

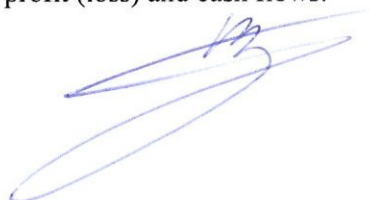


AB KAUNO ENERGIJA
SET OF CONSOLIDATED AND PARENT COMPANY'S
FINANCIAL STATEMENTS
FOR THE FIRST HALF 2015,
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION

Confirmation of the persons responsible for the shareholders of the AB Kauno Energija and the Bank of Lithuania

Following the provisions of article 22 of the Law on Securities Market of the Republic of Lithuania and the Regulations of Preparation and Presentation of Periodical and Additional Information, approved by the Board of the Bank of Lithuania, we – General Manager of AB Kauno Energija Rimantas Bakas and Chief Accountant Violeta Staškūnienė hereby approve, that according to our knowledge the AB Kauno Energija interim financial report of the I half of the year 2015 is prepared according to the International Financial Reporting Standards, generally accredited for use in European Union, and satisfies actuality and correctly indicate assets, liabilities, financial state, profit (loss) and cash flows.

General Manager



Rimantas Bakas

Chief Accountant



Violeta Staškūnienė

Statements of Financial Position

		Group		Company	
	Notes	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
ASSETS					
Non-current assets					
Intangible assets	3	64	75	64	75
Property, plant and equipment	4	-	-	-	-
Land and buildings		8,772	7,312	8,421	6,952
Structures and machinery		104,492	96,981	104,495	96,984
Vehicles		407	260	434	287
Equipment and tools		7,127	4,738	7,127	4,738
Construction in progress and prepayments		651	12,825	651	12,825
Total property, plant and equipment		121,449	122,116	121,128	121,786
Non-current financial assets					
Investments into subsidiary	1	-	-	1,074	1,074
Non-current accounts receivable	5	-	6	-	6
Other financial assets	6	28	28	28	28
Total non-current financial assets		28	34	1,102	1,108
Total non-current assets		121,541	122,225	122,294	122,969
Current assets					
Inventories and prepayments					
Inventories	7	258	175	254	170
Prepayments		588	601	588	601
Total inventories and prepayments		846	776	842	771
Current accounts receivable	8				
Trade receivables	23	3,911	15,120	3,911	15,120
Other receivables		1,461	6,620	1,447	6,609
Total accounts receivable		5,372	21,740	5,358	21,729
Cash and cash equivalents	9,23	1,783	389	1,776	384
Total current assets		8,001	22,905	7,976	22,884
Total assets		129,542	145,130	130,270	145,853



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Statements of Financial Position (cont'd)

		Group		Company	
	Notes	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
EQUITY AND LIABILITIES					
Equity					
Share capital	1	74,476	74,378	74,476	74,378
Legal reserve	10	2,695	2,082	2,695	2,082
Other reserve	10	713	521	713	521
Retained earnings (deficit)		-	-	-	-
Profit for the current year	1	4,773	862	4,781	867
Profit (loss) for the prior year	1	(533)	(461)	-	67
Total retained earnings (deficit)		4,240	401	4,781	934
Total equity		82,124	77,382	82,665	77,915
Liabilities					
Non-current liabilities					
Non-current borrowings	11,23	21,568	17,028	21,568	17,028
Financial lease obligations	12,23	29	11	29	11
Deferred tax liability	21	2,856	2,856	3,048	3,048
Grants (deferred income)	13	15,355	13,764	15,355	13,764
Employee benefit liability	14	620	620	620	620
Other non-current liabilities	23	97	129	97	129
Non-current trade liabilities	23	38	1	38	1
Total non-current liabilities		40,563	34,409	40,755	34,601
Current liabilities					
Current portion of non-current borrowings and financial lease	11,12,23	1,533	4,446	1,533	4,446
Current borrowings	11,23	-	7,706	-	7,706
Trade payables	23	3,605	19,465	3,604	19,463
Payroll-related liabilities		741	551	740	551
Advances received		416	429	415	429
Taxes payable		44	15	42	16
Derivative financial instruments	15	-	-	-	-
Current portion of employee benefit liability	14	194	265	194	265
Other current liabilities		322	462	322	461
Total current liabilities		6,855	33,339	6,850	33,337
Total liabilities		47,418	67,748	47,605	67,938
Total equity and liabilities		129,542	145,130	130,270	145,853

(the end)

The accompanying notes are an integral part of these financial statements.



General Manager	Rimantas Bakas		24 July 2015
Chief Accountant	Violeta Staškūnienė		24 July 2015

Statements of Profit (loss) and other comprehensive income

Group

	Notes	2015 II quarter	2015 I half	2014 II quarter	2014 I half	2014
Operating revenue						
Sales income	16	7,741	37,468	8,623	46,383	75,746
Other operating income	18	144	303	188	328	1,222
Total income		7,885	37,771	8,811	46,711	76,968
Expenses						
Fuel and heat acquired		(4,067)	(22,956)	(7,488)	(35,640)	(57,620)
Salaries and social security		(1,610)	(3,187)	(1,509)	(2,977)	(6,198)
Depreciation and amortisation	3,4	(1,480)	(2,813)	(1,299)	(2,576)	(5,189)
Repairs and maintenance		(224)	(373)	(163)	(265)	(720)
Write-offs and change in allowance for accounts receivable	5,8	1,116	28	1,862	108	2,082
Taxes other than income tax		(332)	(671)	(364)	(715)	(1,467)
Electricity		(278)	(594)	(162)	(434)	(896)
Raw materials and consumables		(168)	(283)	(120)	(249)	(560)
Maintenance of heating and hot water systems		-	-	-	-	-
Water		(195)	(407)	(168)	(380)	(733)
Change in write-down to net realisable value of inventories	7	12	22	23	24	(954)
Other expenses	17	(588)	(1,256)	(617)	(1,601)	(2,773)
Other activities expenses	18	(137)	(230)	(89)	(154)	(513)
Total expenses		(7,951)	(32,720)	(10,094)	(44,859)	(75,541)
Profit		(66)	5,051	(1,283)	1,852	1,427
Finance income	19	68	133	98	189	351
Finance costs	20	(171)	(411)	(127)	(243)	(476)
Finance cost, net		(103)	(278)	(29)	(54)	(125)
Profit before income tax		(169)	4,773	(1,312)	1,798	1,302
Income tax	21	-	-	-	-	(440)
Net profit		(169)	4,773	(1,312)	1,798	862
Basic and diluted earnings per share (EUR)	22	0.00	0.11	(0.03)	0.04	0.02

The accompanying notes are an integral part of these financial statements.

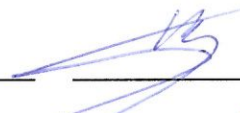

General Manager	Rimantas Bakas		24 July 2015
Chief Accountant	Violeta Staškūnienė		24 July 2015

Statements of Profit (loss) and other comprehensive income

Company

	Notes	2015 II quarter	2015 I half	2014 II quarter	2014 I half	2014
Operating revenue						
Sales income	16	7,741	37,473	8,623	46,388	75,755
Other operating income	18	127	266	168	278	1,137
Total income		7,868	37,739	8,791	46,666	76,892
Expenses						
Fuel and heat acquired		(4,067)	(22,956)	(7,488)	(35,640)	(57,620)
Salaries and social security		(1,610)	(3,187)	(1,510)	(2,962)	(6,185)
Depreciation and amortisation	3,4	(1,480)	(2,813)	(1,294)	(2,576)	(5,198)
Repairs and maintenance		(224)	(373)	(163)	(265)	(720)
Write-offs and change in allowance for accounts receivable	5,8	1,120	35	1,864	110	2,093
Taxes other than income tax		(332)	(671)	(364)	(715)	(1,467)
Electricity		(278)	(594)	(162)	(434)	(896)
Raw materials and consumables		(168)	(283)	(132)	(269)	(561)
Maintenance of heating and hot water systems		-	-	-	(1)	(1)
Water		(195)	(407)	(168)	(380)	(733)
Change in write-down to net realisable value of inventories	7	12	22	23	24	(954)
Other expenses	17	(588)	(1,256)	(617)	(1,598)	(2,770)
Other activities expenses	18	(122)	(197)	(60)	(115)	(445)
Total expenses		(7,932)	(32,680)	(10,071)	(44,821)	(75,457)
Profit		(64)	5,059	(1,280)	1,845	1,435
Finance income	19	68	133	98	189	350
Finance costs	20	(171)	(411)	(127)	(243)	(478)
Finance cost, net		(103)	(278)	(29)	(54)	(128)
Profit before income tax		(167)	4,781	(1,309)	1,791	1,307
Income tax	21	-	-	-	-	(440)
Net profit		(167)	4,781	(1,309)	1,791	867
Basic and diluted earnings per share (EUR)	22	0.00	0.11	(0.03)	0.04	0.02



The accompanying notes are an integral part of these financial statements.

General Manager	Rimantas Bakas		24 July 2015
Chief Accountant	Violeta Staškūnienė		24 July 2015

Statement of Changes in Equity

Group	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2013		74,256	1,983	72	211	76,522
Increase in share capital	1	122	-	-	-	122
Transferred to reserves	10	-	99	521	(620)	-
Transferred from reserves	10	-	-	(72)	72	-
Dividends	1	-	-	-	(124)	(124)
Total comprehensive income		-	-	-	1,798	1,798
Balance as of 30 June 2014		74,378	2,082	521	1,337	78,318
Total comprehensive income		-	-	-	(936)	(936)
Balance as of 31 December 2014		74,378	2,082	521	401	77,382
Transferred to reserves	10	-	613	713	(1,326)	-
Transferred from reserves	10	-	-	(521)	521	-
Dividends	1	-	-	-	(129)	(129)
Total comprehensive income	1	98	-	-	4,773	4,871
Balance as of 30 June 2015		74,476	2,695	713	4,240	82,124


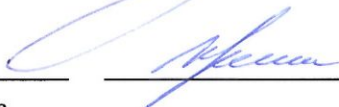
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General Manager	Rimantas Bakas		24 July 2015
Chief Accountant	Violeta Staškūnienė		24 July 2015

Statement of Changes in Equity

Company	Notes	Share capital	Legal reserve	Other reserve	Retained earnings (accumulated deficit)	Total
Balance as of 31 December 2013		74,256	1,983	72	739	77,050
Increase in share capital	1	122	-	-	-	122
Transferred to reserves	10	-	99	521	(620)	-
Transferred from reserves	10	-	-	(72)	72	-
Dividends	1	-	-	-	(124)	(124)
Total comprehensive income		-	-	-	1,791	1,791
Balance as of 30 June 2014		74,378	2,082	521	1,858	78,839
Total comprehensive income		-	-	-	(924)	(924)
Balance as of 31 December 2014		74,378	2,082	521	934	77,915
Transferred to reserves	10	-	613	713	(1,326)	-
Transferred from reserves	10	-	-	(521)	521	-
Dividends	1	-	-	-	(129)	(129)
Total comprehensive income	1	98	-	-	4,781	4,879
Balance as of 30 June 2015		74,476	2,695	713	4,781	82,665

The accompanying notes are an integral part of these financial statements.

General Manager	Rimantas Bakas		24 July 2015
Chief Accountant	Violeta Staškūnienė		24 July 2015

Statements of Cash Flows

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Cash flows from (to) operating activities				
Net profit	4,773	1,798	4,781	1,791
Adjustments for non-cash items:				
Depreciation and amortisation	3,357	2,994	3,348	2,985
Write-offs and change in allowance for accounts receivable	(23)	(106)	(30)	(107)
Interest expenses	285	243	285	243
Change in fair value of derivatives	-	(12)	-	(12)
Loss (profit) from sale and write-off of property, plant and equipment and value of the shares	29	(55)	29	(55)
(Amortisation) of grants (deferred income)	(355)	(230)	(355)	(230)
Change in write-down to net realisable value of inventories and fixed assets stock	32	(24)	32	(24)
Change employee benefit liability	-	(4)	-	-
Calculation of the value of shares	98	-	98	-
Change in accruals	-	(2)	-	-
Impairment of investment in subsidiary	-	-	-	-
Elimination of other financial and investing activity results	(105)	(177)	(105)	(177)
Total adjustments for non-cash items:	3,318	2,627	3,302	2,623
Changes in working capital:				
(Increase) decrease in inventories	(61)	49	(62)	33
(Increase) decrease in prepayments	13	(44)	17	(44)
(Increase) decrease in trade receivables	11,294	10,885	11,296	10,883
(Increase) in other receivables	5,151	(899)	5,155	(886)
(Decrease) increase in other non-current liabilities	5	1	5	1
(Increase) decrease in current trade payables and advances received	(15,873)	(10,253)	(15,873)	(10,252)
(Decrease) increase in payroll-related liabilities	119	70	118	88
Increase (decrease) in other liabilities to budget	29	(296)	26	(293)
Increase (decrease) in other current liabilities	(226)	21	(225)	21
Total changes in working capital:	451	(466)	457	(449)
Net cash flows from operating activities	8,542	3,959	8,540	3,965

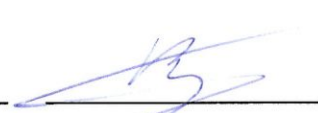

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The accompanying notes are an integral part of these financial statements.

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Cash flows from (to) the investing activities				
(Acquisition) of tangible and intangible assets	(2,711)	(3,759)	(2,711)	(3,759)
Proceeds from sale of tangible assets	55	187	55	186
Interest received for overdue accounts receivable	133	177	133	177
Penalties received	-	-	-	-
Decrease of non-current accounts receivable	6	3	6	3
Interest received	-	-	-	-
Net cash (used in) investing activities	(2,517)	(3,392)	(2,517)	(3,393)
Cash flows from (to) financing activities				
Proceeds from loans	4,631	5,100	4,631	5,100
(Repayment) of loans	(10,729)	(5,983)	(10,729)	(5,983)
Interest (paid)	(225)	(279)	(225)	(279)
Financial lease (payments)	(44)	(16)	(44)	(16)
Penalties and fines (paid)	(28)	-	(28)	-
Shareholder (contributions) to a subsidiary	-	-	-	-
Dividends (paid)	(128)	-	(128)	-
Received grants	1,892	716	1,892	716
Net cash flows from (used in) financing activities	(4,631)	(462)	(4,631)	(462)
Net (decrease) increase in cash and cash equivalents	1,394	105	1,392	110
Cash and cash equivalents at the beginning of the period	389	624	384	618
Cash and cash equivalents at the end of the period	1,783	729	1,776	728

(the end)

The accompanying notes are an integral part of these financial statements.

<u>General Manager</u>	<u>Rimantas Bakas</u>		<u>24 July 2015</u>
<u>Chief Accountant</u>	<u>Violeta Staškūnienė</u>		<u>24 July 2015</u>

Notes to the financial statements

1. General information

AB Kauno Energija (hereinafter – the Company) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows: Raudondvario Rd. 84, Kaunas, Lithuania.

AB Kauno Energija consists of the Company's head office and the branch of Jurbarko Šilumos Tinklai.

The Company is involved in heat and hot water supplies, electricity generation and distribution and also in maintenance of manifolds. The Company was registered on 1 July 1997 after the reorganisation of AB Lietuvos Energija. The Company's shares are traded on the Baltic Secondary List of the NASDAQ OMX Vilnius.

As of 30 June 2015 and of 31 December 2014 the shareholders of the Company were as follows:

	As of 30 June 2015		As of 31 December 2014	
	Number of shares owned (unit)	Percentage of ownership (percent)	Number of shares owned (unit)	Percentage of ownership (percent)
Kaunas city municipality	39,736,058	92.84	39,736,058	92.84
Kaunas district municipality	1,606,168	3.75	1,606,168	3.75
Jurbarkas district municipality	746,405	1.74	746,405	1.74
Other minor shareholders	713,512	1.67	713,512	1.67
	42,802,143	100.00	42,802,143	100.00

All the shares are ordinary shares. The Company did not hold its own shares.

According to the Law on the Euro Adoption in the Republic of Lithuania No XII-828 of 17 April 2014 that determines order of adoption of Euro in Lithuania starting from 1 January 2015, the value of one Company's share has been recalculated to 1.74 Euro (on 31 December 2014 it was 1.73772 Euro). Result of recalculation of value of the share is EUR 98 thousand and it is reflected in Expenses of financial and investing activities of Group's and Company's Statements of Profit (loss) and other comprehensive income. Company's Statutes are newly registered on 18 May 2015.

On 23 July 2009 in the Company's Shareholders Meeting it was decided to increase the share capital by issuing 22,700,000 ordinary shares with the par value EUR 1.73772 each. Priority right to acquire issued shares was granted to Kaunas city municipality. The issue price of shares is equal to their nominal value. For this share the Company received a contribution in-kind comprising manifolds in Kaunas city with the value of EUR 39,446 thousand which was established by the independent property valutors under the replacement cost method.

On 17 February 2010 in the Company's Extraordinary Shareholders Meeting it was decided to increase the share capital by EUR 197 thousand (from EUR 74,059 thousand to EUR 74,256 thousand) issuing 113,595 ordinary shares with the par value EUR 1.73772 each. The issue price of shares is equal to their nominal value. A building of a boiler house located in Kaunas city, owned by Kaunas City Municipality, and engineering networks located in Jurbarkas city, owned by Jurbarkas Region Municipality, were received as a non-monetary contribution in kind for these shares. The value of this non-monetary contribution as of the transfer date was determined by independent valutors under the replacement cost method.

It was decided at the Company's Extraordinary meeting of shareholders held on 6 January 2014 to increase Company's authorised capital with EUR 122 thousand from EUR 74,256 thousand to EUR 74,378 thousand by issuing 70,166 ordinary shares at a nominal value of EUR 1.73772, whose emission price is equal to nominal value of the share, enabling Kaunas city municipality to purchase those shares, seeking that Kaunas city municipality would dispose its own heat supply pipeline – heat network, situated in Karaliaus Mindaugo av. 50, Kaunas. A newly issued Company's Statutes were registered on 20 March 2014 after increase of authorised capital.

All shares were fully paid as of 30 June 2015 and as of 31 December 2014.

On 28 April 2015 the Annual General Meeting of Shareholders has made a decision to pay EUR 129 thousand, i.e. at 0.3 cents a share in dividends.

On 29 April 2014 the Annual General Meeting of Shareholders has made a decision to pay EUR 124 thousand, i.e. at 0.28962 cents a share in dividends and EUR 24 thousand tantiemes for Company's board members from the profit of the year 2013. Two board members refused tantiemes for board members – EUR 7 thousand. Annual payments are accounted in salaries and social security line of Statements of Profit (loss) and other comprehensive income.

The unpaid part of dividends amounting to EUR 4 thousand as of 30 June 2015 (31 December 2014 – EUR 3 thousand) is accounted for in other current liabilities.

The Group and the Company are also involved in maintenance of heating systems. On 1 July 2006 on the basis of Kaunas Energy Services Department the Company established the subsidiary UAB Pastatų Priežiūros Paslaugos (hereinafter – PPP). The main activity of the PPP is exploitation and maintenance of building heating network and heating consumption equipment, internal engineering networks and systems as well as building structures. Starting from July 1, 2006 the Company contracted the PPP for permanent technical maintenance of heating and hot water supply systems of the buildings maintained by the Company. Whereas, according to the changes in the Law on Heat Sector, the PPP is not able to provide heating and hot water supply systems maintenance services starting from 1 July 2012, reorganization of the PPP in the way of separation was approved by the decision of the Company's Management Board of 6 April 2012. On 16 April, 2013 the Company completed procedures of reorganization of PPP in the way of separation. On 16 April, 2013 the new statutes of activity continuing PPP and newly established subsidiary UAB Kauno Energija NT (hereinafter – KENT) were registered in Register of Legal Entities. On 22 April, 2013 the Company announced a tender of sale of PPP. On 19 June, 2013 Company's Management Board decided not to sell block of shares of PPP at the price bid. On 24 September 2013 the Company's Management Board assigned Company's administration by protocol decision to pursue procedures of the end of PPP as of a legal entity in the way chosen by administration. On 25 October, 2013 Company's Board accepted by the protocol decision liquidation of PPP and pursuance of procedures of choosing of liquidator. On 11 December, 2013 the Company's Board decided as filling functions of the only shareholder of PPP to liquidate a subsidiary PPP starting from 16 December, 2013 and to appoint Attorney's Professional Community Magnusson ir Partneriai attorney Aiva Dumčaitienė as a liquidator.

The Group consists of the Company and the Subsidiaries PPP and KENT (hereinafter – the Group):

Company	Principal place of business	Share held by the Group	Cost of investment	Writing-off cost of investment reducing the capital	Profit (loss) for the year	Total equity	Main activities
UAB Pastatų Priežiūros Paslaugos*	Savanorių Ave. 347, Kaunas	100 percent	1,888	(555)	31	1,364	Maintenance of heating and hot water systems
UAB Pastatų Priežiūros Paslaugos**	Savanorių Ave. 347, Kaunas	100 percent	3	(3)	(3)	-	Maintenance of heating and hot water systems
UAB Kauno energija NT	Savanorių Ave. 347, Kaunas	100 percent	1,330	(256)	(12)	1,293	Rent

- *The data presented as of 31 March, 2013 – until company's separation;
- ** The data presented as of 30 June, 2015 – after company's separation.

As of 30 June 2015 accumulated impairment loss on investment in subsidiarys amounted to EUR 814 thousand (31 December 2014 – EUR 814 thousand) in the Company's profit or loss in article of financial activity expenses.

It has been decided by the decision of the meeting of shareholders PPP of 21 February 2013 to reduce authorised capital to EUR 1,333 thousand by withdrawing accumulated loss of EUR 44 thousand. The new Articles of Association of PPP were registered on 6 March, 2013.

It has been decided by the decision of the meeting of PPP's shareholders of 22th of March, 2013 to transfer to PPP EUR 13 thousand shareholder's contribution in, and EUR 32 thousand targeted shareholder contributions, that were transferred in 22 March 2013.

Legal Regulations

Operations of the Company are regulated by the Heating Law No. IX-1565 of 20 May 2003 of the Republic of Lithuania. Starting from 1 January 2008, the Law amending the Heating Law No. X-1329 of 20 November 2007 of the Republic of Lithuania came in to force. Starting from 1 November, 2011 the change in Heating Law came in to force. It determines that heating and hot water systems as well as heat points of blocks of flats must be supervised by the supervisor unrelated to the supplier of heat and hot water, who must be chosen by inhabitants of this block of flats, without reference to ownership of these heat points. This prohibition, provided by the law, is not applied to the maintenance of heating and hot water systems of buildings which appear in populated localities with less than 50,000 inhabitants according to the data of the Lithuanian Department of Statistics, if the municipal council doesn't make a different decision. Starting from November 1, 2011 any expenses, related to maintenance of the heat points are not included in a heat price since that date.

