128)	(3 450)	(3 915)
Telecommunications and IT services	(5 737)	(6 183)	(5 315)	(5 747)
Rent and utilities	(3 286)	(3 477)	(2 622)	(3 211)
Revaluation of long-term assets	3 142	(372)	4 264	(372)
Other expenses	(11 503)	(9 791)	(10 666)	(11 729)
Operating profit (loss)	16 520	(7 225)	19 382	(4 568)
Finance income	982	688	1 035	679
Finance (costs)	(1 376)	(2 746)	(1 376)	(2 737)
Finance income /(costs), net	(394)	(2 058)	(341)	(2 058)
Profit (loss) on investment in associates	211	(113)	-	-
Profit (loss) before income tax	16 337	(9 396)	19 041	(6 626)
Income tax	(1 923)	2 950	(2 092)	2 671
Profit (loss) for the year	14 414	(6 446)	16 949	(3 955)
Other comprehensive income(expense):				
Gain (loss) on revaluation of property, plant and equipment	-	93	-	93
Deferred income tax effect	-	(14)	-	(14)
Other comprehensive income (expense) for the year	-	79	-	79
Gross profit (loss) for the year	14 414	(6 367)	16 949	(3 876)
Profit (loss) for the year attributable to:				
Owners of the Company	14 211	(5 835)	16 949	(3 955)
Non-controlling interest	203	(611)	-	-
	14 414	(6 446)	16 949	(3 955)
Gross profit (loss) for the year attributable to:				
Owners of the Company	14 211	(5 756)	16 949	(3 876)
Non-controlling interest	203	(611)	-	-
	14 414	(6 367)	16 949	(3 876)
Earnings per share ratio	0,024	(0,010)	0,028	(0,007)

Statement of changes in equity, thousand LTL

LESTO Group	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	603 945	1 837 060	60 465	-	1 014 492	3 515 962	127 380	3 643 342
Comprehensive income								
Profit (loss) for the period	-	-	-	-	(5 835)	(5 835)	(611)	(6 446)
Other comprehensive income (loss)	-	79	-	-	-	79	-	79
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(50 208)	-	-	50 208	-	-	-
Total comprehensive income	-	(50 129)	-	-	44 373	(5 756)	(611)	(6 367)
Transactions with owners								
Change in ownership interests in subsidiary that does not result in a loss of control	-	-	-	-	(126)	(126)	126	-
Non-controlling interests' contribution to the share capital of subsidiary	-	-	-	-	-	-	3 774	3 774
Total transactions with owners	-	-	-	-	(126)	(126)	3 900	3 774
Balance at 31 March 2012	603 945	1 786 931	60 465	-	1 058 739	3 510 080	130 669	3 640 749
Balance at 1 January 2013	603 945	1 634 355	60 450	-	1 001 228	3 299 978	131 452	3 431 430
Comprehensive income								
Profit (loss) for the period	-	-	-	-	14 211	14 211	203	14 414
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(46 443)	-	-	46 443	-	-	-
Total comprehensive income	-	(46 443)	-	-	60 654	14 211	203	14 414
Transactions with owners								
Change in ownership interests in subsidiary	-	-	-	-	(2 406)	(2 406)	(5 620)	(8 026)
Total transactions with owners	-	-	-	-	(2 406)	(2 406)	(5 620)	(8 026)
Balance at 31 March 2013	603 945	1 587 912	60 450	-	1 059 476	3 311 783	126 035	3 437 818

Company	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2012	603 945	1 803 976	60 394	-	1 060 429	3 528 744
Comprehensive income						
Profit (loss) for the period	-	-	-	-	(3 955)	(3 955)
Other comprehensive income (loss)	-	79	-	-	-	79
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(50 190)	-	-	50 190	-
Total comprehensive income	-	(50 111)	-	-	46 235	(3 876)
Balance at 31 March 2012	603 945	1 753 865	60 394	-	1 106 664	3 524 868
Balance at 1 January 2013	603 945	1 605 245	60 394	-	1 044 584	3 314 168
Comprehensive income						
Profit (loss) for the period	-	-	-	-	16 949	16 949
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)	-	(46 426)	-	-	46 426	-
Total comprehensive income	-	(46 426)	-	-	63 375	16 949
Balance at 31 March 2013	603 945	1 558 819	60 394	-	1 107 959	3 331 117

