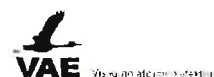




**VISAGINO ATOMINE ELEKTRINE UAB**

**CONSOLIDATED INTERIM REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**Visagino atominė elektrinė UAB**  
Company code 301844044, Žvejų Str.14, LT-09310  
Vilnius



**CONSOLIDATED INTERIM REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**Translation note:**

*This version of the accompanying document is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of this document takes precedence over this translation.*

**THE CONSOLIDATED INTERIM REPORT OF THE VISAGINO ATOMINĖ ELEKTRINĖ FOR THE  
PERIOD ENDED 30 JUNE 2012**

The consolidated interim reports of UAB Visagino atominė elektrinė (hereinafter referred to as VAE or the Company) and its subsidiaries (hereinafter the Company and its subsidiaries will be jointly referred to as the VAE Group or the Group) has are prepared in accordance with Resolution No. 1052 of the Government of the Republic of Lithuania of 14 July 2010 Concerning the Approval of the Description of the Guidelines on Assurance of State-Owned Enterprise Activity Transparency and Appointment of a Coordinating Authority, publicised on the website of the Company at [www.vae.lt](http://www.vae.lt).

Information about the Group's activities, strategy and goals, operational environment, risks, branches and representative offices, activities in the areas of environmental protection and involvement in research and development is presented in the Consolidated Annual Report of Visagino atominė elektrinė UAB and the Consolidated and Company's Financial Statements for the year ended 31 December 2011, approved by the resolution of the sole shareholder of 27 April 2012 and published on the Company's website.

**GENERAL INFORMATION**

**Reporting period covered by the report**

The Group's interim report covers the period ended 30 June 2012.

**Basic information about the Company**

Company's name	Visagino atominė elektrinė private limited liability company
Registration number	301844044
Authorised capital	LTL4,067,163,632
Paid authorised capital	LTL4,067,163,632
Address	Žvejų g. 14, LT-09310 Vilnius, Lithuania
Phone	(+370 5) 278 2998
Fax	(+370 5) 278 2115
E-mail	<a href="mailto:info@vae.lt">info@vae.lt</a>
Website	<a href="http://www.vae.lt">www.vae.lt</a>
Legal form	Private limited liability company
Date of registration and register	28 August 2008, Register of Legal Entities
Register, where information about the Company is compiled and stored	Register of Legal Entities, state enterprise the Centre of Registers

### Information about subsidiaries, branches and representative offices

Visagino atominė elektrinė UAB controls either directly or indirectly the following subsidiaries:

Company	Address of the registered office	Effective ownership interest as at 31 December 2011, %	Share capital (LTL, thousand) as at 31 December 2011	Profile of activities
VAE SPB UAB	Žvejų g. 14, Vilnius	100	10	Business consulting and other management activities
Lietuvos Energija AB	Elektrinės g. 21, LT-26108, Elektrėnai	96.1	635,084	Electricity generation, import, export and trade
LITGRID AB	Juozapavičiaus g.13, Vilnius	97.5	504,331	Operator of electricity transmission system
LESTO AB	Žvejų g. 14, Vilnius	82.6	603,945	Electricity supply and distribution to end users
Technologijų ir Inovacijų Centras UAB	Žvejų g. 14, Vilnius	93.1	76,513	Maintenance of information technologies and telecommunications
Energijos Tiekimas UAB	Jeruzalės g. 21, Vilnius	96.1	750	Electricity supply
Kauno Energetikos Remontas UAB	Chemijos g. 17, Kaunas	96.1	14,245	Repair of energy equipment, production of metal structures
Gotlitas UAB	R. Kalantos g. 119, Kaunas	96.1	1,450	Accommodation services, trade
NT Valdos UAB	Geologų g. 16, LT-02190 Vilnius	88.4	314,001	Operation of real estate, other related activities and service provision
BALTPPOOL UAB	A. Juozapavičiaus g. 13, Vilnius	65.3	475	Electric power market operator
Public Institution Republican Centre of Training for Energy Specialists	Jeruzalės g. 21, Vilnius	93.1	294	Professional development and further training of energy professionals
TETAS UAB	Senamiesčio g. 102 B, Panevėžys	91.7	5,651	Power network engineering, construction, repair, maintenance and customer connection to the grid
ELEKTROS TINKLO PASLAUGOS UAB	Motorų g. 2, Vilnius	86.4	18,904	Power network and related equipment repair and maintenance services
Data Logistics Center UAB	Juozapavičiaus g.13, Vilnius	93.1	12,847	Data centre, data transmission, optical fibre lease and other telecommunication services

The main activities of the Group's companies are listed in the table above.