According to the Heating Law of the Republic of Lithuania, the Company's activities are licensed and regulated by the State Price Regulation Commission of Energy Resources (hereinafter the Commission). On 26 February 2004 the Commission granted the Company the heat distribution license. The license has indefinite maturity, but is subject to meeting certain requirements and may be revoked based on the respective decision of the Commission. The Commission also sets price cap for the heat supply. On the 14 December 2012 the Commission determined by its decision No. O3-413 a new basic heat rates force components for the period from 1 January 2013 till 31 December 2016.

Operational Activity

Company's generation capacities include Petrašiūnai power plant, 4 boiler-houses in Kaunas integrated network, 7 district boiler-houses in Kaunas district, 1 regional boiler-house in Jurbarkas city, 13 boiler-houses in isolated networks and 29 local gas burned boiler-house in Kaunas city.

Total installed heat generation capacities amount to 551.453 MW (including 37.5 MW of condensing economizers). Electricity generation capacities amount up to 8.75 MW. 294.8 MW of heat generation capacities (including 16 MW condensing economizer) and 8 MW of electricity generation capacities are located in Petrašiūnai power plant. 29.8 MW of heat generation capacities (including 2.8 MW condensing economizer) are located in Jurbarkas city. Total Company's power generation capacities amount to 560.203 MW (including 37.5 MW of condensing economizers).

By selling a part of the assets of the subdivision Kauno Elektrinė to UAB Kauno Termofikacijos Elektrinė (hereinafter – KTE) the Company committed in Heat purchase contract of 31 March 2003 to purchase at least 80 percent of the annual heat demand of Kaunas integrated heating network. The contract is valid for 15 years from the signing day. It was determined in this contract that heat purchase price from KTE will not increase in 5 years from the day of contract signing. Starting from 1 December 2008 a new basic heat prices for each 4 years period are being approved by the Commission for KTE and for the Company according to valid legal acts.

The Company received an official note on the 13th of April, 2012 confirming the decision of Gazprom OAO to sell its shares to the smaller shareholder "Clement Power Venture Inc.", and the provision, that Gazprom OAO as the main shareholder of KTE must ensure that during the term of Heat Energy Purchase agreement, i. e. until the 30th of March, 2018 it will own the main block of shares and adequate (not less than 51 percent) number of votes in General meeting of shareholders, is confirmed in heat purchase agreement signed in 2003 between the Company and KTE, Company's Management Board decided on the 10th of July, 2012 to approve the selling of

all the shares of Kauno Termofikacijos Elektrinė UAB owned by Gazprom OAO to Clement Power Venture Inc., regularizing terms of change of contracts agreements signed with Kauno Termofikacijos Elektrinė UAB and seeking the best for the Company from this selling. On 13 March 2013 KTE adduced to Company an evidence, i.e. an extract from securities account, saying that ownership of the shares of KTE owned by Gazprom OAO is transferred to Clement Power Venture Inc. since 7 March 2013. The changes of Agreement on Investments and of Heat Energy Purchase Contract of 31 March 2003 which were signed respectively on 13 August 2012 and 28 September 2012, as well as termination of Contract of Guarantee signed between Company and Gazprom OAO on 13 August 2012 came into force since that date. Following changes of Heat Energy Purchase Contract that came into force, Company's obligation to purchase from KTE at least 80 per cent of produced heat, demanded in Kaunas integrated heat supply network was withdrawn. According to changes of Agreement on Investments it was newly agreed and investments objects were intended for a preliminary sum of EUR 101 million as well as detailed schedule of investments implementation for the years 2013 – 2017. Herewith KTE took the obligations from these investments to finance Company's investments in Company's infrastructure in amount of EUR 3 million, which will be fulfilled during the period of 2012 – 2016. KTE obliged to pay 10 percent forfeit from the value of unfulfilled investments. Notwithstanding agreements reached, on 30 April, 2013 KTE placed a claim to Vilnius Court of Commercial Arbitration. KTE seeks to argue obligations, determined by chapters 2 and 3 of Change of Investments Agreement of 13 August, 2012 by this claim regarding investments in Company heat economy in amount of EUR 3 million and the terms of implementation as well as forfeit (penalties) determined if those investments would not be implemented. According 19th February, 2014 Arbitration decision Company and KTE began negotiations for a peaceful settlement of investment dispute, however on 26th May Company has informed Arbitration court that compromise has not been reached. KTE specified it's claim requisitions in the case, by which alternatively asks Arbitration court to terminate Investment agreement. Arbitration court conjoined this case with the case in which the Company placed a claim seeking that KTE would pay to the Company EUR 0.94 million for inappropriate implementation of its obligations to finance in the years 2012 – 2013 Company's investments according to 31 March 2003 Investment agreement changes, signed on 13 August 2012 and 28 September 2012. The case is still pending and a decision is not taken. As KTE continuously did not implement its obligations, the Company applied to Arbitration on 30 January 2015 with specified requirements to adjudge in addition EUR 652 thousand for non financed Company's investments of the year 2014. Total requirements – EUR 1,593 thousand. On 30 April 2015 KTE offered in written the renewal of negotiations regarding peaceful settlement of the case and the Arbitration continued until 29 September 2015, providing additional time for both sides for negotiations regarding possibilities of peaceful resolution of the litigation and documents arrangement. Negotiations between the sides are in progress.

In 2015 the average number of employees at the Group was 548 (554 employees in 2014). In 2015 the average number of employees at the Company was 545 (551 employees in 2014).

Strategic Decisions

On 22 January 2015 the Kaunas city council approved corrected Company's investment plan for the years 2012 – 2015, according to which investments in amount of EUR 67.14 million are intended to invest into Company's assets during the period of the years 2012 – 2015. The Group and the Company invested EUR 2,817 thousand and EUR 2,817 thousand in the own assets respectively during the year 2015 (during 2014 – EUR 19,630 thousand and EUR 19,651 thousand).

Estimating conditionally high price of the heat bought from KTE, which owns a main Kaunas heat production source, and seeking to contribute to the international liabilities of Lithuania to increase usage of renewable energy sources in heat production, to reduce Lithuania's dependence from imported fossil fuel and to provide the heat energy at a competitive price, the Company initiated reconstruction projects of existing boiler-houses, fitting them to work on wood fuel (wooden chips, waste of deforestation, sawdust).

In 2013 the projects "Reconstruction of Noreikiškės boiler-house equipping it with biofuel burned 4 MW capacity water heating boiler" (value of the project is EUR 1.94 million, planned amount of produced heat – 16 GWh per year) and "Reconstruction of Ežerėlis boiler-house equipping it with biofuel burned 3.5 MW capacity water heating boiler" (value of the project is EUR 1.36 million, planned amount of produced heat – 6.7 GWh per year) were implemented. Both projects were implemented using financial support from Lithuanian Environmental Investment Fund (LEIF) in amount of EUR 1.18 million. 14 GWh of heat were produced in Noreikiškės boiler-house and 7 GWh of heat – in Ežerėlis boiler-house during the year 2014.

In 2013 the Company reconstructed old water heating boiler DKVR No. 6 in Šilkas boiler-house, transforming it into a new 9 MW biofuel water heating boiler with 1 MW dry flow economizer. Total installed capacity of biofuel burned boilers was 10 MW. Along with this boiler a 15 MW capacity gas burned boiler with 1.5 MW capacity condensational economizer was also installed in Šilkas boiler-house in the year 2013. 71 GWh of heat were produced in this boiler-house in the year 2014.

The 18 MW capacity gas burned water heating boiler was installed in Pergalė boiler-house in the year 2013 from the Company's own funds. A 53 GWh of heat were produced in this boiler-house in the year 2014.

In the year 2013 the Company started and at 31 March 2014 finished the reconstruction of water heating boiler PTVM-100 No. 2 in Petrašiūnai power plant equipping boiler with 10 MW capacity condensational economizer. The total value of the project was EUR 1.56 million. Conditional fuel consumption for heat production decreased in this equipment by 6.74 kg_{oe}/MWh from 94.2 to 87.46 kg_{oe}/MWh in the year 2014. A 53.85 GWh of heat were produced in this power plant in the year 2014. The Company saved 363 t_{oe} of fuel.

The Company started in the year 2013 and plans to accomplish in May 2015 a reconstruction of Šilkas boiler-house where the new biofuel burned 8 MW capacity water heating boiler and common for boilers No. 5 and No. 6 4 MW capacity condensational economizer are installed instead of old 9 MW capacity water heating boiler DKVR 10-13 No 5. The total value of the project with the support from Lithuanian business support agency (LBSA) is EUR 2.33 million.

The Company started in 2015 replacement of biofuel burned boiler No. 6 in Šilkas boiler-house. It is planned to install a new 9 MW capacity biofuel burned boiler instead of existing DKVR type boiler No. 6 adjusted for work with biofuel in order to reduce heat production expenditures. Value of the project is EUR 637 thousand (EUR 232 thousand of them is support from LEIF).

Started in 2013, The Company plans to accomplish on April 2015 a reconstruction project of Inkaras boiler-house installing here two biofuel burned water heating boilers at capacity of 8 MW each along with furnaces and combined condensational economizer at capacity of 4 MW. Total value of the project with the support from LBSA (EUR 1.74 million) is EUR 5.71 million.

In order to change currently used fuel into biofuel, the Company started in 2014 and plans to accomplish in 2015 the reconstruction project of Petrašiūnai power-plant performing the installation of two biofuel water heating boilers at capacity of 12 MW each and combined condensational economizer at capacity of 6 MW. Total installed capacity of this equipment will reach 30 MW. Up to 244 GWh of heat energy are planned to produce with this new equipment. It would consume 93 thousand tons of wooden fuel per year. Predictable value of the project with the support from LBSA (EUR 1.52 million) is EUR 6.30 million.

In the year 2014 the common index of Company's fuel usage was 88.50 kg_{oe}/MWh, i.e. at 2.6 kg_{oe}/MWh lower as compared to the index (91.1 kg_{oe}/MWh) used to count a base heat price. The Company saved 760 t_{oe} during the year producing 292 GWh of heat.

Company's annual technological heat losses in centralized heat supplies network in the year 2014 were 244 GWh or at 13 GWh lower than in the year 2013. As compared to the index (280 GWh) used in base heat price count, approximately 36 GWh of heat were saved.

Company's annual water consumption for technological purposes in the year 2014 were 255 thousand tons or at 51 thousand tons lower than in the year 2013. Compared to the index (518 thousand tons) used in base heat price count, approximately 263 tons of water were saved.

Company's comparative annual electricity consumption in heat production in the year 2014 were 14.58 kWh/MWh or at 0.21 kWh/MWh (1.4 %) lower than in the year 2013. Compared to the index (14.6 kWh/MWh) used in base heat price count, approximately 5.85 MWh of electricity were saved.

In the year 2014 the Company reconstructed its own main pipelines named 5T, 6Ž, 1Ž, 3Ž and 4Ž of the integrated heat supply network. Total estimated value of these projects is EUR 4,098 thousand (including LBSA support in amount of EUR 1.883 million).

On March 2015 after UAB Ekopartneris biofuel burned boiler house with total capacity of 19.4 MW was connected to Company's heat supply network the total maximum capacity of biofuel burned boiler houses of all independent heat producers (hereinafter – IHP) amounts to 140 MW. In total the Company purchases heat from nine IHP (eight of them sell heat, produced using biofuel).

The Company has applications from 11 potential IHP at the moment (with total capacity of approximately 500 MW) to connect them to Company's integrated heat supply network. Together with coming of IHP new issues arise, such as network management and balancing of IHP capacities in the case of emergency stop, maintaining of optimum working parameters, regulation of order of heat purchase from IHP and its vicissitude and appliance.

Implemented projects made an impact on decrease of heat price for consumers.

Answering to Lietuvos Energija, UAB invitation to put forward proposals of cooperation on implementation of projects of cogeneration plants, on 22 July 2014 the Company placed an application to take part in contest, announced by Lietuvos Energija, UAB, named Cooperation For Implementation of Modernization Projects of Heat Economies of Vilnius and Kaunas Cities, By Equipping Cogeneration Power-plants, Using Local and Renewable Energy Sources. Company's application has been recognized as suitable in March 2015. On 20 May 2015 Lietuvos Energija, UAB signed a contract with UAB Fortum Heat Lietuva regarding development of a project of new cogeneration power-plant in Kaunas. It is anticipated in contract that except UAB Fortum Heat Lietuva, the shares of new power-plant can be offered to the Company.

2. Accounting principles

2.1. Adoption of new and/or amended IFRS

In the current year, the Group and the Company has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB as adopted by the EU that are relevant to the Company and the Group operations.

2.2. Statement of Compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations of them. The standards are issued by the International Accounting Standards Board (IASB) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

2.3. Basis of the preparation of financial statements

The financial statements have been prepared on a cost basis, except for certain financial instruments, which are stated at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which they operate (the 'functional currency'). The amounts shown in these financial statements are measured and presented in the local currency of the Republic of Lithuania, Euro (EUR) which is a functional and presentation currency of the Company and its subsidiaries and all values are rounded to the nearest thousands, except when otherwise indicated.

Starting from 1 January 2015 the local currency of the Republic of Lithuania is Euro, the rate of which in regard of other currencies is set daily by European Central Bank. Starting from 2002 till 31 December 2014 local currency was litas which was pegged to Euro at the rate of 3.4528 LTL for 1 Euro and the exchange rates in regard to other currencies was set daily by the Bank of Lithuania.

2.4. Principles of consolidation

Principles of consolidation

The consolidated financial statements of the Group include AB Kauno Energija and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Consolidated financial statements are prepared on the basis of the same accounting principles applied to similar transactions and other events under similar circumstances.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of Profit (loss) and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiary is the company which is directly or indirectly controlled by the parent company. The control is normally evidenced when the Group owns, either directly or indirectly, more than 50 percent of the voting rights of a company's share capital or otherwise has power to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any

difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.5. Investments in subsidiaries

Investments in subsidiaries in the Company's Statements of Financial Position are recognized at cost. The dividend income from the investment is recognized in the profit (loss).

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2.6. Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Licenses

Amounts paid for licenses are capitalised and then amortised over useful life (3 – 4 years).

Software

The costs of acquisition of new software are capitalised and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortised over a period not exceeding 3 years.

Costs incurred in order to restore or maintain the future economic benefits of performance of the existing software systems are recognised as an expense for the period when the restoration or maintenance work is carried out.

2.7. Accounting for emission rights

The Group and the Company apply a 'net liability' approach in accounting for the emission rights received. It records the emission allowances granted to it at nominal amount, as permitted by IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Liabilities for emissions are recognised only as emissions are made (i.e. provisions are never made on the basis of expected future emissions) and only when the reporting entity has made emissions in excess of the rights held.

When applying the net liability approach, the Group and the Company have chosen a system that measures deficits on the basis of an annual allocation of emission rights.

The outright sale of an emission right is recorded as a sale at the value of consideration received. Any difference between the fair value of the consideration received and its carrying amount is recorded as a gain or loss, irrespective of whether this creates an actual or an expected deficit of the allowances held. When a sale creates an actual deficit an additional liability is recognised with a charge to the profit or loss.

2.8. Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred if the asset recognition criteria are met.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's and the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives are reviewed annually to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from the items in property, plant and equipment. Depreciation periods were revised as of 1 September 2008, as further described in Note 2.25.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

	Years
Buildings	15 – 50
Structures and machinery	5 – 70
Vehicles	4 – 10
Equipment and tools	4 – 20

Freehold land is not depreciated.

The Group and the Company capitalizes property, plant and equipment purchases with useful life over one year and an acquisition cost above EUR 144.81.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the

difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit (loss) and other comprehensive income in the year the asset is derecognized.

Subsequent repair costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss in the period in which they are incurred.

Lease hold improvement expenses related to property under rental and/or operating lease agreements which prolong the estimated useful life of the asset are capitalized and depreciated during the term of rental and/or operating lease agreements.

Construction-in-progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

2.9. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each statement of financial position date, the Group and the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, Group's and Company's assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be significantly less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased significantly to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.10. Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the

effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Available-for-sale financial assets (AFS financial assets)

Available-for-sale financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group and the Company that are traded in an active market are classified as available-for-sale and are stated at fair value. The Group and the Company also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's and the Company's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Gains or losses are recognized in profit or loss when the asset value decreases or it is amortized.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Derecognition of financial assets

The Group and the Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

2.11. Derivative financial instruments

The Group and the Company uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the profit (loss) for the period if they do not qualify for hedge accounting.

The fair value of interest rate swap contracts is determined by the reference to market values for similar instruments.

2.12. Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of inventories are determined on a first-in, first-out (FIFO) basis.

The cost of inventories is net of volume discounts and rebates received from suppliers during the reporting period but applicable to the inventories still held in stock.

2.13. Provisions

Provisions are recognized when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14. Cash and cash equivalents

Cash includes cash on hand, cash at banks and cash in transit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks, cash in transit, deposits held at call with banks, and other short-term highly liquid investments.

2.15. Employee benefits

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

2.16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group and the Company derecognises financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

2.18. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group and the Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group and the Company as lessee

Assets held under finance leases are initially recognised as assets of the Group and the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's and the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.19. Grants (deferred income)

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group and the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group and the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognized as deferred income and is credited to profit or loss in equal annual amounts over the expected useful life of related asset. In the statement of comprehensive income, a relevant expense account is reduced by the amount of grant amortisation.

Assets received free of charge are initially recognised at fair value.

Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

The balance of unutilised grants is shown in the caption Grants (deferred income) in the balance sheet.

2.20. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. In 2015 the income tax applied to the Group and the Company was 15 percent (2014 – 15 percent).

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such deferred assets and liabilities are not recognized if the temporary difference

arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.21. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average of ordinary registered shares issued. There are no instructions reducing earnings per share, there is no difference between the basic and diluted earnings per share.

2.22. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

Revenue from sales of heat energy is recognised based on the bills issued to residential and other customers for heating and heating-up of cold water. The customers are billed monthly according to the readings of heat meters.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group and the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group and the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Late payment interest income from overdue receivables is recognised upon receipt.

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly

discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's and the Company's policy for recognition of revenue from operating leases is described in Note 2.18 below.

2.23. Expense recognition

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In those cases when a long period of payment is established and the interest is not distinguished, the amount of expenses is estimated by discounting the amount of payment using the market interest rate.

2.24. Foreign currencies

In preparing the financial statements of the individual entities of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The presentation currency is Euro (EUR). All transactions made in foreign currency are converted into Euros at the official exchange rate determined daily by the European Central Bank. Financial assets and liabilities are converted into Euros at currency rate of creation day of Statements of financial state. Gains and losses arising on exchange are included in profit or loss for the period at the moment of its appearance. Income or expenditures arising on exchange when converting financial assets or liabilities into euros are included in profit or loss.

The applicable rates used for principal currencies were as follows:

	As of 30 June 2015	As of 31 December 2014
1 EUR	= 1.1133 USD	1 EUR = 1.2141 USD
1 EUR	= 0.7085 GBP	1 EUR = 0.7789 GBP
		1 EUR = 3.4528 LTL

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

2.25. Use of estimates in the preparation of financial statements

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statements of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment – useful life

The key assumptions concerning determination the useful life of property, plant and equipment are as follows: expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in the services, legal or similar limits on the use of the asset, such as the expiry dates of related leases.

The Group and the Company has considered the actual useful life of property, plant and equipment and increased a depreciation rate for the heating connections from 20 years to 30 years and for the heating stations from 10 years to 15 years respectively starting from 1 September 2008.

Realisable value of inventory

Starting from 2011, the management of the Company forms a 100 per cent adjustment to the net realizable value for inventory bought more than one year ago.

Carrying value of non-current assets received as a contribution in kind

In 2009 a new shares issue was paid by contribution in-kind - manifolds situated in Kaunas city: i.e. market value of assets determined upon their transfer by local qualified valuers using depreciated replacement costs method amounted to EUR 39.446 million.

In 2010 a new shares issue was paid by contribution in-kind: i.e. building – boiler-house situated in Kaunas city and by networks system situated in Jurbarkas city. Market value of assets estimated upon their transfer by local qualified valuers by using depreciated replacement costs method amounted to EUR 0.178 million.

In 2014 a new shares issue was paid by contribution in-kind: i.e. networks system situated in in Kaunas city. Market value of assets estimated upon their transfer by local qualified valuers by using depreciated replacement costs method amounted to EUR 0.122 million.

As of 30 June 2015 carrying value of total contribution in-kind amounted to EUR 36,444 thousand, including the manifolds, which amounted to EUR 36,181 thousand (31 December 2014: EUR 36,741 thousand and EUR 36,461 thousand respectively).

Allowances for accounts receivable

The Group and the Company makes allowances for doubtful accounts receivable. Significant judgment is used to estimate doubtful accounts. In estimating doubtful accounts historical and anticipated customer performance are considered. Changes in the economy, industry, or specific customer conditions may require adjustments to the allowance for doubtful accounts recorded in the financial statements.

Deferred Tax Asset

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Litigations

The Group and the Company reviews all legal cases for the end of the reporting period and disclose all relevant information in the Note 24.

2.26. Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.27. Subsequent events

Post-balance sheet events that provide additional information about the Group's and the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.28. Offsetting and comparative figures

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when certain IFRS specifically require such set-off.

2.29. Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief-operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The activities of the Group and the Company are organised in one operating segment therefore further information on segments has not been disclosed in these financial statements.

3. Intangible assets

Amortisation expenses of intangible assets are included in the operating expenses in the statement of comprehensive income.

As of 30 June 2015 part of the non-current intangible assets of the Group and the Company with the acquisition cost of EUR 1,346 thousand (as of 31 December 2014 – EUR 1,346 thousand) were fully amortised but were still in active use.

4. Property, plant and equipment

The depreciation charge of the Group's and Company's property, plant and equipment for the half ended as of 30 June 2015 amounts to EUR 2,988 thousand and EUR 2,979 thousand, respectively (as of 31 December 2014: EUR 5,542 thousand and EUR 5,533 thousand respectively). The amounts of EUR 2,968 thousand and EUR 2,968 thousand (as of 31 December 2014: EUR 5,509 thousand and EUR 5,509 thousand respectively) were included into operating expenses (under depreciation and amortisation and other expenses lines) in the Group's and the Company's statement of comprehensive income. The remaining amounts were included into other activity expenses.