Cash flow statement, thousand LTL

	Group		Company	
	2013-03-31	2012-03-31	2013-03-31	2012-03-31
Cash flows from operating activities				
Profit (loss) for the year	14 414	(6 446)	16 949	(3 955)
Adjustment for:				
– Income tax	1 923	(2 950)	2 092	(2 672)
– Depreciation and amortisation	103 273	101 083	100 528	98 531
– Revaluation of non-current assets	(3 142)	372	(4 264)	372
– Amortisation of grants	(723)	(549)	(723)	(549)
– Gain (loss) on disposal and write-off property, plant and equipment	3 329	3 355	3 349	3 354
– Decrease in value of associates	(211)	113	-	-
– Finance (income)	(982)	(710)	(1 035)	(679)
– Finance costs	1 376	2 769	1 376	2 737
Changes in working capital:				
– Trade and other receivables	(19 129)	(22 534)	(26 592)	(19 935)
– Inventories, prepayments, deferred charges and accrued	(1 078)	944	500	1 474
– Trade and other payables, advances received, accrued charges and deferred income	14 251	908	17 862	2 161
Cash generated from operations	113 301	76 355	110 042	80 839
– Income tax paid	-	-	-	-
Net cash generated from operating activities	113 301	76 355	110 042	80 839
Cash flows from investing activities				
– Purchase of property, equipment and intangible assets	(102 972)	(85 078)	(93 900)	(83 736)
– Proceeds from sale of property, plant and equipment	174	24	-	17
– Acquisition of subsidiaries	(1 273)	-	(1 273)	-
– Grants received	942	-	942	-
– Loan repayments received	49	33	49	33
– Term deposits	3 000	(15 000)	-	(20 000)
– Deposit guarantee funds	(50)	-	-	-
– Interest received	108	710	146	679
Net cash used in investing activities	(100 022)	(99 311)	(94 036)	(103 007)
Cash flows from financing activities				
– Proceeds from borrowings	76 473	-	76 473	-
– Repayments of borrowings	(19 631)	(19 631)	(19 631)	(19 631)
– Dividends paid to the Company's shareholders	(9)	(22)	(9)	(22)
– Interest paid	(1 734)	(2 745)	(1 734)	(2 714)
Net cash used in financing activities	55 099	(22 398)	55 099	(22 367)
Net (decrease) in cash and cash equivalents	68 378	(45 354)	71 105	(44 535)
Cash and cash equivalents at beginning of year	(31 435)	57 846	(51 920)	43 299
Cash and cash equivalents at end of the period	36 943	12 492	19 185	(1 236)

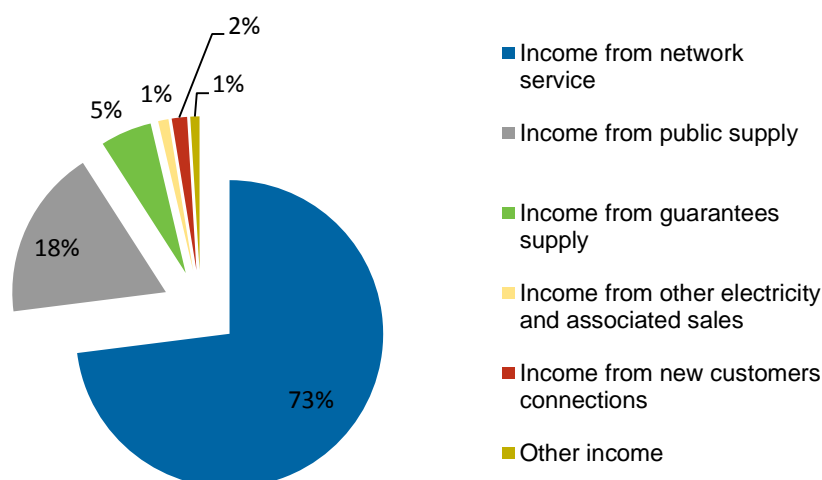
ANALYSIS OF PERFORMANCE RESULTS

Income, costs and profitability

LESTO group profitability ratios	2013 January-March	2012 January-March	2011 January-March
Net profit margin, %	2.23	-1.03	-1.28
Operating profit margin, %	2.55	-1.15	-1.85
EBITDA, LTL thousand	124,328	99,853	97,718
EBITDA margin, %	19.21	15.96	15.87
ROA, %	0.28	-0.12	-0.15
ROE, %	0.42	-0.18	-0.21

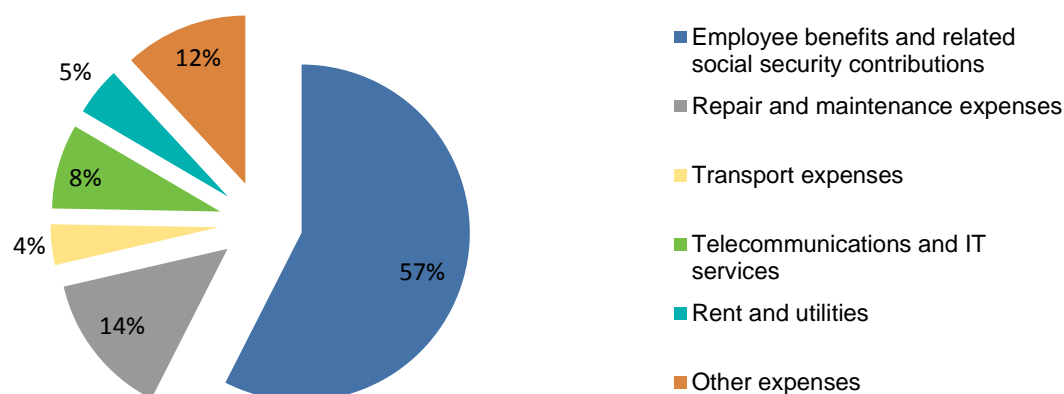
During the three months of 2013 LESTO group earned LTL 647.4 million, Company's income share made up 99 % of group income i.e. LTL 641 million. Comparing with the three months of 2012 LESTO group income increased by 3 % and comparing with the same period of 2011 – by 5 %.