### Information about contracts between the issuer and securities' public offering agents

**UAB Visagino atominė elektrinė** has not concluded any contracts with securities' public offering agents as its securities are not traded on the stock exchange.

The Group's companies:

#### **Lietuvos energija AB**

Lietuvos energija AB has concluded a contract for handling the accounting of securities issued by the

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issuer and handling of personal securities accounts with Swedbank AB.

**LITGRID AB**

LITGRID AB has concluded a contract for handling the accounting of securities issued by the issuer and handling of personal securities accounts with SEB Bank AB.

**LESTO AB**

LESTO AB has authorised Swedbank AB to handle its securities accounts.

**Trading of the securities of the Group's companies on regulated markets**

**Lietuvos energija AB**

On 1 September 2011, the shares of Lietuvos energija AB were included in the Official Trading List of NASDAQ OMX Vilnius. The company's shares are being traded on NASDAQ OMX Vilnius stock exchange (hereinafter referred to as VSE).

On 31 December 2011, the company had 635,083,615 ordinary registered shares issued with a nominal value of one litas per share.

ISIN number of the issue: LT0000128571.

**LITGRID AB**

Since 22 December 2010 the shares of Litgrid AB have been included in the Additional Trading List of NASDAQ OMX Vilnius stock exchange.

On 31 December 2011, the company had 504,331,380 ordinary registered shares issued with a nominal value of one litas per share.

ISIN number of the issue: LT0000128415.

**LESTO AB**

Since 17 January 2011 the ordinary registered shares of LESTO AB have been included in the Official Trading List of NASDAQ OMX Vilnius.

On 31 December 2011, the company had 603,944,593 ordinary registered shares issued with a nominal value of one litas per share.

ISIN number of the issue: LT0000128449.

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**OVERVIEW OF THE ACTIVITIES**

**Financial results of the Group**

Thousand LTL, unless otherwise stated	January- June 2012	January- June 2011	Change
Produced electricity, TWh	0,86	0,88	
Transmitted electricity for state needs via high pressure wires, TWh	4,56	4,62	-1.7%
Distributed electric energy for consumers via medium and low pressure wires, TWh	4,08	3,93	3.9%
Income			
Cost of purchase of electricity, fuel and related services	1,349,895 (794,838)	1,287,646 (746,535)	4.8% 6.5%
Operating expenses <sup>1</sup>	(242,253)	(225,598)	7.4%
EBITDA <sup>2</sup>	312,804	315,513	-0.9%
Net profit (loss)	(1,071)	1,548	-169.2%
Assets at the end of the period			
Equity at the end of the year	11,749,162	11,610,830	1.2%
Financial liabilities	7,591,185	7,630,430	-0.5%
Financial liabilities at the net value <sup>3</sup>	1,201,545 451,309	1,087,797 572,910	10.5% -21.2%
Net cash generated from operating activities	338,550	384,080	-11.9%
Net cash flows from investment activities	(293,908)	(547,853)	-46.4%
EBITDA margin <sup>4</sup>	23.2%	24.5%	
Return on equity <sup>5</sup>	0.0%	0.0%	
Return on assets <sup>6</sup>	0.0%	0.0%	
Financial liabilities at the net value / EBITDA	144.3%	181.6%	
Equity / Assets	64.6%	65.7%	
Financial liabilities at the net value / Equity	5.9%	7.5%	

**Investments**

The Group companies' main investments are aimed at improving the quality of supplied services.

From January to June 2012, investments made by Lietuvos energija AB in non-current tangible assets amounted to LTL 65.88 million. The majority of investments, (LTL 65.3 million including capitalised interest) were allocated for the new combined cycle unit of the Lithuanian power plant.

From January to June 2012, investments made by LITGRID AB in assets for transmission activities amounted to LTL 28 million. The majority of investments, (60 per cent) were allocated to the

<sup>1</sup> Operating expenses (OPEX) = operating expenses, with the exception of the cost of purchase of electricity and related services, depreciation, amortisation and impairment.

<sup>2</sup> EBITDA (earnings before interest, taxes, depreciation, and amortisation) = profit (loss) before tax, with the exception of interest cost and income, depreciation and amortisation and impairment.

<sup>3</sup> Financial liabilities at the net value = financial liabilities after deduction of cash and cash equivalents, current investments and fixed-term deposits.

<sup>4</sup> EBITDA margin = ratio between EBITDA and all income.