As of 30 June 2015 part of the property, plant and equipment of the Group with acquisition cost of EUR 35,137 thousand (EUR 33,288 thousand as of 31 December 2014) and the Company – EUR 35,019 thousand were fully depreciated (EUR 33,251 thousand as of 31 December 2014), but were still in active use.

As of 30 June 2015 and as of 31 December 2014 the major part of the Group's and Company's construction in progress consisted of heat supply networks, boiler-houses reconstruction and repair works.

As of 30 June 2015 the sum of the Group's and the Company's contractual commitments for the acquisition of property, plant and equipment amounted to EUR 566 thousand (as of 31 December 2014 – EUR 14,712 thousand).

As of 30 June 2015 property, plant and equipment of the Group and the Company with the net book value of EUR 23,830 thousand (EUR 42,914 thousand as of 31 December 2014) was pledged to banks as a collateral for loans (Note 11).

The sum of Group's and Company's capitalized interest was equal to EUR 55 thousand in 2015 (in 2014 – EUR 49 thousand). The capitalization rate varied from 1.06 percent to 3.01 percent in 2015 (in 2014 – from 1.01 percent to 2.87 percent).

As of 30 June 2015 the Group and the Company accounted for assets, not yet ready for use, amounting to EUR 229 thousand in the category Equipment and tools (EUR 307 thousand as of 31 December 2014).

5. Non-current accounts receivable

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Long-term loans granted to the Company's employees	-	6	-	6

Long-term loans granted to the employees of the Company for the period from 1997 to 2023 are non-interest bearing. These loans are accounted for at discounted value as of 30 June 2015 and as of 31 December 2014 using 3.7 percent interest rate. In 2014 effect of reversed discounting amounted to EUR 1 thousand. The reversal of discounting is accounted in the change of depreciation of realisable value of receivables line in the Group's and Company's statement of comprehensive income.

As of 30 June 2015 and as of 31 December 2014 the repayment term of non-current accounts receivable is not yet due and valuation allowance is not determined.

6. Other financial assets

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
<i>Available-for-sale financial assets</i>				
Fair value of shares	28	28	28	28

Financial assets held for sale consists of ordinary shares are unquoted.

7. Inventories

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Technological fuel	1,041	1,017	1,041	1,017
Spare parts	343	322	343	322
Materials	362	346	358	341
	1,746	1,685	1,742	1,680
Less: write-down to net realisable value of inventory at the end of the period	(1,488)	(1,510)	(1,488)	(1,510)
Carrying amount of inventories	258	175	254	170

As of 30 June 2015 Group's and Company's amounted to EUR 1,488 thousand (as of 31 December 2014 – EUR 1,510 thousand) write-down to net realisable value of inventories. Changes in the Write-down to net realisable value of inventories for the 2015 and for the year 2014 were included into change in write-down to net realisable value of inventories caption in the Group's and the Company's statement of Profit (loss) and other comprehensive income.

8. Current accounts receivable

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Trade receivables, gross	16,600	27,894	16,649	27,945
Less: impairment of doubtful receivables	(12,689)	(12,774)	(12,738)	(12,825)
	3,911	15,120	3,911	15,120

Of 31 December 2014 Group's and Company's receivables as include the factored receivables amounting to EUR 585 thousand under the agreement with AB DNB Bank.

Change in impairment of doubtful receivables in 2015 and 2014 is included into the caption of write-offs and change in allowance for accounts receivables in the Group's and the Company's statements of Profit (loss) and other comprehensive income.

Movements in the allowance for impairment of the Group's and the Company's receivables were as follows:

	Group	Company
Balance as of 31 December 2013	15,886	15,937
Additional allowance formed	(2,227)	(2,227)
Write-off	(885)	(885)
Balance as of 31 December 2014	12,774	12,825
Additional allowance formed	(85)	(87)
Write-off	-	-
Balance as of 30 June 2015	12,689	12,738

In 2014 the Group and the Company wrote off EUR 885 thousand and EUR 885 thousand of bad debts respectively. In 2015 the Group and the Company also recovered EUR 5 thousand (in 2014 – EUR 7 thousand) of doubtful receivables, which were written off in the previous periods.

The ageing analysis of the Group's net value of trade receivables as of 30 June 2015 and 31 December 2014 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2015	1,497	522	798	304	31	759	3,911
2014	12,559	683	179	212	250	1,237	15,120

The ageing analysis of the Company's net value of trade receivables as of 30 June 2015 and 31 December 2014 is as follows:

	Trade receivables neither past due nor impaired	Trade receivables past due					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2015	1,497	522	798	304	31	759	3,911
2014	12,559	683	179	212	250	1,237	15,120

Trade receivables are non-interest bearing and the payment terms are usually 30 days or agreed individually.

Other Group's and the Company's receivables consisted of:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Taxes	1,120	4,713	1,117	4,713
Other receivables	576	2,080	638	2,147
Less: value impairment of doubtful receivables	(235)	(173)	(308)	(251)
	1,461	6,620	1,447	6,609

Movements in the allowance for impairment of the Group's and the Company's other receivables were as follows:

	Group	Company
Balance as of 31 December 2013	57	146
Additional allowance formed	153	142
Write-off	(37)	(37)
Balance as of 31 December 2014	173	251
Additional allowance formed	62	57
Write-off	-	-
Balance as of 30 June 2015	235	308

As of 30 June 2015 and 31 December 2014 the major part of the Group's and the Company's other receivables consisted of compensations from municipalities for low income families, receivables from sold inventories (metals, heating equipment) and services supplied (maintenance of manifolds and similar services).

The ageing analysis of the Group's net value of other receivables (excluding taxes) as of 30 June 2015 and 31 December 2014 is as follows:

	Other receivables neither past due nor impaired	Other receivables past due but					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2015	58	37	62	8	4	172	341
2014	783	16	52	159	1	896	1,907

The ageing analysis of the Company's net value of other receivables (excluding taxes) as of 30 June 2015 and 31 December 2014 is as follows:

	Other receivables neither past due nor impaired	Other receivables past due but					Total
		Less than 60 days	60 - 150 days	151 - 240 days	241 - 360 days	More than 360 days	
2015	47	37	62	8	4	172	330
2014	772	16	52	159	1	896	1,896

The Group's and the Company's other receivables are non-interest bearing and the payment terms are usually 30 – 45 days.

According to the management opinion, there are no indications as of the reporting date that the debtors will not meet their payment obligations regarding trade receivables and other receivables that are neither impaired nor past due.

9. Cash and cash equivalents

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Cash in transit	163	116	163	116
Cash at bank	1,614	267	1,607	262
Cash on hand	6	6	6	6
	<u>1,783</u>	<u>389</u>	<u>1,776</u>	<u>384</u>

The Group's and the Company's accounts in banks amounting to EUR 1,771 thousand as of 30 June 2015 (31 December 2014 – EUR 220 thousand) are pledged as collateral for the loans (Note 11).

10. Reserves

Legal and other reserves

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5 percent of net profit calculated in accordance with IFRS are compulsory until the reserve reaches 10 percent of the share capital. The legal reserve cannot be distributed as dividends but can be used to cover any future losses.

On 29 April, 2014 the Company annulled other reserves (EUR 72 thousand) by the decision of shareholders, EUR 99 thousand transferred from retained earnings to legal reserve and EUR 521 thousand to other reserves. Reserve was formed for investments EUR 231 thousand and for support – EUR 290 thousand.

On 28 April 2015 the Company annulled by the decision of shareholders other reserves (EUR 521 thousand), transferred EUR 613 thousand from retained earnings to legal reserve and EUR 713 thousand to other reserves. Reserves were formed for investments – EUR 413 thousand, for support – EUR 200 thousand and for maintenance of heat units – EUR 100 thousand.

11. Borrowings

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Non-current borrowings	21,538	17,028	21,538	17,028
Current portion of non-current borrowings (except leasing which) is disclosed in Note 12)	1,520	4,421	1,520	4,421
Current borrowings (including credit line)	-	7,121	-	7,121
Factoring with recourse agreement	-	585	-	585
Current borrowings	1,520	12,127	1,520	12,127
	<u>23,058</u>	<u>29,155</u>	<u>23,058</u>	<u>29,155</u>

Terms of repayment of non-current borrowings are as follows:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
2015	1,520	4,421	1,520	4,421
2016	3,161	2,784	3,161	2,784
2017	2,625	2,247	2,625	2,247
2018	2,510	2,132	2,510	2,132
2019	2,176	1,798	2,176	1,798
2020	1,644	1,352	1,644	1,352
2021	680	487	680	487
2022	672	480	672	480
2023	673	479	673	479
2024	672	479	672	479
2025	672	479	672	479
2026	672	479	672	479
2027	673	479	673	479
2028	673	479	673	479
2029	672	479	672	479
2030	672	479	672	479
2031	673	479	673	479
2032	673	479	673	479
2033	673	479	673	479
2034	672	479	672	479
	<u>23,058</u>	<u>21,449</u>	<u>23,058</u>	<u>21,449</u>

Average of interest rates (in percent) of borrowings weighted outstanding at the year-end were as follows:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Current borrowings	0.99	1.24	0.99	1.24
Non-current borrowings	2.80	2.66	2.80	2.66

Balance of borrowings (except factoring) at the end of the term in national and foreign currencies was as follows:

Currency of the loan:	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
EUR	23,058	13,289	23,058	13,289
LTL	-	15,281	-	15,281
	<u>23,058</u>	<u>28,570</u>	<u>23,058</u>	<u>28,570</u>

Detailed information on loans as of 30 June 2015:

	Credit institution	Date of contract	Currency	Currency sum, thousand	Sum EUR thousand	Term of maturity	Balance as of 30.06.2015 EUR thousand	A part of 2015, EUR thousand
1.	AB SEB Bank	09/03/2015	EUR	579	579	28/02/2022	-	-
2.	Nordea*	01/12/2006	LTL	6,090	1,764	31/12/2015	108	108
3.	AB SEB Bank	21/12/2006	EUR	2,059	2,059	30/11/2016	87	58
4.	AB DNB Bank	14/11/2007	EUR	576	576	31/12/2016	108	36
5.	Danske**	31/07/2008	EUR	984	984	31/12/2018	351	51
6.	Danske**	31/07/2008	EUR	1,158	1,158	30/09/2017	320	72
7.	Swedbank, AB	02/12/2009	EUR	3,815	3,815	02/12/2016	415	174
8.	MF Lithuania***	09/04/2010	EUR	2,410	2,410	15/03/2034	1,778	-
9.	Swedbank, AB	21/06/2010	EUR	649	649	21/06/2017	-	-
10.	Nordea*	17/09/2010	EUR	1,625	1,625	31/05/2016	263	144
11.	MF Lithuania***	26/10/2010	EUR	807	807	15/03/2034	731	-
12.	AB SEB Bank	11/02/2011	EUR	1,031	1,031	10/02/2019	582	79
13.	Nordea*	19/04/2011	EUR	921	921	30/04/2019	605	78
14.	MF Lithuania***	02/09/2011	EUR	1,672	1,672	01/09/2034	1,651	-
15.	AB SEB Bank	13/10/2011	EUR	290	290	30/11/2019	69	21
16.	AB SEB Bank	09/03/2015	EUR	579	579	28/02/2022	-	-
17.	AB DNB Bank	01/07/2014	LTL	15,000	4,344	30/06/2015	-	-
18.	AB SEB Bank	29/08/2014	LTL	10,000	2,896	28/08/2015	-	-
19.	AB SEB Bank	10/09/2013	LTL	5,200	1,506	30/09/2020	1,318	125
20.	Nordea*	27/09/2013	LTL	1,300	377	30/09/2020	274	13
21.	Nordea*	03/06/2013	LTL	9,000	2,607	03/06/2020	1,692	170
22.	AB SEB Bank	03/06/2013	LTL	2,760	799	30/06/2020	666	67
23.	AB SEB Bank	03/06/2013	LTL	4,240	1,228	30/06/2020	1,018	103
24.	Nordea*	27/09/2013	EUR	655	655	30/09/2020	565	54
25.	Nordea*	28/11/2013	LTL	2,000	579	27/11/2020	399	36
26.	AB DNB Bank	28/02/2014	LTL	5,227	1,514	30/05/2015	-	-
27.	AB SEB Bank	31/03/2014	LTL	5,400	1,564	15/01/2021	1,441	131
28.	MF Lithuania***	31/03/2014	EUR	7,881	7,881	01/12/2034	7,827	-
29.	MF Lithuania***	15/01/2014	EUR	793	793	01/12/2034	790	-
							23,058	1,520

* Nordea Bank Finland Plc. Lithuanian branch;

** Danske Bank A/S Lithuania branch;

*** Ministry of Finance of the Republic of Lithuania.

On 2 January 2014 the Group and the Company signed a factoring with recourse agreement with AB DNB Bank amounted to the limit EUR 2,462 thousand. Factoring advance is 90 percent. The term of validity of agreement is 30 April 2015. As of 31 December 2014 liability of the factoring with recourse, amounting to EUR 585 thousand is accounted within the caption of current borrowings.

The immovable property (Note 4), bank accounts (Note 9) and land lease right of the Group and the Company were pledged as collateral for the borrowings.

12. Finance lease obligations

The assets leased by the Group and the Company under finance lease contracts mainly consist of vehicles. The terms of financial lease are 3 years. The finance lease agreement is in EUR.

Future minimal lease payments were:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Within one year	14	26	14	26
From one to five years	29	11	29	11
Total financial lease obligations	43	37	43	37
Interest	(1)	(1)	(1)	(1)
Present value of financial lease obligations	42	36	42	36
Financial lease obligations are accounted for as:				
- current	13	25	13	25
- non-current	29	11	29	11

13. Grants (deferred income)

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Balance at the beginning of the reporting period	13,764	8,395	13,764	8,395
Received during the year	1,946	5,857	1,946	5,857
Amortisation	(355)	(488)	(355)	(488)
Balance at the end of the reporting period	15,355	13,764	15,355	13,764

On 15 October 2009 the Group and the Company signed the agreement on the financing and administration of the project "Renovation of Centralised Heat Networks in the Kaunas City by Installing Advanced Technologies (Reconstruction of Heat Supply Networks at V. Krėvės Ave. 82 A, 118 H, Kaunas)", according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 1,738 thousand after terms and conditions of the agreement are fulfilled. The Company received the financial support in the amount of EUR 1,692 thousand by 30 June 2015. The project is completed.

On 15 October 2009 the Group and the Company signed the agreement on the financing and administration of the project "Modernisation of Kaunas City Integrated Network Centre Main (4T)", according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 1,735 thousand after terms and conditions of the agreement are fulfilled. The Company received the financial support in the amount of EUR 1,279 thousand by 30 June 2015. The project is completed.

On 15 October 2009 the Group and the Company signed the agreement on the financing and administration of the project "Kaunas City Main Heat Supply Networks 6T at Kuršių St. 49C, Jonavos St. between NA-7 and NA-9 and Networks under the Bridge through the river Neris in the auto-highway Vilnius-Klaipėda near Kaunas city, Complex Reconstruction for the Increase of Reliability by Installing Advanced Technologies", according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 676 thousand after terms and conditions of the agreement are fulfilled. The Company received the financial support in the amount of EUR 500 thousand by 30 June 2015. The project is completed.

On 21 July 2010 the Group and the Company signed the agreement on the financing and administration of the project "The development of centralized heat supply by building a new heat supply trace (heat supply network from A. Juozapavičiaus ave. 23A to A. Juozapavičiaus ave. 90)", according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 454 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2015 financing in amount of EUR 413 thousand has been received. The project is completed.

On 21 July 2010 the Group and the Company signed the agreement on the financing and administration of the project “The modernisation of Žaliakalnis main of Kaunas integrated network (4Ž)”, according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 807 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2015 financing in amount of EUR 731 thousand has been received. The project is completed.

On 21 July 2011 the Group and the Company signed the agreement on the financing and administration of the project “The modernisation of Dainava area main of Kaunas integrated network (1T)”, according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 452 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2015 financial support in amount of EUR 431 thousand has been received. The project is completed.

On 21 July 2011 the Group and the Company signed the agreement on the financing and administration of the project “The modernisation of Aukštieji Šančiai area main of Kaunas integrated network (2Ž)”, according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 469 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2015 financial support in amount of EUR 469 thousand has been received. The project is completed.

On 21 July 2011 the Group and the Company signed the agreement on the financing and administration of the project “The modernisation of Vilijampolė area heating network of Kaunas integrated network (9K)”, according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 172 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2015 financial support in amount of EUR 172 thousand has been received. The project is completed.

On 21 July 2011 the Group and the Company signed the agreement on the financing and administration of the project “The modernisation of Pramonė area main of Kaunas integrated network (1Ž)”, according to which the Company will be receiving financing from the European Regional Development Fund in the amount of EUR 579 thousand after terms and conditions of the agreement are fulfilled. As of 30 June 2015 financing in amount of EUR 579 thousand has been received. The project is completed.

On 16 January 2013 the Group and the Company signed a financing agreement for the project “Reconstruction of Ežerėlis boiler-house equipping it with bio-fuel burned 3.5 MW capacity water boiler”, according to which the financing in amount of EUR 519 thousand is provided for the Company from the funds of LEIF Climate Change Special Program after terms and conditions of the agreement are fulfilled. As of 30 June 2015 the Company has got a financial support in amount of EUR 517 thousand, EUR 71 thousand are accounted in Group's and Company's other receivables line. The project is completed.

On 16 January 2013 the Group and the Company signed a financing agreement for the project “Reconstruction of Noreikiškės boiler-house equipping it with bio-fuel burned 4 MW capacity water boiler”, according to which the financing in amount of EUR 666 thousand is provided for the Company from the funds of LEIF Climate Change Special Program after terms and conditions of the agreement are fulfilled. As of 30 June 2015 the Company has got a financial support in amount of EUR 664 thousand, EUR 84 thousand are accounted in Group's and Company's other receivables line. The project is completed.

On 8 July 2013 the Group and the Company signed a financing agreement of the project “Reconstruction of Pergalė boiler-house equipping it with condensational economizer”, under which financing in amount of EUR 185 thousand is provided for the Company from Lithuanian Environmental Investment Fund after the terms of agreement are fulfilled. As of 30 June 2015 the Company has got a financial support in amount of EUR 185 thousand. The project is completed.

On 28 November 2013 the Group and the Company signed agreement of financing of the project “Reconstruction of Šilkas boiler-house, changing used fuel to biofuel (stage II)” under which a financing in amount of EUR 1,156 thousand is allocated to the Company from Cohesion fund after fulfilling of the terms of agreement. As of 30 June 2015 the Company has got a financial support in amount of EUR 1,154 thousand, EUR 29 thousand are accounted in Group's and Company's other receivables line.

On 28 November 2013 the Group and the Company signed agreement of financing of the project "Reconstruction of Petrašiūnai power plant, changing used fuel to biofuel (stage I)" under which a financing in amount of EUR 1,738 thousand is allocated to the Company from Cohesion fund after fulfilling of the terms of agreement. As of 30 June 2015 the Company has got a financial support in amount of EUR 1,523 thousand, EUR 16 thousand are accounted in Group's and Company's other receivables line.

On 28 November 2013 the Group and the Company signed agreement of financing of the project "Reconstruction of Inkaras boiler-house, changing used fuel to biofuel" under which a financing in amount of EUR 1,738 thousand is allocated to the Company from Cohesion fund after fulfilling of the terms of agreement. As of 30 June 2015 the Company has got a financial support in amount of EUR 1,738 thousand, EUR 9 thousand are accounted in Group's and Company's other receivables line.

On 20 December 2013 the Group and the Company signed agreement of financing and administration of the project "Reconstruction of Kaunas main 4Ž between heat cameras 4Ž-10 and 4Ž-15 Taikos av." under which a financing in amount of EUR 307 thousand is allocated to the Company from European Regional Development Fund after fulfilling of the terms of agreement. As of 30 June 2015 financial support in amount of EUR 306 thousand has been received. The project is completed.

On 20 December 2013 the Group and the Company signed agreement of financing and administration of the project "Reconstruction of Kaunas main 3Ž between heat cameras 3Ž-9 and 3Ž-9-5 A. Baranausko str." under which a financing in amount of EUR 228 thousand is allocated to the Company from European Regional Development Fund after fulfilling of the terms of agreement. As of 30 June 2015 financial support in amount of EUR 208 thousand has been received.

On 31 December 2013 the Group and the Company signed agreement of financing and administration of the project "Reconstruction of Kaunas main 1Ž between heat cameras 1Ž-7 and 1Ž-8 and between heat cameras 1Ž-10 and 1Ž-12 in Chemijos str." under which a financing in amount of EUR 579 thousand is allocated to the Company from European Regional Development Fund after fulfilling of the terms of agreement. As of 30 June 2015 financial support in amount of EUR 579 thousand has been received.

On 31 December 2013 the Group and the Company signed agreement of financing and administration of the project "Modernization of Kaunas integrated network main 6Ž" under which a financing in amount of EUR 299 thousand is allocated to the Company from European Regional Development Fund after fulfilling of the terms of agreement. As of 30 June 2015 financial support in amount of EUR 296 thousand has been received. The project is completed.

On 31 December 2013 the Group and the Company signed agreement of financing and administration of the project "Modernization of Kaunas integrated network main 5T" under which a financing in amount of EUR 494 thousand is allocated to the Company from European Regional Development Fund after fulfilling of the terms of agreement. As of 30 June 2015 financial support in amount of EUR 494 thousand has been received. The project is completed.

14. Employee benefit liability

According to Lithuanian legislation and the conditions of the collective employment agreement, each employee of the Group and the Company is entitled to 1 - 6 months' salary payment when leaving the job at or after the start of the pension period. The Group's and the Company's total employee benefit liability is stated below:

	Group		Company	
	2015	2014	2015	2014
Employee benefit liability at the beginning of the year	885	873	885	857
Paid	(71)	(91)	(71)	(73)
Formed	-	103	-	101
Employee benefit liability at the end of the year	814	885	814	885
Non-current employee benefit liability	620	620	620	620
Current employee benefit liability	194	265	194	265

During the 2015 total amount of the benefit paid to the employees by the Group amounted to EUR 71 thousand (in 2014 – EUR 91 thousand), and by the Company – EUR 71 thousand (in 2014 – EUR 73 thousand) and are included in the caption of salaries and social security expenses in the Group's and the Company's statement of Profit (loss) and other comprehensive income.

The principal assumptions used in determining pension benefit obligation for the Group's and the Company's plan is shown below:

	As of 30 June 2015	As of 31 December 2014
Discount rate	4.0 percent	4.0 percent
Employee turnover rate	18.9 percent	18.9 percent
Expected average annual salary increases	3.0 percent	3.0 percent

15. Derivative financial instruments

As at 30 June 2015 and 31 December 2014 the Company did not have valid transactions concerning derivative financial instruments.