LESTO income structure



The main source of Company's income is income from network service that made up 73 % of total income, income from public supply service consisted 18 %, income from guarantee supply for the customers that have not chosen independent supplier amounted to 5 % of Company's income. Income from connection of new customers, other electricity and associated services and income from other sources made up 4 %.

LESTO operating costs structure



During the reporting period, electricity purchase costs made up LTL 457.9 million i.e. 73 % of total costs. Electricity purchase costs have increased by 0.8 % compared with the same period of 2012. Depreciation and amortization accounted to 16 % of total costs and the rest of the group that made up 11 % is classified as operating costs. During the three months of 2013, employee benefits and related social security contributions made up 57 % of total operating costs, repair and maintenance accounted to 14 % of total operating costs.

The results of the three months of 2013 shows that LESTO group's repair and maintenance expenses decreased by 22 % compared with the same period of 2012 and amounted to LTL 9.78 million. During the reporting period, transport expenses declined by 12 % and were equal to LTL 2.75 million. Rent and utilities costs and employee benefits and related social security contributions decreased by 5 % and amounted to respectively LTL 3.29 million and LTL 40.44 million. During the reporting period, telecommunications and IT services costs declined by 7 % and were LTL 5.74 million.

Other financial ratios and investments

LESTO group liquidity ratios	2013.03.31	2012.12.31
Current liquidity ratio	0.54	0.42
Acid test ratio	0.52	0.41
Cash liquidity ratio	0.07	0.05
Working capital, LTL thousand	-247,082	-354,000
Working capital to total assets ratio	-0.05	-0.07

LESTO group financial leverage ratios	2013.03.31	2012.12.31
Total liabilities to total assets ratio	0.33	0.34
Debt to assets ratio	0.11	0.11
Total liabilities to equity ratio	0.49	0.51
Debt to equity ratio	0.17	0.17
Net financial debt, LTL thousand	535,165	543,701
Net financial debt to equity ratio	0.16	0.16
Long-term debt to equity ratio	0.13	0.12
Equity to total liabilities ratio	2.03	1.97
Equity to total assets ratio	0.67	0.66

The value of LESTO group assets at the end of reporting period made up LTL 5,129.2 million. Non-current assets share in total assets was equal to 94.41 %. From the beginning of the year value of LESTO group non-current assets shrank by 1.4 %. Cash with cash equivalents accounted to LTL 36.9 million i.e. 12.89 % of total current assets.

Equity of LESTO group exceeded liabilities 2.03 fold. At the end of reporting period, financial debts made up LTL 572.1 million or 33.82 % of total liabilities. Non-current borrowings were LTL 439 million and made up 76.7 % of all borrowings. At the end of reporting period LESTO amounts payable within one year and current liabilities made up LTL 533.7 million.

Current liabilities exceeded current assets by LTL 247.1 million. Current liquidity ratio stood at 0.54. Inventories made up only 3.68 % of current assets, consequently acid test ratio do not differ significantly from current liquidity ratio. Financial debt reduced by the amount of the most liquid assets (short-term deposits and cash with cash equivalents) indicates net financial debt. Net financial debt of the LESTO group amounted to LTL 535.2 million and consisted only 15.6 % of equity.

EBITDA of LESTO group during the three months of 2013 was LTL 124.3 million - 24.5 % more than last year during the same period.

LESTO group results for the three months of 2013 is a net profit of LTL 14.4 million, while LESTO group's net loss amounted to LTL 6.4 million in the same period of 2012 and LTL 7.9 million loss in the same period of 2011.



ESSENTIAL EVENTS

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

LESTO essential events from 2013-01-01:

Date	Essential event
02-01-2013	AB LESTO Investor' Calendar 2013
02-01-2013	CORRECTION: AB LESTO Investor' Calendar 2013
08-01-2013	Regarding the Acquisition of Shares of UAB „ELEKTROS TINKLO PASLAUGOS“ and Transfer of Shares of UAB „TETAS“
13-02-2013	AB LESTO information
14-02-2013	Regarding the adoption of resolution of the Government of the Republic of Lithuania
26-02-2013	Regarding the Change of Indirectly Controlling Person
28-02-2013	Operating results of LESTO for twelve months of 2012
13-03-2013	Regarding the intention to sign long-term loan agreement
21-03-2013	Due to long-term loan agreement
03-04-2013	Regarding of the Ordinary General Meeting of Shareholders of LESTO AB
17-04-2013	Regarding candidate for the Board member of the company
30-04-2013	Decisions adopted in Ordinary General Meeting of Shareholders of LESTO AB on 30 April 2013
30-04-2013	Annual information of LESTO AB company group of 2012
24-05-2013	AB LESTO Social responsibility report of 2012
24-05-2013	Due to published information
28-05-2013	Regarding the resignation of Chief Executive Officer of LESTO AB