<sup>5</sup> Return on equity (ROE) = ratio between the net profit and own capital at the end of the period.

<sup>6</sup> Return on assets (ROA) = ratio between the net profit and assets at the end of the period.

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implementation of strategic projects.

From January to June 2012, investments made by LESTO AB in the development and modernisation of the power grid amounted to LTL 135 million. During this period LESTO AB mostly increased investment in the connection of power facilities for new consumers.

Investments made by the Company and other Group companies totalled LTL 10.7 million during the reporting period.

**Dividend policy**

The Government of the Republic of Lithuania holds 100 per cent of the Company's shares directly via the Ministry of Energy of the Republic of Lithuania. With respect to the dividend policy, the Company and the Group follow the principles of paying dividends for the state-owned shares established by Resolution No. 20 of 14 January 1997 (edition of resolution No. 361 of 30 March 2011), in coordination with the priorities of the Group's strategic project funding needs.

**HUMAN RESOURCES POLICY**

In order to achieve its goals and to conduct socially-responsible business, the Group aims to attract and retain high-quality employees and to develop long-term partnership-based relationships with them on the principle of reciprocal benefits and a general successful future for the Group.

During the first half of 2012, the Group focused in the area of employee management on the investigation of employee opinions, the introduction of a new remuneration system, performance assessment and training.

The Group appreciates its employees' opinions; accordingly, the Group arranged a traditional survey of its employees opinion in January-February 2012. A total of 84 per cent of employees answered the questionnaire. The results of the survey were later presented to the Group's management and employees, followed by work in target groups to analyse the problems identified in the poll and examine the solutions.

**Employees**

The Group's salary fund for the January-June 2012 totalled LTL 103,805 thousand. The Group had 5,334 employees.

*Average salary of the Group's employees for January-June 2012*

<b>Employees by category</b>	<b>Average monthly salary, LTL</b>
Management	13,082
Professionals and middle-level managers, workers	3,011

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**INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL, SHAREHOLDERS AND MANAGEMENT**

As at 30 June 2012, the Company's share capital amounted to LTL 4,067,163,632. The share capital was divided into ordinary registered shares with a nominal value of LTL1 per share. All shares were fully paid.

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Company shareholders:

	Share capital	%
Republic of Lithuania represented by the Ministry of Energy	4,067,164	100,00

**Members of the management bodies**

According to the Company's Articles of Association, the Company's management bodies are as follows: the General Meeting of Shareholders, the Board and the Company's Manager (Chief Executive Officer).

The Board is a collegial management body composed of 5 members.

Name, surname	Position	Number of shares held, percentage	Employer
The Board			
Arvydas Darulis	Chairman	-	The Ministry of Energy of the Republic of Lithuania
Rimantas Vaitkus	Member	-	Visagino atominė elektrinė UAB
Kęstutis Škiudas	Member	-	The Government of the Republic of Lithuania
Aloyzas Vitkauskas	Member	-	The Ministry of Finance of the Republic of Lithuania
Mantas Zalatorius	Member	-	The Swedish Trade Council
Company's Manager			
Rimantas Vaitkus	Chief Executive Officer	-	

The Company has an Audit Committee, which also carries out the function of the Audit Committee for the Group's companies in accordance with the provisions of the Law on Audit.

Information about the Audit Committee members:

Audit Committee member	Number of Company shares held	Term of office	Employer
Vygantas Reifonas (Independent member)	-	March 2011 – March 2015	Lietuvos draudimas AB
Danielius Merkinas (Independent member)	-	March 2011 – March 2015	Nordnet UAB
Marius Garuckas (Independent member)	-	March 2011 – March 2015	GlaxoSmithKline Lietuva UAB
Lina Šmočiukienė	-	March 2011 – March 2015	The Ministry of Energy of the Republic of Lithuania

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The Audit Committee performs the following main functions:

- Supervising the preparation process for financial statements of the Company and its subsidiaries;
- Supervising the efficiency of the internal control and risk management systems of the Company and its subsidiaries, in order to analyse the need for and suitability of these systems and to monitor them;
- Supervising how a certified auditor and audit company follow the principles of independence and impartiality, in order to provide them with relevant recommendations;
- Supervising the audit processes of the Company and its subsidiaries, in order to evaluate the efficiency of an audit and the administration's reaction to recommendations submitted by an audit company to the management;
- Supervising the efficiency of the internal audit process of the Company and its subsidiaries, in order to analyse the need for and suitability of this function, submit related recommendations and take adequate actions if necessary.

Chief Executive Officer

Rimantas Vaitkus

30 August 2012