16. Sales income

The Group's and the Company's activities are heat supplies, maintenance of manifolds, electricity production and other activities. Starting from the year 2010 a part of inhabitants chose the Company as the hot water supplier. Those activities are inter-related, so consequently for management purposes the Group's and the Company's activities are organised as one main segment – heat energy supply. The Group's and the Company's sales income according to the activities are stated below.

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Heat supplies	35,739	44,661	35,744	44,668
Hot water supplies	1,351	1,430	1,351	1,430
Maintenance of manifolds	113	114	113	114
Maintenance of heat and hot water systems	16	21	16	19
Electric energy	122	87	122	87
Maintenance of hot water meters	127	70	127	70
	37,468	46,383	37,473	46,388

17. Other expenses

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Cash collection expenses	118	247	118	247
Equipment verification and inspection	272	251	272	251
Maintenance of manifolds	199	201	199	201
Debts collection expenses	26	28	26	27
Sponsorship	89	320	89	320
Consulting expenses	42	83	42	83
Customer bills issue and delivery expenses	63	62	63	63
Communication expenses	22	26	22	26
Employees related expenses	44	58	44	58
Insurance	69	63	69	63
Long term assets maintenance and related services	47	37	47	37
Membership fee	22	30	22	30
Transport expenses	53	13	53	12
Advertising expenses	16	18	16	18
Audit expenses	13	12	13	12
Rent of equipment and machinery	7	5	7	5
Other expenses	154	147	154	145
	1,256	1,601	1,256	1,598

18. Other activities income and expenses

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Income from other operating activities				
Miscellaneous services	244	224	207	189
Materials sold	10	13	10	-
Gain from sale of non-current assets	24	78	24	78
Other	25	13	25	11
	303	328	266	278
Expenses from other operating activities				
Cost of miscellaneous services	(147)	(107)	(114)	(89)
Cost of materials sold	(14)	(21)	(14)	-
Write off of non-current assets	(53)	(14)	(53)	(14)
Loss from sale of non-current assets	-	(9)	-	(9)
Other	(16)	(3)	(16)	(3)
	(230)	(154)	(197)	(115)

19. Finance income

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Interest from late payment of accounts receivable	133	177	133	177
Fines	-	-	-	-
Impairment of non-current financial assets	-	-	-	-
Change in fair value of derivative financial instruments	-	12	-	12
Bank interest	-	-	-	-
Other	-	-	-	-
	133	189	133	189

20. Finance costs

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Interest on bank loans and overdrafts	(285)	(243)	(285)	(243)
Calculation of the value of shares	(98)	-	(98)	-
Penalties	(28)	-	(28)	-
Shareholder's contributions in subsidiary	-	-	-	-
Exchange rate change	-	-	-	-
	(411)	(243)	(411)	(243)

21. Income tax

As of 30 June 2015 and 31 December 2014 deferred income tax asset and liability were accounted for by applying 15 percent rate. All changes in deferred tax are reported in the statement of Profit (loss) and others comprehensive income.

22. Basic and diluted earnings (loss) per share

Calculations of the basic and diluted earnings per share of the Group are presented below:

	Group		Company	
	2015 I half	2014 I half	2015 I half	2014 I half
Net profit	4,773	1,798	4,781	1,791
Number of shares (thousand), opening balance	42,802	42,802	42,802	42,802
Number of shares (thousand), closing balance	42,802	42,802	42,802	42,802
Average number of shares (thousand)	42,802	42,802	42,802	42,802
Basic and diluted earnings per share (EUR)	0.11	0.04	0.11	0.04

23. Financial assets and liabilities and risk management

Credit risk

The Group and the Company do not have any credit concentration risk, because they work with a large number of customers.

Number of customers	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Individuals	114,420	114,151	114,420	114,151
Other legal entities	2,134	2,122	2,134	2,122
Legal entities financed from municipalities' and state budget	556	571	556	571
	117,110	116,844	117,110	116,844

Trade receivables of the Group and the Company by the customer groups:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Individuals	3,373	10,928	3,373	10,928
Other legal entities	259	2,186	259	2,186
Legal entities financed from municipalities' and state budget	279	2,006	279	2,006
	3,911	15,120	3,911	15,120

Considering trade and other accounts receivables, the terms of which is still not expired and their impairment as of date of financial statements is not determined, according to Management opinion there is no indications that debtors will not fulfil their payment liabilities, because a balance of receivables are controlled constantly. The Group and the Company considers that maximum risk is equal to the sum of receivables from buyers and other receivables, less recognized impairment losses as of the date of balance sheet (note 8).

Cash and cash equivalents in banks, which were evaluated in accordance with long-term borrowing ratings*:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
A	531	57	524	52
A+	747	166	747	166
AA-	265	7	265	7
Bank with no rating attributed	71	37	71	37
	1,614	267	1,607	262

*- external credit ratings set by *Fitch Ratings* agency.

The Group and the Company do not guarantee obligations of the other parties in 2015 and in 2014.

With respect to credit risk arising from the other financial assets of the Group and the Company, which comprise cash and cash equivalents and available-for-sale financial investments, the Group's and the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Interest rate risk

All of the borrowings of the Group and the Company, except those loans signed with Ministry of Finance of the Republic of Lithuania, are at variable interest rates. Therefore the Group and the Company faces an interest rate

risk. In the year 2015 and as at 31 December 2014 the Group and the Company had not been entered into valid interest rate swap agreements in order to manage variable rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (increase and decrease in basis points was determined based on Lithuanian economic environment and the Group's and the Company's historical experience), with all other variables held constant, of the Group's and the Company's profit before tax (estimating debts with floating interest rate). There is no impact on the Group's and the Company's equity, other than current year profit impact.

	<u>Increase/decrease in basis points</u>	<u>Effect on income tax</u>
2015		
EUR	50	(8)
EUR	(50)	8
2014		
EUR	50	(11)
EUR	(50)	11

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of overdrafts and committed credit facilities to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (total current assets / total current liabilities) and quick ((total current assets – inventories) / total current liabilities) ratios as of 30 June 2015 were 1.17 and 1.13, respectively (0.69 and 0.68 as of 31 December 2014). The Company's liquidity and quick ratios as of 30 June 2015 were 1.16 and 1.13, respectively (0.69 and 0.68 as of 31 December 2014). As at 30 June 2015 Groups' and Company's net working capital was plus respectively (EUR 1,146 thousand and EUR 1,126 thousand) (as at 31 December 2014 it was also minus – EUR 10,434 thousand and EUR 10,453 thousand).

In order to increase liquidity the Group and the Company implement the following action plan:

- Considering the current situation the Group and the Company started to reduce its expenses;
- The Company increases heat production in its own effective production sources;
- The new measures of reducing losses in production and supply are being implemented;
- The Company seeks to shorten money cycle increasing turnover of purchaser's debts and reducing turnover of debts to suppliers;
- Organizes refinance of part of financial liabilities.

Unsecured bank overdraft and bank loan facilities:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Amount used	-	7,121	-	7,121
Amount unused	2,896	119	2,896	119
	2,896	7,240	2,896	7,240

The table below summarises the maturity profile of the Group's financial liabilities as of 30 June 2015 and as of 31 December 2014 based on contractual undiscounted payments (scheduled payments including interest):

	Less than 3 months	From 4 to 6 months	2 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	162	1,691	12,525	13,850	28,228
Trade payables	3,599	6	38	-	3,643
Balance as of 30 June 2015	3,761	1,697	12,563	13,850	31,871

	Less than 3 months	From 4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	1,637	10,495	10,481	10,087	32,700
Trade payables	17,382	2,083	1	-	19,466
Balance as of 31 December 2014	19,019	12,578	10,482	10,087	52,166

The table below summarises the maturity profile of the Company's financial liabilities, as of 30 June 2015 and as of 31 December 2014 based on contractual undiscounted payments (scheduled payments including interest):

	Less than 3 months	From 4 to 6 months	2 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	162	1,691	12,525	13,850	28,228
Trade payables	3,598	6	38	-	3,642
Balance as of 30 June 2015	3,760	1,697	12,563	13,850	31,870

	Less than 3 months	From 4 to 12 months	2 to 5 years	More than 5 years	Total
Interest bearing loans and borrowings	1,637	10,495	10,481	10,087	32,700
Trade payables	17,381	2,082	1	-	19,464
Balance as of 31 December 2014	19,018	12,577	10,482	10,087	52,164

Trade payables

Trade payables of the Group and the Company by supplier groups:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
For heat purchased	2,201	9,477	2,201	9,477
Contractors	344	6,508	344	6,508
Other suppliers	1,098	3,481	1,097	3,479
	3,643	19,466	3,642	19,464

30 day settlement period is set with KTE for purchased heat energy, 60–180 day settlement period – with contractors, 5–30 day settlement period – with other suppliers.

As of 30 June 2015 the Group and the Company had an EUR 1,637 thousand (31 December 2014 – EUR 2,057 thousand) of overdue trade creditors, out of which an EUR 1,593 thousand (31 December 2014 – EUR 2,026 thousand) related to legal proceedings with KTE.

Foreign currency risk

All sales and purchases transactions as well as the financial debt portfolio of the Group and the Company are denominated in EUR, therefore, material foreign currency risk is not incurred.

Fair value of financial instruments

The Group and the Company's principal financial instruments accounted for at amortised cost are trade and other current and non-current receivables, trade and other payables, long-term and short-term borrowings. The net book value of these amounts is similar to their fair value.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- The carrying amount of current trade accounts receivable, current trade accounts payable, other receivables and other payables and current borrowings approximate their fair value.
- The fair value of trade and other payables, long-term and short-term borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile. The fair value of non-current borrowings with variable and fixed interest rates approximates their carrying amounts.

The Group and the Company's categories of financial instruments:

	Group			Company		
	As of 30 June 2015	As of 31 December 2014	As of 31 December 2013	As of 30 June 2015	As of 31 December 2014	As of 31 December 2013
Financial assets:						
Cash and bank balances	1,783	389	624	1,776	384	618
Loans and receivables	5,372	21,746	19,257	5,358	21,735	19,253
Financial assets	28	28	28	28	28	28
	7,183	22,163	19,909	7,162	22,147	19,899
Financial liabilities:						
Carried at fair value through profit or loss (level 2 in the fair value hierarchy)	-	-	15	-	-	15
Carried at amortised cost	26,870	48,786	39,939	26,869	48,784	39,935
	26,870	48,786	39,954	26,869	48,784	39,950

The carrying amounts of financial assets and financial liabilities approximate their fair values.

Capital management

The primary objectives of the Group's and the Company's capital management are to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintains healthy capital ratios in order to support its business and to maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group and the Company may issue new shares, reconsider the dividend payment to shareholders, and return capital to shareholders. No changes were made in the objectives, policies or processes of capital management as of 30 June 2015 and 31 December 2014.

The Group and the Company is obliged to upkeep its equity of not less than 50 percent of its share capital, as imposed by the Law on Companies of Republic of Lithuania. The Group and the Company complies with equity requirements imposed by the Law on Companies of Republic of Lithuania. There were no other externally imposed capital requirements on the Group and the Company.

The Group and the Company monitor capital using debt to equity ratio. Capital includes ordinary shares, reserves, earnings retained attributable to the equity holders of the parent. There is no specific debt to equity ratio target set out by the Group's and the Company's management, however current ratios presented below are treated as sustainable performance indicators: as satisfactory performance indicators and as creditable performance indicators:

	Group		Company	
	As of 30 June 2015	As of 31 December 2014	As of 30 June 2015	As of 31 December 2014
Non-current liabilities (including deferred tax and grants (deferred income))	40,563	34,409	40,755	34,601
Current liabilities	6,855	33,339	6,850	33,337
Liabilities	47,418	67,748	47,605	67,938
Equity	82,124	77,382	82,665	77,915
Debt* to equity ratio (percent)	57.74	87.55	57.59	87.20

* Debt contains all non-current (including deferred income tax liability and grants (deferred revenues)) and current liabilities,

Market risk

External risk factors that make influence to the Group's and the Company's main activity: increase in fuel prices, unfavourable law and legal acts of Government and other institutions, decisions of local municipality, decrease of number of consumers, the cycle of activity, environmental requirements.

24. Commitments and contingencies

Litigations

On September 2013 the Company has been incorporated as a third party in the civil case under claimant's UAB KTE claim to defendant BAB Ūkio Bankas regarding the termination of factoring contract and regarding the recognizing as a property of UAB KTE a sum of EUR 887 thousand, which were transferred by the Company when implementing its liability and which are now on hand of notary deposit account. A session in this case is still not appointed. On September 2013 a preliminary court decision under the specified claim of claimant BAB Ūkio Bankas to the Company regarding adjudgement of debt in amount of EUR 887 thousand, penalty, process interest and litigation expenses was delivered to the Company. The Company placed an objection to the court regarding this preliminary decision and regarding rejection of specified claim of claimant BAB Ūkio Bankas. Both cases were integrated by the decision of Kaunas Regional court of 2 December 2013. The Company awarded EUR 887 thousand to the BAB Ūkio bankas, cash recovery by directing the notary deposit account in cash. On 30 April 2015 accounts with BAB Ūkio Bankas were settled.

The National Control Commission for Prices and Energy (NCC) brought a decision on 18 July 2013 by which satisfied application of KTE to acknowledge that the Company infringed legal acts regarding heat purchasing from IHP by refusing to purchase a part, i. e. 11,181.5 MWh of heat energy purchased from KTE in July 2013. If this decision of NCC would come into force, KTE would gain a right to ask to make amends (loss of income) for not purchased heat amount. The Company placed a claim to Vilnius Regional court objecting this decision of NCC. The Court rejected a claim of KE by the decision of 20 February, 2014. The Company placed an appeal regarding this decision on 24 March 2014. On 12 November 2014 Lithuanian Court of Appeal rejected this appeal by it's decision. Objecting to this decision of NCC, the Company placed a cassation complaint to the Lithuanian Court of Appeal on 13 February 2015, which was admitted, but the case is still not investigated.

On January 2014 insurance company AB Lietuvos Draudimas placed a claim in amount of EUR 33 thousand in case of damage compensation to UAB Korelita, in which AB Litgrid, UAB DK PZU Lietuva and the Company are defendants. A claimant suffered damage due to a fault in the electrical system. The Company placed a response to the court in which asked to ignore a claim as unfounded. On 22 April 2015 Kaunas District Court rejected a claim, but a claimant placed an appeal, to which the Company placed a response. An appeal is still not investigated.

Leasing and construction work purchase arrangements

On 18 March 2010 The Company entered into the lease arrangements with KTE for the real estate. Under this lease arrangement the Company leases to KTE the boiler with technological pipelines for heat production, located in Petrašiūnai power plant territory. Agreement is valid until 31 May 2016.

On 20 December 2010 the Company entered into the lease arrangements with UAB ENG for the real estate. Under this lease arrangement the Company leases to UAB ENG Garliava boiler-house for building of heat

production equipment. The Company undertakes obligations to procure heat produced in this equipment. The term of lease is 20 years.

Future liabilities of Group and the Company under valid purchase arrangements as of 30 June 2015 amounted to EUR 6,048 thousand.

25. Related parties transactions

The parties are considered related when one party has the possibility to control the other or have significant influence over the other party in making financial and operating decisions.

In 2015 and 2014 the Group and the Company did not have any significant transactions with the other companies controlled by Kaunas city municipality except for the purchases or sales of the utility services. The services provided to the Kaunas city municipality and the entities controlled by the Kaunas city municipality were executed at market prices.

In 2015 and 2014 the Group's and the Company's transactions with Jurbarkas city municipality, Kaunas city municipality and the entities, financed and controlled by Kaunas city municipality and amounts of receivables from and liabilities to them at the end of the year were as follows:

2015 I half	Purchases	Sales	Receivables	Payables
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	498	3,695	720	270
Jurbarkas city municipality	-	227	5	-
2014	Purchases	Sales	Receivables	Payables
Kaunas city municipality and entities financed and controlled by Kaunas city municipality	852	8,359	2,554	315
Jurbarkas city municipality	1	507	48	7

The Group's and the Company's as of 30 June 2015 allowance for overdue receivables from entities financed and controlled by municipalities amounted to EUR 422 thousand (as of 31 December 2014 – EUR 800 thousand). The amounts outstanding are unsecured and will be settled in cash. No guarantees on receivables have been received.

In 2015 and 2014 the Company's transactions with the subsidiaries and the balances at the end of the year were as follows:

Pastatų Priežiūros Paslaugos UAB	Purchases	Sales	Receivables	Payables
2015 I half	-	-	-	-
2014	25	-	-	-
Kauno Energija NT UAB	Purchases	Sales	Receivables	Payables
2015 I half	3	5	129	-
2014	6	10	134	-

As of 30 June, 2015 the Company has formed an EUR 129 thousand (as of 31 December 2014 – EUR 134 thousand) of common postponements for the receivables from subsidiaries.

Remuneration of the management and other payments

As at 30 June 2015 the Group's and the Company's management team comprised 6 and 4 persons respectively (as at 31 December 2014 – 6 and 4).

	Group		Company	
	2015 I half	2014	2015 I half	2014
Key management remuneration	86	135	80	128
Calculated post-employment benefits	19	19	19	19

In the year 2015 and 2014 the management of the Group and the Company did not receive any loans or guarantees; no other payments or property transfers were made or accrued.

26. Post balance sheet events

There were no post balance sheet events.



CONSOLIDATED INTERIM REPORT OF AB KAUNO ENERGIJA OF THE 1 HALF OF THE YEAR 2015



Kaunas, 2015



AB KAUNO ENERGIJA
Company number 235014830
Raudondvario Rd. 84, LT-47179 Kaunas, Lithuania

Confirmation of the persons responsible for the shareholders of the Company and the Bank of Lithuania

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules for presentation and delivery of periodic and additional formation, approved by the decision No O3-48 of 28 February 2013 of the Board of the Bank of Lithuania, we hereby confirm that, to our best knowledge, the AB Kauno Energija (hereinafter – the Company or Issuer) Consolidated Interim Report for the 1 half of the year 2015 and Consolidated and Company's Financial Statements for the 1 half of the year 2015, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, represent a true and fair view of Company's and total consolidated assets, liabilities, financial position, profit or loss and cash flows, also that the Consolidated Interim Report for the 1 half of the year 2015 includes a fair business development and performance review, Company's and corporate situation of consolidated companies, along with the description of principal risks and uncertainties encountered.

General Manager of AB Kauno Energija

Rimantas Bakas

Chief Accountant of AB Kauno Energija

Violeta Staškūnienė



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1. Reporting period of the Consolidated Interim Report

Reporting period, for which the Consolidated Interim Report of AB Kauno Energija was prepared, is the 1 half of the year 2015.

2. Companies composing the group of companies and their contact details

AB Kauno Energija (hereinafter referred to as the Company or the Issuer) prepares both the Company's and the consolidated financial statements. The group (hereinafter referred to as the Group) consists of AB Kauno Energija and its subsidiaries – liquidated UAB Pastatų Priežiūros Paslaugos and UAB Kauno Energija NT, in which the Issuer directly controls 100 per cent of shares.

Main details of the Company:

Name of the Company:	Open Limited Liability Company Kauno Energija
Legal-organizational form:	Open Limited Liability Company
Headquarters address	Raudondvario pl. 84, 47179 Kaunas
Code of legal entity:	235014830
Telephone	(8 37) 305 650
Fax	(8 37) 305 622
E-mail:	info@kaunoenergija.lt
Webpage	www.kaunoenergija.lt
Registration date and place	22 August 1997, Kaunas, Order No 513
Register manager	Kaunas Branch of State Enterprise Centre of Registers
VAT payer code	LT350148314

Main information about the subsidiaries:

Company name	Private Limited Liability Company Pastatų Priežiūros Paslaugos
Legal-organizational form	Private Limited Liability Company
Status of legal entity	in liquidation
Headquarters address	Savanorių pr. 347, 49423 Kaunas
Code of legal entity	300580563
Telephone	(8 37) 305 959
Registration date and place	1 July 2006, Kaunas
Register manager	Kaunas Branch of State Enterprise Centre of Registers
Company name	Private Limited Liability Company Kauno Energija NT
Legal-organizational form	Private Limited Liability Company
Headquarters address	Savanorių pr. 347, 49423 Kaunas
Code of legal entity	303042623
Telephone	(8 37) 305 693
E-mail	kent@kaunoenergija.lt
Registration date and place	16 April 2013, Kaunas
Register manager	Kaunas Branch of State Enterprise Centre of Registers

3. Nature of core activities of the companies composing the group of companies

The nature of core activities of the Group is manufacture and delivery services. The Company is the parent company of the Group. The Company generates and distributes heat to consumers in the city of Kaunas and town of Jurbarkas and in Kaunas district (Akademija town, Ežerėlis town, Domeikava village, Garliava town, Girionys village, Neveronys village, Raudondvaris village), (hereinafter referred to as Kaunas district).

After amendment of provisions of the Law on Heat Sector, from 1 May 2010 the Company supplies hot water (is engaged in hot domestic water supplier activities) for part of residential apartment buildings in the city of Kaunas and town of Jurbarkas and Kaunas district (hereinafter the supplies of heat and hot domestic water are referred to as heat, with the exception of information provided in Tables 2 and 3 “Comparison of financial indicators of the Group and the Company of the 1 half of the year 2015 with indicators of the 1 half of the years



2011–2014”) to consumers who chose the Company as a hot water supplier according to legislation. As at 30 June 2015, the Company was a hot water supplier for 412 houses in Kaunas, 3 in Kaunas district and 5 in Jurbarkas. Income from hot water supplies amounts to approximately 3.61 per cent of all of Company’s sales revenue.

In addition, the Company produces electric energy in small quantities in Kaunas district, maintains engineering structures (collectors – manifolds) and operates heat and electricity production facilities. The Group and the Company carries out a supervision of indoor heat and hot water supply systems, maintenance of heat unit equipment, repairs of heat units and other heating equipment, provides rental services premises. The Group and the Company are engaged in licensed activity in accordance with the licenses held.

4. Issuer’s agreements with credit institutions

On 1 April 2003 the Issuer Service Agreement with AB SEB Bankas (company code 112021238, Gedimino pr. 12, Vilnius), represented by the Finance Markets Department was made.

5. Trade in securities of companies composing the group of companies in regulated markets

20,031,977 (twenty million thirty one thousand nine hundred seventy seven) of the Issuer’s ordinary registered shares (VP ISIN code LT0000123010) with the total nominal value equal to EUR 34,855,639.98 (thirty four million eight hundred fifty five thousand six hundred thirty nine euro and ninety eight cents) as at 30 June 2015 were listed in the secondary trade list of NASDAQ OMX Vilnius Stock Exchange Baltic. The beginning of listing of the Company’s shares is 28 December 1998.

6. Overview of the condition, performance and development of the group of companies

6.1. Overview of the condition, performance and development of the Company

The Company covers a major part of heat supply market in the city of Kaunas and the town of Jurbarkas and part of Kaunas district. By the decision of the main shareholder the main heat and electricity production source – Kauno termofikacijos elektrinė (Kaunas thermofication power-plant) was sold in 2003. In the 1 half of the year 2015 the Company produced 31.7 per cent of heat, supplied to consumers in its own heat production facilities. The rest of required quantity of heat is purchased from independent heat producers (hereinafter – IHP) in monthly auctions, according to legal acts. Information on heat purchase from IHP and production with own equipment is presented in Table 1.

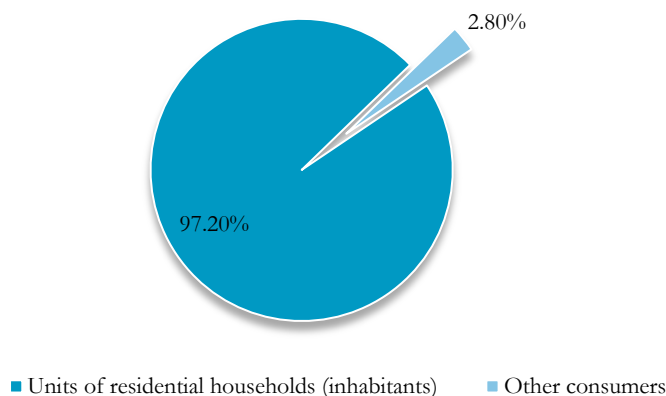
Table 1

Heat purchase and production, th. MWh	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
Heat production in own facilities	95.3	84.3	178.0	161.4	239.4
Heat purchased from IHP	821.3	818.0	713.1	612.9	516.8
<i>i. e. from UAB Kauno termofikacijos elektrinė</i>	<i>818.9</i>	<i>806.4</i>	<i>603.8</i>	<i>451.3</i>	<i>248.8</i>

As at 30 June 2015 the Company supplied heat with integrated heating and local area networks to 3,314 business and organization as well as to 114,935 households, in total 118,249 consumers (objects by addresses). Repartition of number of heat consumers by groups is shown in Chart 1.



Repartition of Company's heat consumers by groups



The vision of the Group and the Company is to be a modern, effective, competitive, and added value creating group of companies engaged in heat and electric energy generation, supply and distribution and in maintenance of buildings and indoor heating and hot water supply systems, and property lease. Maintenance of buildings and indoor heating and hot water supply systems are performed following the provisions of Article 20 of the Law on Heat Sector of the Republic of Lithuania.

Values of the Group and the Company:

- More than 50 years of experience in heat production and supplies business;
- Social responsibility – responsibility against consumers for fail-safe heat and hot water supplies and for quality maintenance of buildings and of heating and hot water supplies systems at the lowest expenditures;
- Competitive heat production allowing to reduce heat price for consumers;
- high qualifications of employees, allowing to reach a highest rates of efficiency;
- ability to implement latest scientific achievements in the activities of the Group and the Company;
- analysis and implementation in Company of good management, technological and technical practise of other Lithuanian and foreign companies;
- close cooperation with state and municipal institutions, universities, research institutions and with academic institutions;
- ability to participate in development and implementation of scientific programs;
- partnership in international projects;
- reputation of reliable, modern and solid group of companies;

Strategic goals of the Group and the Company:

- to reduce expenditures of heat generation, supply, delivery of services and management in order to reduce final price of centrally supplied heat and hot water for customers;
- to fulfil all measures indicated in investment plans until the end of the year 2015 in order to ensure fail-safe heat supplies for customers and reduction of its expenditures;
- to expand the use of renewable energy sources in the Company's heat production facilities in order to reduce the expenditures of heat production and fulfil the requirement of Directive 2009/28/EB to produce not less than 23 per cent of heat from renewable energy sources in Lithuanian by 2020;
- to increase competition in heat generation sector;
- to expand current position of the Group companies in the market;
- to ensure implementation of Energy Efficiency Directive 2012/27/EU;

Principled guidelines of Company's heat economy strategy are as follows:

- Increase and expansion of heat economy – Kaunas city needs at least one bigger than 100 MW capacity modern, up-to-date production facility – cogeneration power-plant, using renewable energy sources (hereinafter – RES) and / or waste, and / or natural gas. New power-plant should ensure tankage / use

of reserved fuel, reservation of heat production facilities, stable hydraulic mode of centralized heat supply, flexible reaction to network peak demand changes, should have an emergency replenishment system and should be economically “balanced”;

- Increase of safety and reliability of heat supply – the Company intends to formulate an expert assessment of safety / vulnerability of heat supply system, to implement update and modernization of system of parameters data transfer, collection and evaluation, to implement optimization of the network hydraulic mode and increase of speed of parameters reaction / change, to reconstruct and optimize sections of thermofication pipelines and elements (average age of pipelines of district heating network (hereinafter – DHN) reaches approximately 30 years), to implement update and development of the system of DHN water reserve – emergency replenishment, to implement technical solutions and / or use a good practice increasing reliability and safety, ensuring stability of thermofication mode;
- to actively participate in formation of policy of Kaunas city supply with heat and in increase of Company’s desirability and in expansion of district heating market;
- formation of good practice and its publicizing;

The Company continued its activities in the 1 half of the year 2015 oriented to development of capacities of production sources and increase of reliability of the network, considering the strategic guidelines of Kaunas city supply with district heating.

The Company also takes into account the AB Kauno Energija strategy for the heating system development for the years 2007–2020 developed by the Lithuanian Energy Institute when planning its activity. The Company continues to carry out the trunk pipeline replacement projects co-financed by the European Union structural funds, to optimize pipeline diameters, connect new customers to the DHN and modernise the facilities of heat production. With the start of a new period of the basic heat price approved by the Prices and Energy Control Commission (for the year 2013–2016), and changes in the regulating environment, in order to reduce the heat production costs, heat price to consumers, the Company refocused its activity development guidelines and intends to spend most part of investments to the development and modernisation of new heat generating facilities from renewable energy sources in 2013–2015. Structural support from European Union is also used when implementing guidelines.

Development of Company’s new production facilities after the year 2012 has been determined by cancellation of essential agreed liability of purchasing from UAB Kauno termofikacijos elektrinė not less than 80 per cent of heat, used in Kaunas integrated heating network, which has been included in heat purchase agreement, valid from the year 2003, after the selling of Kaunas thermofication power-plant.

Group's net profit in the 1 half of year 2015 was amounted to EUR 4,773 thousand, the Company's – EUR 4,781 thousand. The Group’s operating revenue from core activities was amounted to EUR 37,468 thousand, the Company's – EUR 37,473 thousand. Majority of revenue was generated from the sales of heat: the Group’s – 97.83 per cent, the Company’s – 97.83 per cent (supplies of the heat and hot water excluding expenditures of cold water).

The Company’s turnover from sales of heat was amounted to EUR 36,660 thousand and decreased by 19.74 per cent as being compared to the 1 half of the year 2014. The Company's variable expenditures in heat supplies (fuel, purchased heat, water and electricity for technology) were at 34.28 per cent lower (EUR 12,496 thousand) in the 1 half of the year 2015 as being compared to the 1 half of the year 2014. More detailed information is provided in section 7 of this interim report.

Company’s investments in new technologies (reconstruction of heat production facilities, equipping them with economizers, new biofuel boilers, automation of boiler-houses of isolated and integrated networks, e-service system for customers, system of data transfer and processing from remote heat meters, modern customer servicing system based on the ‘One Call’ principle, etc.), reconstruction of heat supply networks helps the Company to reduce heat supply losses, quickly adapt to changes in the market and to become an innovative heat and hot water supply, maintenance of heating networks and generation facilities company in the city of Kaunas and the town of Jurbarkas and in Kaunas district.

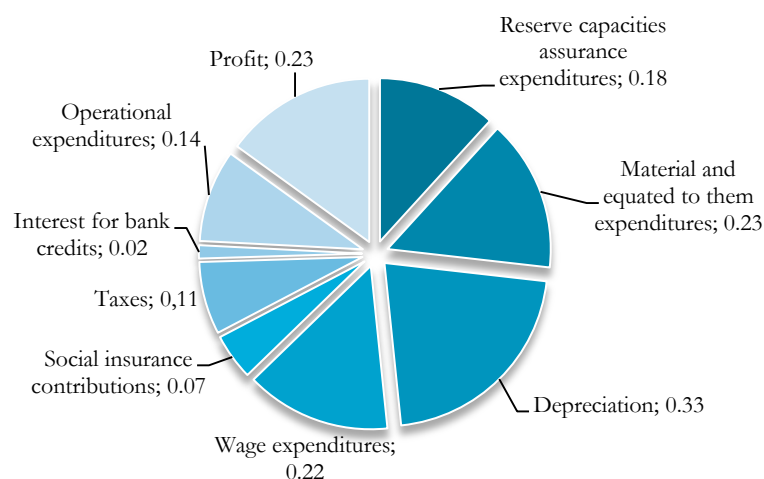
Amendments to the Law on Heat Sector of the Republic of Lithuania and changes in National Commission for Energy Control and Prices (hereinafter – NCC) regulation allowed favourable conditions to invest to

construction and reconstruction of heat production facilities, thus increasing competition in heat production sector and effectively reducing heat price for consumers.

Management Board of AB Kauno Energija determined by its decision of 28 March 2014 No 2014-8-1 a heat price constituents for the second year of validity of basic heat price, which were agreed by NCC's decision of 6 May 2014 No O3-120. Constant constituent of heat price, valid until 31 May 2014 was 1.23 euro ct/kWh. A new constant constituent, valid from 1 June 2014 is 1.53 euro ct/kWh (increase of constant constituent was determined by change in realized heat quantity, inflation, change in investment depreciation and new "expenditures of assurance of reserve capacities" – 0.18 euro ct/kWh). Details of constant heat price constituent, valid from 1 June 2014 are presented in Chart 2.

Chart 2

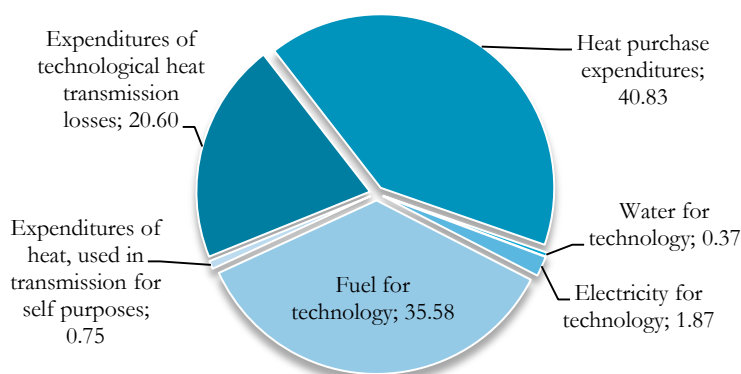
Heat price constant constituent, euro ct/kWh



The Company recalculates values of heat price variable constituents as well as final heat prices every month, considering changes in prices of fuel and purchased heat. Detailed view of heat price variable constituent, valid from June 2015 is presented in Chart 3.

Chart 3

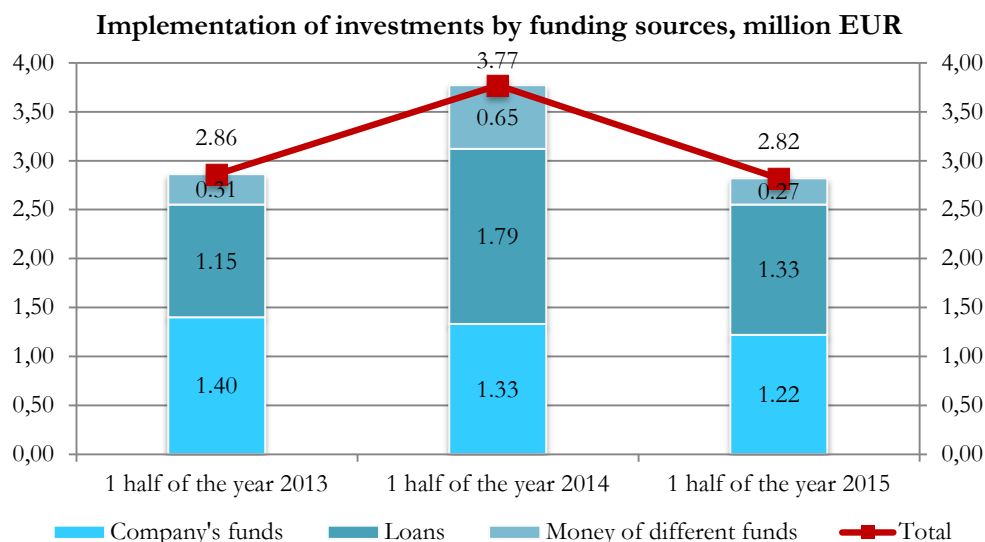
Heat price variable constituent in June 2015, per cent



The Company makes investments in accordance with the Company's revised investment plan for 2012–2015, which was approved by decision No T-9 of Kaunas City Council of 22 January 2015 "Regarding revised investment plan of AB Kauno Energija for 2012–2015". EUR 67.14 million were planned to invest in Company's assets according to approved investment plan during the period of 2012-2015.

During the 1 half of the year 2015 the Company invested EUR 2.82 million (funds from other sources, i.e. EUR 1.33 million – loans from commercial banks, EUR 0.27 million – financial support from the European Union Structural Funds and Lithuanian Environmental Investment Fund are among them). A part of these investments were assigned for equipment of biofuel boiler-houses. These investments reached EUR 1.963 million. Company's investments by funding sources for the 1 half of the years 2013–2015 are shown in Chart 4.

Chart 4



The change of investment uptake of the Issuer during 2010–2014 reflects changes in macro-economic processes in the country and in the European Union: in 2010, the investment performance was EUR 8.928 million. In 2011, the investment volumes compared to 2010 increased by 14.2 per cent. In 2012, compared to 2011, investment volumes changed insignificantly and were amounted to EUR 8.880 million, while the Company's investments in equity in 2013, compared with 2012, increased by 45.84 per cent and consisted of EUR 12.951 million, but in 2014 Company's investment volumes reached EUR 19.651 million and compared to 2013 increased by 51.73 per cent. Such growth of investment volume is due to the effective operations of the Company, partial investment funding from the European Union structural funds and the Lithuanian Environmental Investment Fund, improved lending conditions (interest rate stabilization).

In the 1 half of the year 2015 the Company conducted the following projects of modernization of generation facilities and network:

1. "Reconstruction of Šilkas boiler-house changing used fuel to bio-fuel (II stage)". 8 MW capacity bio-fuel burned water heating boiler along with 4 MW capacity condensational economizer in Šilkas boiler-house is installed while implementing this project. Project activities were started in June 2014 and on 6 February 2015 a certificate of test of energy equipment technical state, confirming that new equipment meets all the requirements of legal acts and can be used in accordance with purpose has been received from the State Energy Inspectorate. Total value of the project is EUR 2.327 million, European Union Structural Funds support in amount of EUR 1.154 million is among them. 38.5 thousand MWh of heat was produced with this equipment during the 1 half of the year 2015.
2. "Reconstruction of Petrašiūnai power-plant changing used fuel to bio-fuel (I stage)". While implementing this project, a steam boiler BKZ No 1 was changed with two bio-fuel burned water heating boilers with total capacity of 24 MW. A 6 MW capacity condensational economizer was installed as well (the total capacity of new equipment will reach 30 MW). Project activities were started in the spring of 2014 and on 17 February 2015 a certificate of test of energy equipment technical state, confirming that new equipment meets all the requirements of legal acts and can be used in accordance with purpose has been received from the State Energy Inspectorate. The total value of the project is EUR 6.298 million. European Union Structural Funds support in amount of EUR 1.523 million is among them. 72.7 thousand MWh of heat was produced with this equipment during the 1 half of the year 2015.
3. "Reconstruction of Inkaras boiler-house changing used fuel to bio-fuel". Starting from the year 2000 Inkaras boiler-house was mothballed and did not produce any heat. During implementation of project two bio-fuel burned water heating boilers with capacity of 8 MW each and 4 MW capacity

condensational economizer were installed (the total capacity 20 MW). The contract on boiler-house reconstruction works was signed on 5 August 2014. On 17 February a certificate of test of energy equipment technical state, confirming that new equipment meets all the requirements of project and legal acts and can be used in accordance with purpose has been received from the State Energy Inspectorate. The total value of the project is EUR 5.709 million. European Union Structural Funds support in amount of EUR 1.738 million is among them. 63.2 thousand MWh of heat was produced with this equipment during the 1 half of the year 2015.

These projects of boiler-houses reconstructions changing used fuel to bio-fuel are implemented under the measure “Use of Renewable Sources for Energy Production” of the 3 priority “Environment and sustainable development” VP3-3.4-ŪM-02-K of Cohesion Promotion Operational Programme. The main objective of implementation of these projects is to even more reduce Company’s comparable expenditures of heat production and the final heat price for consumers as well.

4. The Company started a replacement of “Šilkas” boiler-house boiler No 6 in 2015. Instalment of the new 9 MW capacity biofuel burned water heating boiler instead of existing boiler No 6 of DKVR type, adapted to work on biofuel, is being planned in order to reduce heat production expenditures. Anticipated value of the project is EUR 637 thousand (EUR 232 thousand of them is support from LEIF);
5. “Modernization of the main 5T of Kaunas integrated network” (value of the project is EUR 1.046 million). EU Structural Funds support is EUR 0.494 million. Construction works of the project were completed in October 2014. Final report on project implementation was approved by LBSA in February 2015;
6. “Modernization of the main 6Ž of Kaunas integrated network” (value of the project is EUR 0.630 million). EU Structural Funds support is EUR 0.296 million. Construction works of the project were completed in November 2014. Final report on project implementation was approved by LBSA in February 2015;
7. “Modernization of the main 1Ž between heat cameras 1Ž-7 and 1Ž-8 and between heat cameras 1Ž-10 and 1Ž-12 in Chemijos str.” (value of the project is EUR 1.359 million). EU Structural Funds support is EUR 0.579 million. Construction works of the project were completed in October 2014. Final report on project implementation was approved by LBSA in March 2015;
8. “Modernization of the main 3Ž between heat cameras 3Ž-9 and 3Ž-9-5c in A. Baranausko str.” (value of the project is EUR 0.417 million). EU Structural Funds support is EUR 0.208 million. Construction works of the project were completed in October 2014. Final report on project implementation was approved by LBSA in May 2015;
9. “Modernization of the main 4Ž between heat cameras 4Ž-10 and 4Ž-15 in Taikos av.” (value of the project is EUR 0.612 million). EU Structural Funds support is EUR 0.306 million. Construction works of the project were completed in October 2014. Final report on project implementation was approved by LBSA in March 2015.

Partial financing from EU Structural Funds for all these projects of the mains reconstructions is allocated under the measure “Modernization and development of heat supply system” of the 4 priority “Basic Economic Infrastructure” VP2-4.2-ŪM-04-K of the annex of Operational Programme for Economic Growth.

Company’s generation capacities consist of a power plant in Petrašiūnai, 4 boiler-houses in Kaunas integrated network, 7 district boiler-houses in Kaunas district, 1 boiler-house in Jurbarkas city, 13 boiler-houses of isolated networks and 29 local gas burning boiler-house in Kaunas city. Total installed heat generation capacity in Kaunas city consist of 551.453 MW of heat production capacities (including 37.5 MW of condensational economizers) and of 8.75 MW of electricity production capacities as at 30 June 2015. Production capacities in Petrašiūnai power plant consist of 294.8 MW of heat production capacities (including 16 MW of condensational economizer capacity) and 8 MW of electricity production capacity. Production capacities in Jurbarkas branch consist of 29.8 MW of heat production capacities (including 2.8 MW of condensational economizer capacity). Total energy generation capacity of the Company is 560.203 MW (including 37.5 MW of condensational economizers’ capacities).

In January – February 2015, after construction and operation start of the new Company’s biofuel burned boiler-houses (total capacity of biofuel burned boilers with condensational economizers in Kaunas integrated network amounts to 72 MW), the part of heat, produced using biofuel in integrated network increased up to 70-100 per

cent, estimating currently working biofuel equipment of IHP. The Company builds biofuel equipment coherently pursuing strategy of Company's development, approved by city municipality council and seeking to further reduce heat price for consumers. By increasing and modernizing production capacities the Company increasingly occupies part of heat production market and it seems likely that in 2015 it will produce in own production facilities and will supply to DHN more than 40 per cent of all heat demand.

The Company along with Lithuanian Energy Institute takes part in READY project ("Resource efficient cities implementing advanced smart city solutions") supported by European Commission. 23 companies from Denmark, Sweden, Austria, France and Lithuania take part in it. Project will be pursued until the year 2022 by applying the latest measures of effective energy consumption in Kaunas city.

Furthermore the Company takes part in programmes "Green Light" and "Motor Challenge", supported by European Commission, the aim of whose is effective energy consumption in lighting and pumps operation systems.

The rest of information remains the same as the information, provided in AB Kauno Energija consolidated annual report of the year 2014.

6.2. Description of exposure to key risks and uncertainties we confront with and their impact on Company's results

External risk factors affecting the Company's core business: inflation, increase in fuel prices, ever-changing legal environment, as well as the heat production pricing policies.

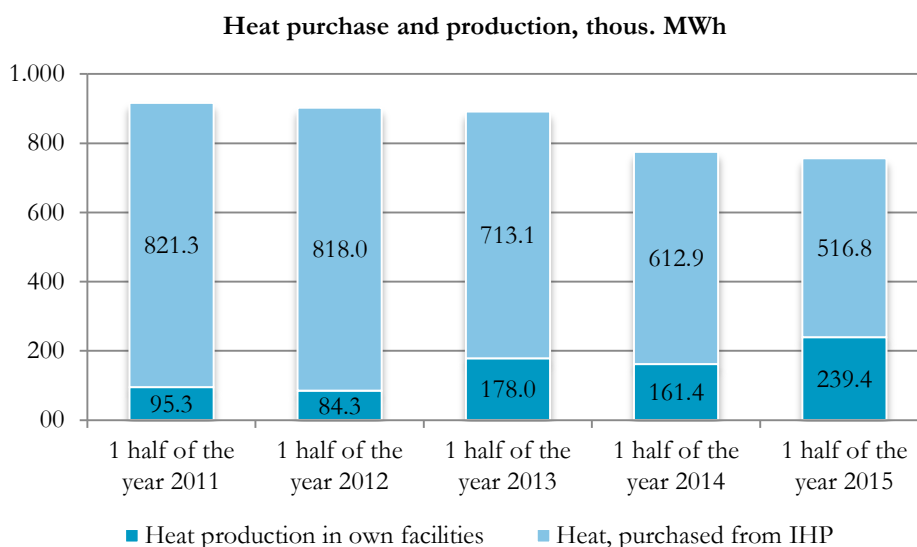
The Company, in order to operate effectively and reliably, in creating the added value for shareholders, is faced with specific threats to the sphere of its activity, but also takes advantage of opportunities to work efficiently and effectively by exploiting the available potential. One of the biggest threats that the Company may face is a relatively high price for heat purchased from IHP, who are ranked as private business units committed to profit generation. Purchase of heat is pursued following valid law and the Description of procedure for purchase of heat from independent suppliers of heat approved by NCC. In turn, the Company invests extensively in modernization and construction of its own manufacturing facilities, to reduce the comparative costs of heat production. Thus it takes advantage of the regulatory environment and reduces the energy purchase price.

In the 1 half of the year 2015 the Company purchased heat from 9 independent heat producers (hereinafter – IHP) in Kaunas and Kaunas district. These IHP are as follows: UAB Kauno Termofikacijos Elektrinė, UAB GEKO Kaunas, UAB Lorizon Energy, UAB Ekopartneris, UAB Ekoresursai, UAB Pramonės Energija, UAB Aldec General, UAB ENG and UAB Oneks Invest. Total purchases consisted of 516.8 thousand MWh of heat, i.e. 68.3 per cent of heat supplied to the network (in the 1 half of the year 2014 – 79.2 per cent).

The Company has received applications from 11 potential IHP at the moment (with total capacity of approximately 400 MW) regarding connection of their heat production facilities to Company's integrated heat supply network. Along with coming of IHP a new additional issues raised and Company has to solve them. These are additional technical, economical, legal and other issues, such as network management and balancing of IHP capacities in the case of emergency stop, maintaining of optimum working parameters, regulation of order of heat purchase from IHP and its vicissitude and appliance. The Company placed an application in 2014 to take part in contest, announced by Lietuvos Energija, UAB, "Regarding Cooperation for Implementation of Modernization Projects of Heat Economies of Vilnius and Kaunas Cities, By Installing Cogeneration Power-plants, Using Local and Renewable Energy Sources". In March 2015 Company's offer has been recognized as suitable. On 20 May 2015 Lietuvos Energija UAB signed a cooperation agreement with UAB Fortum Heat Lietuva regarding development of project of new co-generation power plant. It is anticipated in agreement, that except UAB Fortum Heat Lietuva the shares of a new power plant can be offered also to the Company.

The main fuel used by the Company for heat and electricity production in the 1 half of the year 2015 was solid fuel – 77.20 per cent, other kinds of fuel were as follows natural gas – 22.10 per cent, biogas – 0.59 per cent, peat – 0.11 per cent (in the 1 half of the years 2012–2014 the main fuel was natural gas: in the 1 half of the year 2014 – 70.69 per cent, in the 1 half of the year 2013 – 85.41 per cent, in the 1 half of the year 2012 – 92.43 per cent). Changing fuel prices and prices of heat, purchased from IHP have an influence on the cost of Company's heat and electricity production and on the price of heat sold.





Economic factors: The Company is a major supplier of the heat produced centrally to the city of Kaunas, part of Kaunas district and the city of Jurbarkas. In order to maintain this market, it is necessary to implement modern and efficient heat production technologies in own production facilities and to focus on the reliable supply at the lowest cost, benefiting from private differences of different types of fuel.

The Company's sales of heat are directly dependent on heat demand, i.e. heat consumption, which is mostly affected by the average outdoor air temperature, the amount of investment of consumers in energy-saving and rational use of heat and the pace of development of the heat sales.

Risk of decline in consumption: Company's performance is affected by the decline in sales due to reduced and further reducing heat demand (in pursuance of residential buildings renovation and by installing a heat saving equipment), due to consumers disconnections from DHN (due to the various reasons), due to the high effect of changes in fuel prices to the price of heat. Risks can be mitigated by Company current and further investments in heat and electricity production facilities, using renewable energy sources, reducing heat production expenditures and the price heat, purchased from IHP as well as the price of heat supplied for consumers, and continually reasonably informing customers on the benefits of DHN systems (safety, reliability, correlation with one sort of fuel, fuel conversion, local pollution sources in residential areas, total environmental pollution, etc.) in comparison with autonomous heating.

The effects of other competing companies, propagating the only usage of natural gas, irrespective of approved special heating supplies plan, supplies reliability, affection to the only source of fuel, not yet regulated local pollution, in the heat supply sector with the Company are disconnections of consumers from DHN system. Heating equipment disconnection from the DHN and heating mode changes are carried out in accordance with the procedures specified in the Civil Code of the Republic of Lithuania, the Law on Heat Sector and the Law on Construction, and secondary legislation implementing the aforementioned legal acts. Heat disconnection is governed by the "Rules on heat supply and consumption" approved by order No 1-297 of 25 October 2010 of the Minister of Energy of the Republic of Lithuania and their amendment approved by order No 1-191 of 20 July 2011, and the Description of procedure for disconnection of the building or heating facilities of premises from heat supply networks at the initiative of consumers approved by order No A 1830 of the director of administration of Kaunas City Municipality of 14 May 2012. Kaunas City Municipality has approved a special heat supply plan, which provides a way to separate the heat supply in different urban areas. Disconnection of buildings in the district heating area from the DH network is only possible with the appropriate permit of Kaunas City Municipality. Special plan of heat economy of Kaunas district municipality was approved by the decision No TS-43 of Kaunas district municipality of 26 January 2012. Special plan of heat economy of Jurbarkas city and district was approved by the decision No T2-67 of Jurbarkas district municipality of 10 March 2005.

Financial / economic risk: Decrease of consumers' solvency and the debts. Risks can be mitigated by the factoring of debts and applying more stringent debt collection techniques/methods. Other possible financial/economic risk – changes in interest rates in the banking market.

Detailed information on risk management policy and of risks of credit, currency rates, interest rates and liquidity is provided in Note 23 of Company's Notes to the financial statements of the 1 half of the year 2015.

As at 30 June 2015 heat consumers' procrastinated liabilities in comparison with the year 2014 decreased approximately by 1.5 per cent and consisted of EUR 15.154 million. During the year 2014 in comparison with the year 2013 they decreased approximately by 21 per cent. In the year 2014 they consisted of EUR 15.384 million, and in the year 2013 – EUR 19.506 million. This was probably affected by application of effective debts administration, decrease in heat price and conditionally lower heat consumption.

In order to recover these debts as soon as possible, the Company actively uses a variety of legal debt management measures, such as pre-trial actions, judicial recovery and also cooperation with debt Collection Company. In addition during the 1 half of the year 2015, a restriction of heat supplies has been applied as a preventive measure when a debt becomes big (if there are technical possibilities and according to the law).

In all cases, the Company first notifies the user of his indebtedness. When debtors respond to warnings and contact the Company, the Company discusses the options of debt settlement with them, signs documents guaranteeing the repayment of the debt. If the debtor does not respond to warnings and if pre-trial measures are not effective, the judicial recovery begins. The Company then applies to the court and after a decision accompanied with receiving-order – to bailiff. In such case the debtor must pay not only the debt but also the court and execution expenditures. The Company applies a number of debt prevention and pre-trial actions. A referral of information on debtors to Collection Company is among them.

Activities of the Company are cyclical. During the heating season (October – April) the highest operating income is gained. During the non-heating season, the Company's revenues are at their lowest since only heat for hot water is used. In addition, during the non-heating season, the Company incurs more costs because it has to prepare for the upcoming heating season, i.e. to carry out the repairs and reconstruction of heat supply networks and heat production facilities.

Political and legal factors: Energy activities are governed by the Law on Heat Sector, the Law on Energy, the Law on Electricity, the Law on Natural Gas, the Law on Drinking Water Supply and Wastewater Management, Government resolutions, Heat supply and consumption rules, Methodology of heat prices and payments for heat of the National Control Commission for Prices and other legislation. Their amendments affect the heating industry.

In 2013, Lithuania adopted a new methodology for calculating the prices of heat, in force since 1 January 2014. Also, the NCC approved a new Schedule of heat purchase from IHP enabling the Company to take part in the heat purchasing auction with its own production facilities.

With new amendments of articles 2, 3, 20, 22, 28, 31, and 32 of the Law on Heat Sector No XI-1608 of the Republic of Lithuania coming in affect from 1 November 2011, in accordance with Article 7, the heat and hot water prices may not include any costs related with the indoor building heating (including heat units), and hot water systems. In implementing the legislation, from 1 November 2011, all of these costs directly reduce the profit of the Company.

The political and legal risks also include political decisions of Kaunas City Municipality, with a controlling stake in the Company, that affect the Company's decision-making on the issues of agenda at the meetings of shareholders (the most significant issues, excluding the shareholder structure formation, are the distribution of profits and support), election of members of the Supervisory Board, who appoint the Company's Management Board members (who are often influenced by the politicians who elected them). The risk can be mitigated by informing the main shareholder of the Company's operations, performance, future plans and non-politicized notification of the board.



On 7 March 2013 Gazprom OAO transferred ownership of the shares of KTE to Clement Power Venture Inc. The changes of Agreement on Investments and of Heat Energy Purchase Contract of 31 March 2003 which were signed respectively on 13 August 2012 and 28 September 2012, as well as termination of Contract of Guarantee signed between Company and Gazprom OAO on 13 August 2013 came into force since that date. Following changes of Heat Energy Purchase Contract that came into force, Company's obligation to purchase from KTE at least 80 per cent of produced heat, demanded in Kaunas integrated heat supply network was withdrawn. According to changes of Agreement on Investments it was newly agreed and investments objects were intended for a preliminary sum of EUR 101.367 million as well as detailed schedule of investments implementation for the years 2013 – 2017. Herewith KTE took the obligations from these investments to finance Company's investments in Company's infrastructure in amount of EUR 2.896 million, which will be fulfilled during the period of 2012 – 2016. KTE obliged to pay 10 percent forfeit from the value of unfulfilled investments. Notwithstanding agreements reached, on 30 April 2013 KTE placed a claim to Vilnius Court of Commercial Arbitration. KTE seeks to argue obligations regarding investments in Company heat economy in amount of EUR 2.896 million and the terms of implementation (alternative claim), and on 17 February 2014 it told in written, that it stops implementation of all obligations taken by Investment agreement. According to 19 February 2014 Arbitration decision, the Company and KTE began negotiations for a peaceful settlement of investment dispute. However on 26 May the Company has informed Arbitration court that compromise has not been reached. Considering that, the Company placed a claim to Arbitration Court on 30 June 2014 seeking that KTE would pay to the Company EUR 0.941 million for inappropriate implementation of its obligations to finance in the years 2012 – 2013 Company's investments and KTE specified on 9 July 2014 its claims in the case, by which asked Arbitration Court in addition to terminate overall Investment agreement (alternative claim). The Company asked Arbitration by specified requirements on 30 January 2015 to award additionally from KTE EUR 0.652 for non-financed Company's investments that were made in the year 2014 (total requirements amount to EUR 1.593 million). On 30 April 2015 KTE offered in written a renewal of negotiations regarding peaceful agreement in the case and the Arbitration postponed investigation of the case until 29 September 2015, giving additional time for both sides for negotiations regarding peaceful settlement of litigation and documents preparation. Negotiations between sides are in progress.

The main risks and uncertainties of the financial operations of the Company are provided in Notes 2.25, 2.26 and 23 to the financial and consolidated statements of the Company of the 1 half of the year 2015.

Social factors: social factors that can have an impact on the Company's operations include the decline in the number of users (number of consumers increased in the 1 half of the year 2015), slight degree of growth in real consumer income (purchasing power), unemployment and building negative opinions about district heating and of the Company in the public domain.

Number of consumers increased from 117,786 in 2014 to 118,249 as at 30 June 2015.

Social risk: The Company's activities are most important to many Kaunas region residents and businesses due to the value of costs for heating and hot water. Payments for heat constitute a significant part of expenses for households. The Company gets almost the most of complaints regarding these payments. But due to the latest Company's investments in production facilities, the prices of heat and hot water significantly decreased, so decreased a number of complaints and dissatisfaction of Company's activity. As measured in terms of Lithuania, the Company's heat price in the years 2014–2015 was close to the average among all heat supply companies at the time of heating season and one of the lowest at the time of non-heating season.

This risk is mitigated by reasonably informing consumers about the Company's activities. Articles on Company's activities are coherently published in Company's website and in national or local media. In order to analyse and resolve these complaints, customer service professionals work with consumers who advise customers in the Company's premises, by phone, in letters and e-mails. Heat users periodically, i.e. 2-4 times per year (in the 1 half of the year 2015 there was 1 meeting arranged), are invited to meet with the Company's specialists, and discuss consumer issues related to the Company's activities. Thus an image of modern and socially responsible company is being created.

Technical and process factors: greatest process risks are so shaded with the condition of heating systems. A majority of the Company's trunk pipelines are about thirty years old. Modernization rate of them is determined by lack of funds – it is necessary to reconstruct more than 13.5 km of pipelines per year in order to condition of age of heat supply system and the minimum investments should consist of approximately EUR 6 million. Hydraulic testing



identifies their weakest points. Every year, about 240 points where cracks occur are identified during the tests. Upon discovery of defects, pipes are exposed and promptly repaired.

New industrially (polyurethane foam insulation in polyethylene shell) insulated pipes not requiring concrete channels are mounted in the reconstructed sections of the heat supply network. Heat loss is very low in reconstructed sections (process level), while the pipelines no longer pose a threat of rupture and ensure reliable heat supply to consumers.

The greatest technical risk factor for heat generation facilities is their age. Each year, boiler repairs and preventive work is carried out during the non-heating season. They are necessary to make secure heat supplies and reliability, i. e. securing of heat production facilities and fuel reserves. The Company also invests to renewal of heat production facilities. Existing Company's own capacities of 407.61 MW cannot ensure customers demand (maximum instantaneous demand according to data of three last years is 508 MW) in Kaunas integrated network. This is why the Company is obliged by NCC to buy a reserve capacity security service from IHP, including KTE. This service enables to ensure additional capacities, but not bigger than 30 % of maximum capacities in Kaunas DHN system. Considering that and estimating common trends in development of heat economies in Kaunas and Lithuania, one of the aims of the Company is to continually reasonably invest in own heat production facilities, i. e. to modernize existing and to build new additional heat production capacities. More detailed information on Company's investments and modernization of production facilities is provided in chapters 6.1 and 7.

Technological risk can be reduced by reconstructing heat production facilities and supply pipelines, utilizing the latest and advanced technologies and thereby increasing the efficiency of the thermal system, capacity of own heat production facilities necessary for secure of reliability. In addition, significant investments in the modernization of the Company's assets must be made according to the country standards and regulations in line with European Union standards and normative acts regulating qualitative and technical indicators of heat supply systems.

Ecological factors: In terms of the Company they may be divided into those affecting the Company and there was influenced by the Company's operations.

In order not to adversely impact the environment and comply with the pollution limits, vibration and noise values, the Company is guided by the requirements of the Kyoto Protocol, the Helsinki Commission (HELCOM) and environmental constraints of Helsinki Convention, as well as the European Parliament and Council Directive 2001/80/EB of regulating energy emissions and Lithuanian environmental normative document LAND 43-2013 for the use of natural resources, and releases and emissions of air pollutants to the environment in its activities. Main sources of pollution of the Company: burning fossil fuel in the Company's heat sources, production of heat and waste water, are used in the industrial processes.

The Company pays taxes for atmospheric and water pollution. If allowable emission rate limits or annual limits are exceeded, the Company must pay the fines under the applicable laws of the Republic of Lithuania. In 2014 and in the 1 half of the years 2015 the Company was not imposed any penalties.

Main Company's emission reduction measures: modernization of heat generation sources, heat transfer loss reduction by replacing the existing pipes to the pipes with polyurethane foam insulation, installation of new technology and improvement of existing facilities, use of less polluting fuels, and continuous emission monitoring (the fuel balance in the 1 half of the year 2015 was dominated by solid biofuel – 77.20 per cent, natural gas – 22.10 per cent, peat – 0.11 per cent, biogas – 0.59 per cent).

Bank loan repayment: more on this issue is presented in Note 11 to the explanatory notes of financial statements of AB Kauno Energija of the 1 half of the year 2015. The Group and the Company repay the loans on time.

The main aims of the Company are to renew heat supply networks, because they are operated approx. 30 years and are obsolete, and to modernize heat production facilities. Every year, significant part of funds for facility upgrade are borrowed, as own resources, i.e. accumulated depreciation and amortization, are not sufficient to perform the necessary investment program. The volumes of the repayment of loans taken out for the investment program, are not included in the sale price of heat, as the price components in accordance with the current

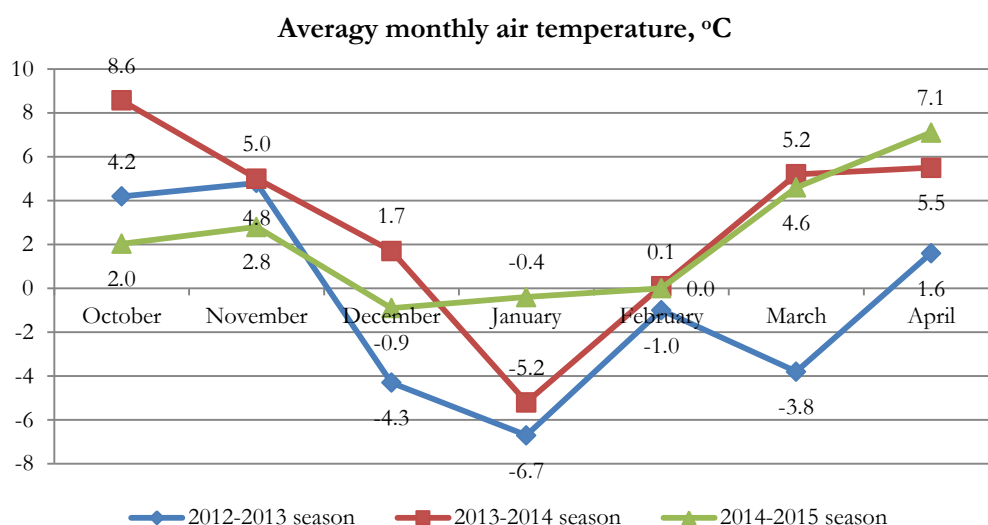


methodology, therefore, the Company aims to be profitable, to be financially able to settle with credit institutions in accordance with loan agreements.

7. Analysis of financial and non-financial performance results, information related to environmental and personnel issues

It has been planned that sales revenue from core activities in the 1 half of the year 2015 will be lower due to reduced heat price, the amount of heat sold to consumers will remain in the same level as in 2013. Sales revenue from the core activities in comparison with the year 2014 was lower at 19.22 per cent. This change was mainly affected by the price of heat, the main part of which contains of purchased heat and fuel component. The average price of heat in the 1 half of the year 2015 (5.79 euro ct/kWh) was at 9.9 per cent lower than in the 1 half of the year 2014 (7.18 euro ct/kWh). The amount of heat sold in the 1 half of the year 2015 in comparison with the 1 half of the year 2014 was at 3.3 per cent less. Average air temperature of heating season of the 1 half of the year 2015 was 2.56 °C, and of the 1 half of the year 2014 – 0.76 °C.

Chart 6



Comparison of financial indicators of the Group of the 1 half of the year 2015 with the indicators of the 1 half of the years 2011–2014 is presented in Table 2.

Table 2

No	Indicator name	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
1	Net profitability,% (net profit /sales and services)*100	12.2	4.6	9.1	3.9	12.7
2	Return on tangible assets,% (net profit/average value of tangible assets)*100	6.8	3.0	5.7	1.8	3.9
3	Debt ratio (liabilities /assets)	0.24	0.33	0.30	0.35	0.37
4	Debt-to-equity ratio (liabilities / equity)	0.3	0.5	0.4	0.5	0.6
5	General liquidity ratio (short-term assets / short-term liabilities)	1.52	0.87	1.29	0.81	1.17
6	Asset turnover ratio (sales and services/ assets)	0.48	0.54	0.52	0.38	0.29
7	EBITDA (earnings before interest, taxes, depreciation and amortization), thousand euros	8,941	5,631	8,175	4,805	8,060
8	Profitability of core business, per cent (operating profit/sales and services)* 100	8.5	4.5	4.5	3.7	13.3

No	Indicator name	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
9	Return on equity (ROE)% (net profit/average equity)*100	8.1	3.8	7.0	2.3	6.0
10	Return on assets (ROA)% (net profit/average assets)*100	5.6	2.5	4.7	1.4	3.5
11	Quick ratio((short-term assets-inventory)/short-term liabilities)	1.34	0.80	1.19	0.74	1.13
12	Cash ratio (cash in hand and at bank / short-term liabilities)	0.24	0.06	0.12	0.05	0.26
13	Net earnings per share (net profit/average weighted number of shares in issue)	0.15	0.07	0.13	0.04	0.11
14	Net profit, thousand euros	6,287	2,884	5,468	1,798	4,773
15	Assets, thousand euros	106,406	116,597	116,518	120,702	129,542
16	Equity, thousand euros	80,760	78,185	81,115	78,318	82,124
17	Equity per share, euros	1.88	1.82	1.91	1.83	1.92
18	Revenue from sales, thousand euros	51,356	62,847	60,246	46,383	37,468
18.1	among them: heat energy	50,353	61,888	58,727	44,661	35,739
18.2	electric energy	72	54	60	87	122
18.3	Maintenance of indoor heating and hot water supply systems, heating substation facilities	272	101	125	21	16
18.4	Income from the maintenance of collectors	134	112	112	114	113
18.5	Hot water supply including cold water price	522	656	1,175	1,430	1,351
18.6	Income from maintenance of hot water meters	3	36	47	70	127
19	P/E ratio (last share market price of the year / (net profit/number of shares at year-end)	4.05	6.67	4.56	11.79	4.25
20	Share capital, thousand euros	74,256	74,256	74,256	74,378	74,476
21	Share capital-to-assets ratio	0.70	0.64	0.64	0.62	0.57
22	Return on equity (capital), per cent (net profit/ capital and reserves)*100	8.3	3.8	7.2	2.3	6.1

Comparison of financial indicators of the Company of 1 half of the year 2015 with the indicators of 1 half of the years 2011–2014 is presented in Table 3.

Table 3

No	Indicator name	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
1	Net profitability,% (net profit /sales and services)*100	12.3	4.6	8.9	3.9	12.8
2	Return on tangible assets,% (net profit/average value of tangible assets)*100	6.7	2.9	5.4	1.7	1.9
3	Debt ratio (liabilities /assets)	0.24	0.33	0.30	0.35	0.37



No	Indicator name	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
4	Debt-to-equity ratio (liabilities / equity)	0.3	0.5	0.4	0.5	0.6
5	General liquidity ratio (short-term assets / short-term liabilities)	1.53	0.87	1.29	0.81	1.16
6	Asset turnover ratio (sales and services/ assets)	0.48	0.53	0.51	0.38	0.29
7	EBITDA (earnings before interest, taxes, depreciation and amortization), thousand euros	8,916	5,624	8,070	4,802	8,059
8	Profitability of core business, per cent (operating profit/sales and services)* 100	8.5	4.5	4.5	3.7	13.3
9	Return on equity (ROE)% (net profit/average equity)*100	8.0	3.6	6.7	2.3	2.7
10	Return on assets (ROA)% (net profit/average assets)*100	5.6	2.4	4.5	1.4	1.6
11	Quick ratio((short-term assets-inventory)/short-term liabilities)	1.35	0.80	1.19	0.73	1.13
12	Cash ratio (cash in hand and at bank / short-term liabilities)	0.24	0.06	0.11	0.05	0.26
13	Net earnings per share (net profit/average weighted number of shares in issue)	0.15	0.07	0.12	0.04	0.11
14	Net profit, thousand euros	6,285	2,888	5,379	1,791	4,781
15	Assets, thousand euros	107,492	117,606	117,445	121,413	130,270
16	Equity, thousand euros	81,756	79,157	81,892	78,839	82,665
17	Equity per share, euros	1.91	1.85	1.91	1.85	1.90
18	Revenue from sales, thousand euros	51,168	62,830	60,165	46,388	37,473
18.1	among them: heat energy	50,362	61,899	58,739	44,668	35,744
18.2	electric energy	72	54	60	87	122
18.3	Maintenance of indoor heating and hot water supply systems, heating substation facilities	75	73	32	19	16
18.4	Income from the maintenance of collectors	134	112	112	114	113
18.5	Hot water supply including cold water price	522	656	1,175	1,430	1,351
18.6	Income from maintenance of hot water meters	3	36	47	70	127
19	P/E ratio (last share market price of the year /(net profit/number of shares at year-end)	4.05	6.66	4.63	11.83	4.24



No	Indicator name	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
20	Share capital, thousand euros	74,256	74,256	74,256	74,378	74,476
21	Share capital-to-assets ratio	0.69	0.63	0.63	0.61	0.57
22	Return on equity (capital), per cent (net profit/ capital and reserves)*100	8.3	3.8	7.0	2.3	6.1

Comparison of financial results of the Group and the Company of 1 half of the years 2011–2015 (sales revenue, operating profit, net profit) is provided in Charts 7 and 8.

Chart 7

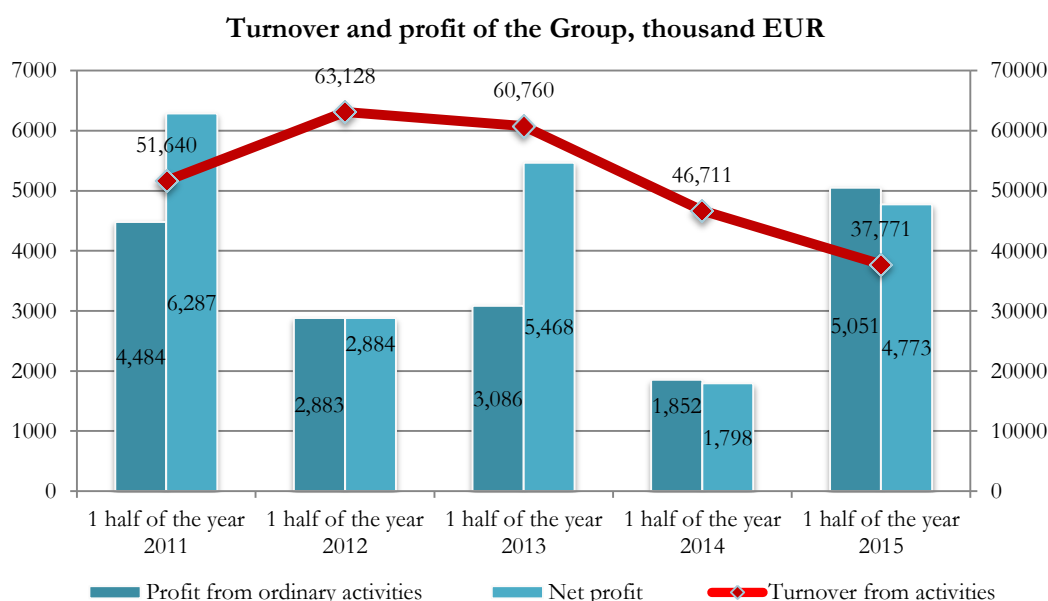
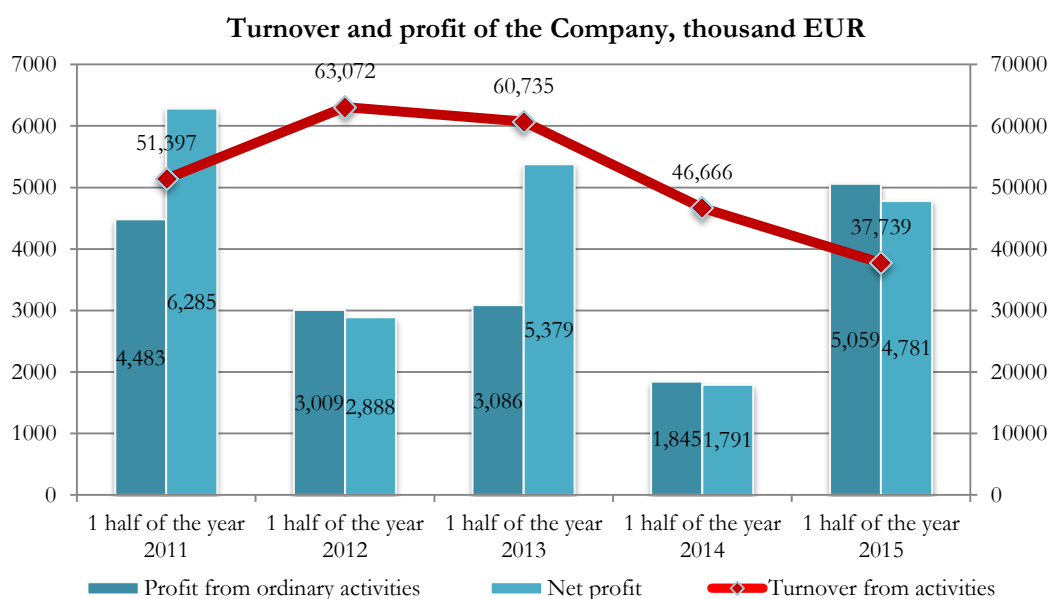


Chart 8



Notwithstanding that Group's and the Company's turnover decreased in 8.9 million euros, Company's profit of 1 half of the year 2015 in comparison with 1 half of the year 2014 is higher due to effective Company's activities, decreased expenditures of fuel and purchased heat, mainly usage of biofuel for heat production instead of natural gas and measures of debts management, implemented by Company.

The Group and the Company accounts impairment loss in doubtful receivables. Change of impairment loss in doubtful receivables in 1 half of the year 2015 in the Group's and the Company's write-offs and change in allowance for accounts receivable is included in the item of the cost of changes in the impairment of receivables and in 1 half of the year 2015 amounted to EUR -28 and -35 thousand respectively, i. e. expenditures decreased and profit increased because of that reason (in 1 half of the year 2014 – EUR 108 and 110 thousand respectively). During 2014, the Group and the Company wrote off EUR 922 thousand and 922 thousand of bad debts respectively. During 1 half of the year 2015 the Group and the Company recovered EUR 5 thousand (in 1 half of the year 2014 – EUR 3 thousand) of bad debts which were written off in prior years.

The Company's profit decreases also because of the maintenance costs of individual heating units owned by the Company. Those costs may not be included in heat and hot water prices as in accordance with amendments of articles 2, 3, 20, 22, 28, 31, and 32 of the Law on Heat Sector No XI-1608 of the Republic of Lithuania that came in affect from 1 November 2011, “any costs related with the indoor building heating (including heating units), and hot water systems may not be included in heat and hot water prices”. Starting from 1 November 2011 in accordance with the law the costs of maintenance and repair of heating units equipment are not included in the heat price. The Company suffers approx. EUR 0.7 thousand of losses every year uncovered by income due to this maintenance.

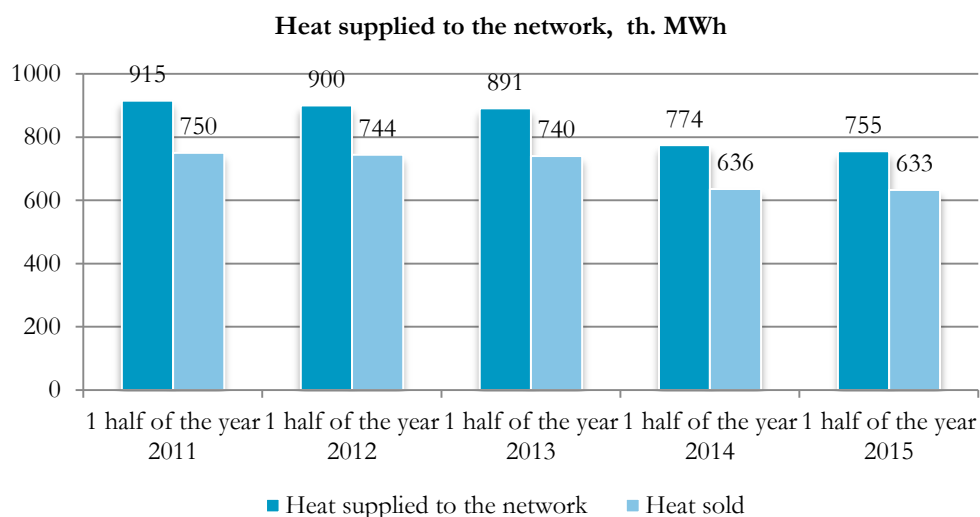
A more detailed analysis of the Group's and the Company's financial results is presented in the Notes to Consolidated Financial Statements for 1 half of the year 2015.

Comparison of non-financial indicators of the Company of 1 half of the year 2015 with the indicators of 1 half of the years 2011-2014 is presented in Table 4.

Table 4

No	Indicator name	1 half of the year 2011	1 half of the year 2012	1 half of the year 2013	1 half of the year 2014	1 half of the year 2015
1.	Energy produced, purchased and supplied to the network, th. MWh	915.3	900.4	891.3	775.2	756.4
1.1.	heat energy	914.5	899.8	890.5	774.1	754.8
1.2.	electric energy	0.8	0.6	0.8	1.1	1.6
2.	Energy sold, th. MWh	750.5	744.5	740.9	637.0	634.6
2.1.	heat energy	749.7	743.9	740.1	635.9	633.0
2.2.	electric energy	0.8	0.6	0.8	1.1	1.6

Chart 9

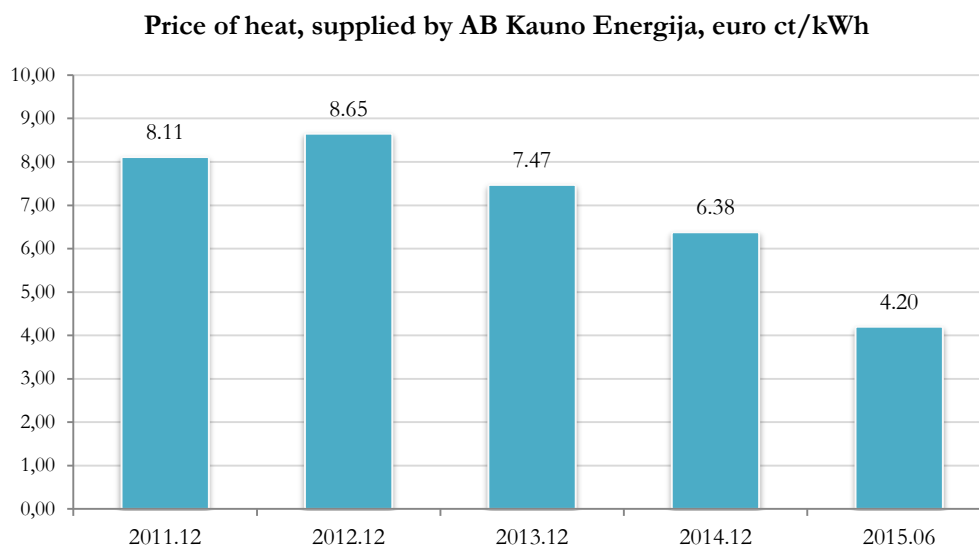


Environmental impact on operations: The Company's performance can be affected by changes in sales turnovers caused by changed heat demand, which can be caused by consumer investments in the renovation of buildings, heat saving and rational consumption, average higher of lower outdoor temperature during the heating season, changes in fuel prices, heat purchase price from IHP.

Company's reconstructed heat production facilities changing fossil fuel to biofuel makes a serious competition with their costs of production to IHP, operating in Kaunas. With modernization of its own production facilities the Company reduced heat price for its consumers by 44 per cent over the last 2 years.

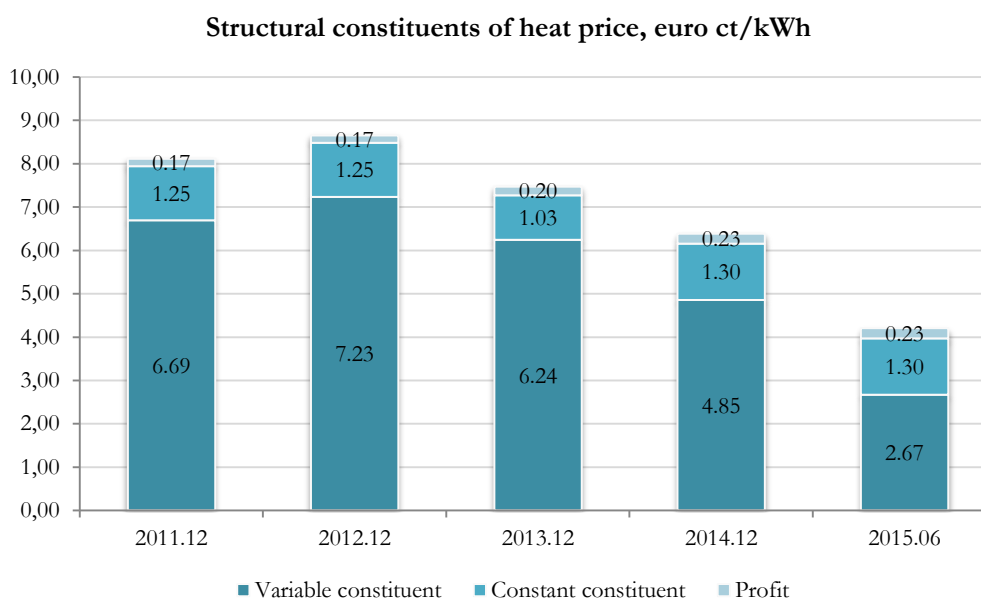
The dynamics of heat price of the Company in 2011 – June 2015 is presented in Chart 10.

Chart 10

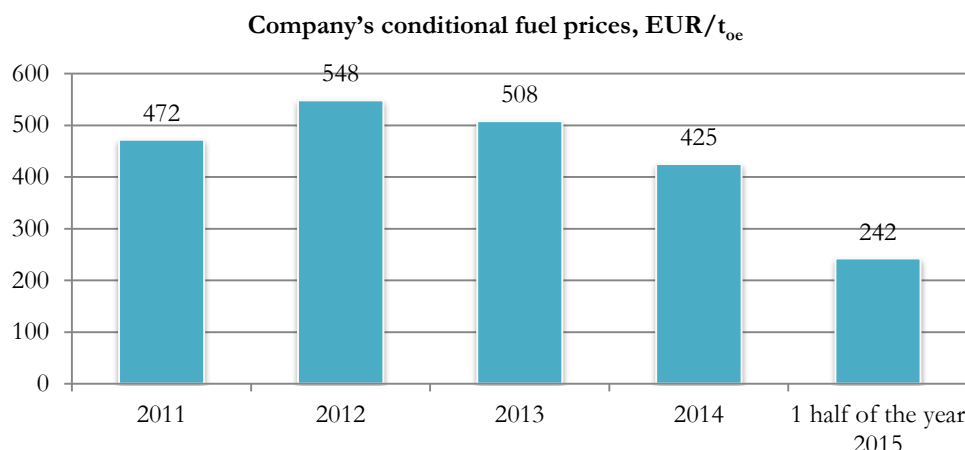


Components of Company's heat price structure in 2011 – June 2015 are presented in Chart 11.

Chart 11



The dynamics of Company's conditional fuel prices in 2011 – 1 half of the year 2015 is presented in Chart 12.



The rest of information related to environmental issues, management of waste and waste water, air pollution and human resources has no difference from that, provided in AB Kauno Energija Consolidated Annual Report of the year 2014.

8. References to and additional explanations

All main financial data of the Group and the Company are presented in the explanatory notes to the Consolidated Financial Statements and Financial Statements of AB Kauno Energija for 1 half of the year 2015.

Internal control over consolidated statements. When preparing its consolidated financial statements, the Company combines the itemised financial statements of the Company and its subsidiaries, by summing up the items of assets, liabilities, equity, revenue and expenses. Afterwards, it eliminates the book value of the Company's investment in the subsidiary and the Company's share of equity in the subsidiary; amounts on balance sheets, transactions, income and expenses inside the Group (for this purpose, it prepares a reconciled report of all transactions, income and expenses for the period); difference in depreciation of contribution in kind measured at market value as compared to its book value.

For the purpose of the consolidated financial statements of the Group, the financial statements of the Company and subsidiaries are prepared for the same date.

The accounting policy of the company and its subsidiaries for accounting of similar transactions is the same. The subsidiaries' income and expenses are included into the consolidated financial statements as of the date of acquisition.

9. Significant events after the end of 1 half of the year 2015

29 July 2015 Company's Board approved non-audited Consolidated and Company's Financial Statements of 1 half of the year 2015 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

10. Plans and forecasts of activities of the group of companies

Inasmuch investments allows continual business development and profitability, the aims of the Group's and the Company's investment program for the year 2015 is to further develop Company's expansion of heat selling market, improvement and development of heat production, through increase of use of biofuel for heat production, development of heat transmission and distribution increasing safety and reliability, expansion of maintenance services of engineering systems and improvement of services quality.

The Extraordinary General Meeting of Shareholders of AB Kauno Energija that has been held on 30 March 2015 made a decision of purchasing Sargėnai heat economy, which is situated in the territory of Kaunas city municipality for the price, bargained with UAB Litesko and for the other terms of acquisition and to accomplish procedures of acquisition of Sargėnai heat economy.

In compliance with the provisions of the plan for the facilities on the implementation of the National Renewable Energy Development Strategy, in order to implement the Company's key business objectives and the provisions of the National Energy Independence Strategy related to the assurance of technical requirements for reliability of heat facilities and heat supply networks, to guarantee the quality keeps apply to consumers, the Company adjusted its "Investment plan for the year 2012–2015 and its financing sources" according to which it plans to invest EUR 67.14 million.

The main investment goals of the Company for 2013–2016 regulation periods are as follows: to decrease heat production costs in existing facilities, increase the share of cheaper types of fuel (biofuel) in the total fuels, increase the capacity of own facilities until full satisfaction of power demand. In 2013 the Company signed tripartite agreements with the Ministry of Economy and public institution Lithuanian Business Support Agency for the financial support from the European Union Structural Funds, which granted EUR 4.415 million of EU Structural Funds support for projects of boiler-houses reconstructions changing used fuel to bio-fuel and EUR 1.883 million of EU Structural Funds support for projects of reconstructions of heat supply networks.

In addition to the above mentioned projects the implementation of Company's investment program in 2015 will involve further modernization of boiler-houses owned by the Company automating the production process and mounting condensational economizers; reconstruction of heat networks; replacement of heat meters. Implementation of these measures will allow to reduce heat production, transmission and selling losses and to perform optimization of heat supply to the consumers and to ensure heat supplies reliability.

It is planned that in 2015 in comparison with 2014, the Group's sales turnover will be lower due to the decreased heating rates; the amount of heat sold to consumers will remain at the comparable level as in 2014. The greatest impact on the Group's and the Company's income and expenses will be made by fuel and purchased heat price changes, as the price of heat under the requirements of the law is recalculated every month. The Group profit in comparison with 2014 is planned to be higher due to the improvement of effectiveness. The submitted data may be adjusted by the heat demand change, i.e. consumption, which is mainly affected by the average outdoor air temperature, the size of user investment in housing renovation, energy-saving and its rational use, as well as changes in the economic situation in Lithuania.

11. Information on research and development activities of the group of companies

Responding to Lietuvos Energija, UAB invitation of putting forward proposals of cooperation on implementation of projects of cogeneration plants, the Company placed an application on 22 July 2014 for participation in tender, announced by Lietuvos Energija, UAB "For cooperation in implementation of projects of Vilnius and Kaunas cities centralized heat supplies economies modernization by installing cogeneration power plants, using local and renewable energy sources".

In March 2015 Company's offer has been recognized as suitable. On 20 May 2015 Lietuvos Energija, UAB signed a cooperation agreement with UAB Fortum Heat Lietuva regarding development of project of new co-generation power plant. It is anticipated in agreement, that except UAB Fortum Heat Lietuva the shares of a new power plant can be offered also to the Company.

On 25 February 2015 Company's "Inkaras" and Petrašiūnai power plant boiler-houses were inaugurated. They were inaugurated after installation of new biofuel equipment in them. The heat produced using this equipment already reaches consumers. Except these two boiler-houses AB Kauno Energija also installed new biofuel burned boiler with capacities of 8 MW and condensational economizer with capacities of 4 MW in Company's "Šilkas" boiler-house. New equipment is built in order to reduce heat prices for consumers even more. Total capacities of newly started to operate equipment consist of 62 MW. Totally with this new equipment the Company will have 72 MW of biofuel capacities in Kaunas integrated network. They are quite enough to cover demands of non-heating season, and they will cover approximately 25 per cent of demand in heat of whole heating season.

On 29 April 2015 a circuit session of Energy Commission of Seimas of the Republic of Lithuania has been held in Company's quarters. Changes in heat economy after start of usage of biofuel for heat production in Kaunas were presented during this session. Except members of Seimas of the Republic of Lithuania – commission chairman Kęstutis Daukšys, members Vydas Gedvilas, Linas Balsys and Ričardas Sargūnas – Kaunas city mayor Visvaldas Matijošaitis, vicemayor Povilas Mačiulis, director of administration of city municipality Gintaras Petrauskas, president of Lithuanian Biomass Energy Association LITBIOMA (Chairman of the Board) Virginijus



Ramanauskas, Company's managers and other specialists of energetics and forestry also took part in this session. Company's development in heat production sector, increase of competition in it reaching reduction of heat prices for consumers has been presented for commission and city leadership in this session. It has been emphasized, that after selling of Kaunas thermofication power plant to private investor in 2003, the Company became the only heat supplies company in Lithuania with lack of own main heat production source. Also a present biomass energetics situation in Lithuania and especially in Kaunas, resources of Lithuanian woods as well as key environmental aspects of biofuel burning in energetics have been discussed.

Cherishing close cooperation with Kaunas University of Technology the Company took part in "Career Days" organized by university in the end of February, where possibilities of employment or internship were presented to the students.

12. Information on own shares acquired and held by the Issuer

The Company does not hold its own shares. The Company's subsidiaries have not purchased any of the Company's shares. Neither the Company nor its subsidiaries purchased or sold own shares during the reporting period.

13. Information on the aims of financial risk management, hedging instruments in use

All relevant information on this issue is presented in Notes 2.11, 15, 23 to the Consolidated Financial Statements for the 1 half of the year 2015 of AB Kauno Energija.

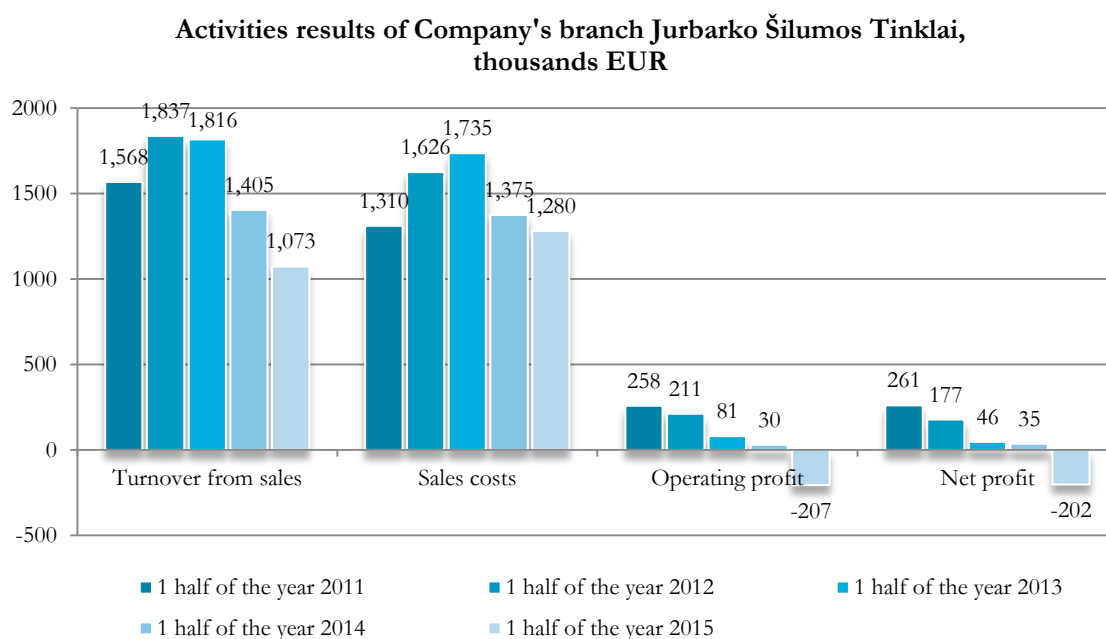
14. Information on the Issuer's branch office and subsidiary undertakings

The Company's branch office Jurbarko Šilumos Tinklai was established by the decision of the Company's Management Board, and registered on 9 September 1997 at the address V. Kudirkos g. 33, 4430 Jurbarkas. The Company's branch produces and sells heat to consumers in the city of Jurbarkas.

35 employees worked at the Company's branch Jurbarko Šilumos Tinklai as at 30 June 2015.

Comparison of financial indicators of Company's branch Jurbarko Šilumos Tinklai (operating revenue, operating profit, net profit) of the 1 half of the year 2015 with indicators of 1 half of the years 2011–2014 is provided in Chart 13.

Chart 13



On 1 July 2006 the Company registered a subsidiary UAB Pastatų Priežiūros Paslaugos, headquarters address Savanorių pr. 347, 49423 Kaunas, company code 300580563. Starting from 8 January 2014 a status of liquidated is registered at the Register of Legal Entities.

On 30 June 2015 an authorised capital of the subsidiary UAB Pastatų Priežiūros Paslaugos in the amount of EUR 2,896 has been registered and it was divided into 100 ordinary nominal shares at the par value of EUR 28.962 each.

The Company's subsidiary UAB Pastatų Priežiūros Paslaugos has no holdings directly or indirectly managed in other companies.

Activities of UAB Pastatų Priežiūros Paslaugos included maintenance of heating and hot water supply systems of the buildings, maintenance of heating units equipment, repair of buildings and structures, repair of heating units and their heating equipment, delivery of transport services and other activities such as the lease of premises.

As from 5 July 2012, in accordance with item 2 of article 20 of the Law on Heat Sector of the Republic of Lithuania, "Heat suppliers or the persons associated with the heat supplier in employment relations or prices providing services or products to the heat supplier, or the manufacturers of heating units and devices used for heat production and heat metering, or other equipment, also persons engaged in the retail and wholesale trade of fuel used for heat production, or persons belonging in conjunction with the aforementioned entities to the group of related economic entities according to the Law on Competition cannot be supervisors (operators) of heating and hot water system in residential buildings". According to the item 2 of article 20 of the Law on Heat Sector of the Republic of Lithuania valid from 1 June 2014, "Heat suppliers, supplying heat for particular building or natural persons associated with the heat supplier in employment relations, except cases when natural persons associated in employment relations live in that houses and supervises by themselves building or other buildings that belong to their societies, also the persons engaged in the retail and wholesale trade of fuel used for heat production, or persons belonging in conjunction with the aforementioned entities to the group of related economic entities according to the Law on Competition cannot be supervisors (operators) of heating and hot water system in residential buildings". Following 4 item of article 20 of the Law on Heat Sector of the Republic of Lithuania, valid from 5 July 2012 this restriction is not applied for the maintenance of the heating and hot water systems of residential buildings in the locations in which, according to the information of the Lithuanian Department of statistics, the population is less than 150,000.

Considering provisions of the Law on Change and Addition of articles 2, 3, 20, 22, 28 and 31 of the Law on Heat Sector of the Republic of Lithuania of 29 September 2011 regarding separation of maintenance of heating and hot water systems of buildings from heat production and supplies No XI-1608, Company's Board approved by its 6 April 2012 decision reorganization of UAB Pastatų Priežiūros Paslaugos by separating assets from activities and by creating on the base of separated assets a new company with the same legal form, named UAB Kauno Energija NT.

After completion of the procedures of reorganisation in the way of separation of UAB Pastatų Priežiūros Paslaugos, the Statutes of UAB Pastatų Priežiūros Paslaugos (company number 300580563) continuing the activities were registered in the register of legal entities on 16 April 2013.

On 11 December 2013, following the decision of AB Kauno Energija performing the functions of the sole shareholder of UAB Pastatų Priežiūros Paslaugos, it was decided to liquidate the UAB Pastatų Priežiūros Paslaugos (company code 300580563) from 16 December 2013; the director of Pastatų Priežiūros Paslaugos was dismissed from 16 December 2013 with the same decision, and the lawyer Aiva Dumčaitienė of the lawyer professional community Magnusson ir Partneriai was appointed as the liquidator of UAB Pastatų Priežiūros Paslaugos from 16 December 2013.

As at 30 June 2015 UAB Pastatų Priežiūros Paslaugos had no employees.

Starting from February 2014 UAB Pastatų Priežiūros Paslaugos performs no activity; final procedures of liquidation are accomplished.

After completion of the procedures of reorganisation in the way of separation of AB Kauno Energija subsidiary UAB Pastatų Priežiūros Paslaugos, a statutes of the newly established entity UAB Kauno Energija NT were



registered in the Register of Legal Entities on 16 April 2013. Company's headquarter address is Savanorių pr. 347, 49423 Kaunas, company number 303042623.

The authorised capital of UAB Kauno Energija NT has been registered in the Register of Legal Entities on 30 June 2015 in total of EUR 1,329,872 and it is divided into 45,921 ordinary nominal shares with the par value of EUR 28.96 each.

UAB Kauno Energija NT has no holdings directly or indirectly managed in other companies.

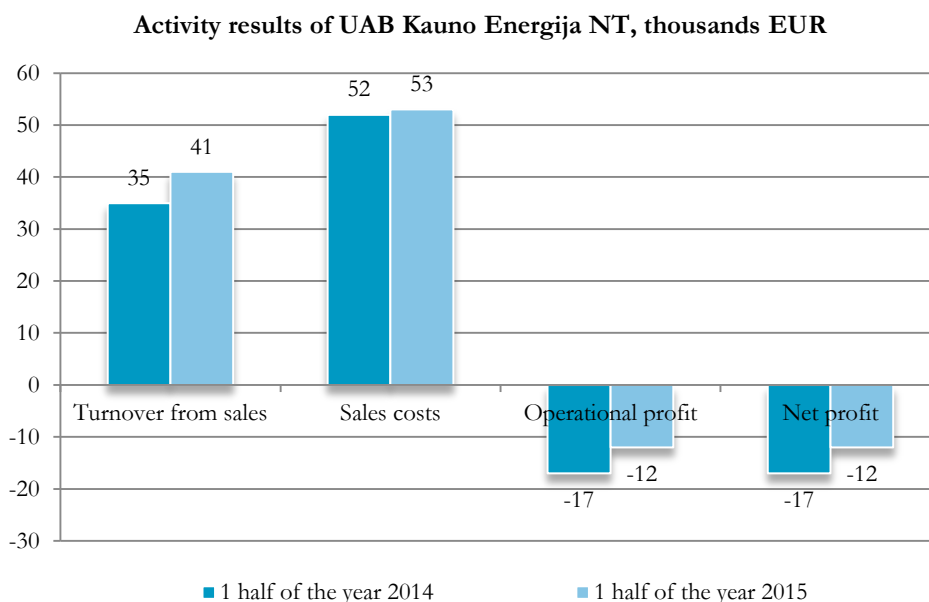
Activities of UAB Kauno Energija NT include the real estate development, management, leases, purchase and sale.

Turnover of UAB Kauno Energija NT of the 1 half of the year 2015 was EUR 40.9 thousand, profit (loss) was amounted to EUR (12) thousand.

As at 30 June 2015 UAB Kauno Energija NT had 3 employees.

Comparison of financial indicators of UAB Kauno Energija NT of the 1 half of the year 2015 (operating revenue, operating profit, net profit) with 1 half of the year 2014 are provided in Chart 14.

Chart 14



15. Structure of authorized capital

Company's authorised capital experienced no changes in 2012-2013. The decision on increase of Issuers' authorised capital with EUR 121,928.87 (from EUR 74,256,215.82 to 74,378,144.69) by emitting 70 166 ordinary nominal shares with the par value of EUR 1.73772 each, the price of emission of whose is equal to the nominal value, was made in Extraordinary General Meeting of Shareholders that has been held on 6 January 2014. The priority right of all shareholders to acquire the newly issued 70 166 ordinary registered shares of AB Kauno Energija by nominal value of EUR 1.73772 each, the price of emission of whose is equal to the nominal value, has been revoked by the decision of this General Meeting of Shareholders giving the right to acquire these newly issued shares to Kaunas city municipality (code 111106319, address Laisvės av. 96, Kaunas) in order to get from Kaunas city municipality its own heat supplies pipelines – heating network (situated in Karaliaus Mindaugo str. 50, Kaunas, unique No 4400-2125-5130).

The General Meeting of Shareholders of AB Kauno Energija that has been held on 28 April 2015 made a decision to change Statutes of AB Kauno Energija with an approval of authorised capital in euros.

The authorised capital of the Company was registered in the Register of Legal Entities on 30 June 2015 and consist of EUR 74,475,728.82 (seventy four million four hundred seventy five thousand seven hundred twenty eight euros an 82 cents).

Structure of Issuer's authorized capital by types of shares is specified in Table 5.

Table 5

Type of shares	Number of shares, units	Nominal value, euros	Total nominal value, euros	Municipal share in the authorised capital, per cent	Share of private shareholders in the authorised capital, per cent
Ordinary nominal shares	42,802,143	1.74	74,475,728.82	98.33	1.67

16. Data on shares issued by the Issuer

The authorised AB Kauno Energija capital was registered on 18 May 2015 by the decision of the General Meeting of Shareholders that has been held on 28 April 2015 and consist of EUR 74,475,728.82 (seventy four million four hundred seventy five thousand seven hundred twenty eight euros an 82 cents) and it is divided to 42,802,143 (forty two million eight hundred and two thousand one hundred forty three) ordinary shares of par value of EUR 1.74.

Following the Law on the Euro Adoption in the Republic of Lithuania No XII-828 of 17 April 2014, which determines the order of euro adoption in Lithuania starting from 1 January 2015, the value of one Company's share was recalculated into EUR 1.74 (as at 31 December 2014 – EUR 1.73772).

There are no limitations on the transfer of securities.

16.1. Main characteristics of shares released into free circulation of securities (as at 30 June 2015).

Securities registration No	A01031430
ISON code of securities	LT0000123010
Number of shares	20 031 977 ordinary nominal shares
Nominal value	EUR 1.74
Total nominal value of shares	EUR 34,855,639.98

16.2. Main characteristics of shares issued and registered for non-public trading (as at 30 June 2015).

ISON code of securities	LT0000128407
Number of shares	22,770,166 ordinary nominal shares
Nominal value	EUR 1.74
Total nominal value of shares	EUR 39,620,088.84

History of trade in Company's securities in 2011 – 1 half of the year 2015 is provided in Table 6.

Table 6

Indicator	2011	2012	2013	2014	1 half of the year 2015
Opening price, EUR	0.600	0.565	0.578	0.589	0.486
Highest price, EUR	0.770	0.590	0.589	0.600	0.479
Lowest price, EUR	0.320	0.415	0.458	0.430	0.400
Last price, EUR	0.350	0.578	0.589	0.486	0.474
Circulation, units	90,239	80,421	36,355	70,160	16,076
Circulation, million EUR	0.05	0.04	0.02	0.04	0.01
Capitalisation, million EUR	7.01	11.58	11.80	9.74	9.50



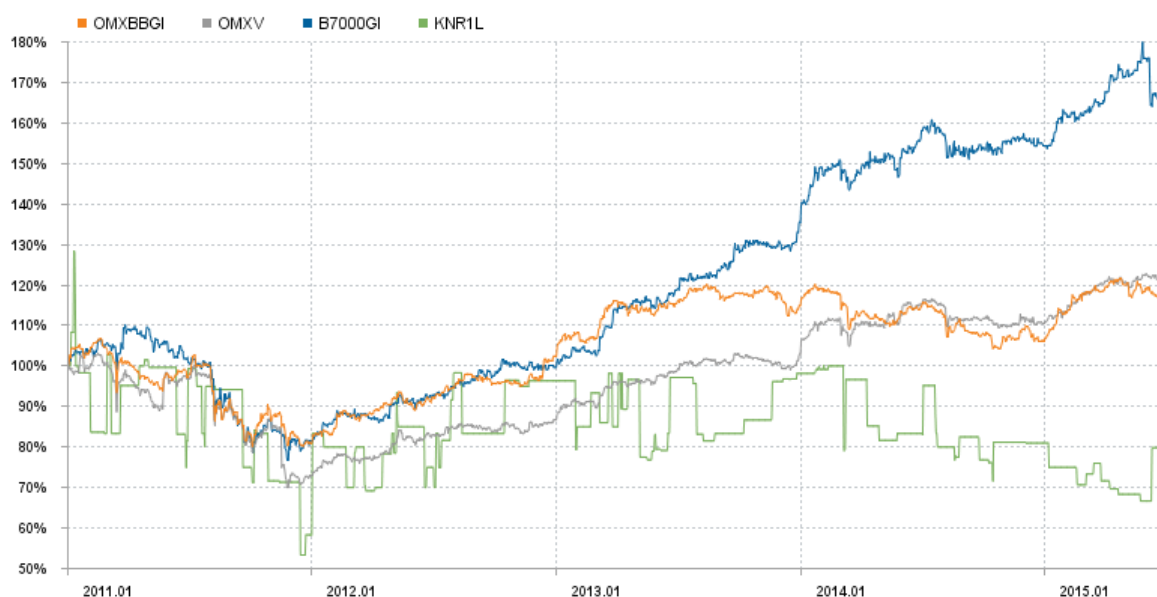
Historical data on share prices (in euro) and turnovers in 2011 – 1 half of the year 2015 are provided in Chart 15.

Chart 15



Comparison of Company's share price with the index of own sector (utility services) and OMX Vilnius index is given in Chart 16.

Chart 16



Data of Chart 16:

Index/Shares	01.01.2011	01.06.2015	+/- %
—OMX Baltic Benchmark GI	533.99	625.19	17.08
—OMX Vilnius	409.65	497.46	21.44
—B7000GI Utilites	992.02	1,654.01	66.73
—KNR1L	0.600 EUR	0.474 EUR	-21.00



17. Information on the Issuer's shareholders

The total number of Company's shareholders as at 30 June 2015 was 383.

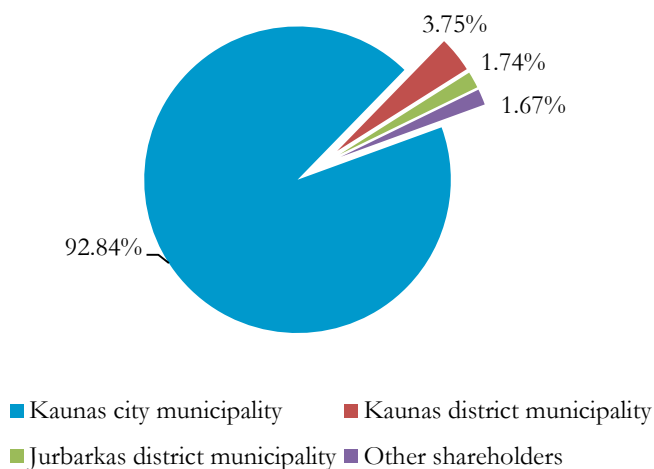
Data on Issuer's shareholders who owned as at 30 June 2015 more than 5 per cent of Company's authorised capital, registered on 18 May 2015 (42,802,143 ordinary nominal shares), is provided in Table 7 and Chart 17.

Table 7

Full name of shareholder (company name, type, headquartered dress, code)	Number of ordinary nominal shares owned by the shareholder, units	Owned share in the authorised capital, per cent	Share of votes carried by owned shares, per cent	Share of votes owned by the shareholder together with acting entities, per cent
Kaunas City Municipality Laisvės av. 96, 44251 Kaunas Code 111106319	39,736,058	92.84	92.84	-
Other shareholders	3,066,085	7.16	7.16	-
Total:	42,802,143	100	100	-

Chart 17

Structure of shareholders as at 30 June 2015



Repartition of shareholders in accordance with groups at the end of the period is given in Table 8.

Table 8

The name of the Group	Number of shares owned by the Group, pcs.	Own part of share capital, per cent from all the shares
Local authorities	42,088,631	98.33
Households	367,913	0.86
Securities of other accounts keepers clients	232,013	0.54
Private non-financial enterprises	82,808	0.19
Other financial brokers, except insurance companies and pension funds and other auxiliary enterprises	25,000	0.06



The name of the Group	Number of shares owned by the Group, pcs.	Own part of share capital, per cent from all the shares
Other shareholders (non-financial enterprises controlled from abroad, financial auxiliary enterprises, companies holding deposits, except central bank)	5,778	0.02
Total	42,802,143	100

17.1. Shareholders, who owned as at 30 June 2015 more than 5 per cent of Company's shares (20,031,977 ordinary registered shares) issued for public trading (registry No A01031430, VP ISIN code – LT0000123010) are listed in Table 9.

Table 9

Name	Type of shares	Number of shares, units	Total nominal value of shares, EUR	Percentage of shares from those released into the public circulation	Share of the authorised capital (%)
Kaunas City Municipality Laisvės av. 96, 44251 Kaunas Code 111106319	Ordinary registered shares	16,965,892	29,520,652	84.69	39.64
Kaunas District Municipality Savanorių pr. 371, 49500 Kaunas, Code 111100622	Ordinary registered shares	1,606,168	2,794,732	8.02	3.75
Other shareholders	Ordinary registered shares	1,459,917	2,540,256	7.29	3.41
Total:		20,031,977	34,855,640	100	46.80

17.2. Shareholders, who owned as at 30 June 2015 more than 5 per cent of Company's shares (22,770,166 ordinary registered shares) issued for non-public trading (VP ISIN code – LT0000128407) are listed in Table 10.

Table 10

Name	Type of shares	Number of shares, units	Total nominal value of shares, EUR	Percentage of shares from those released into the public circulation	Share of the authorised capital (%)
Kaunas City Municipality Laisvės av. 96, 44251 Kaunas Code 111106319	Ordinary registered shares	22,770,166	39,620,089	100	53.20

None of the shareholders of the Issuer holds any special rights of control. The rights of all shareholders are the same; they are specified in article 4 of the Law on Companies of the Republic of Lithuania. The number of shares carrying votes at the General Meeting of Shareholders of the Company is 42 802 143 units.

The Company has not been notified on the limitations of voting rights or any other mutual agreements of shareholders which may limit the transfer of securities and/or voting rights.

In 2010, the dividends from the profit of 2009 were allocated and paid to the shareholders of the Issuer. Dividend per share was EUR 0.024, in total – EUR 1.039 million.

In 2011, no dividends were allocated and paid to the shareholders of the Issuer. The profit of 2010 was allocated to the statutory reserve, the reserve for investment and support.

In 2012, the dividends from the profit of the year 2011 were allocated and paid to the shareholders of the Issuer. Dividend per share was EUR 0.072, in total – EUR 3.094 million.



In 2013, no dividends from the profit of the year 2012 were allocated and paid to the shareholders of the Issuer. Following the decision of the General Meeting of Shareholders, the profit was allocated to the statutory reserve, other reserves (repair of heating units), support, and part of the profit was transferred to the next financial year. A total of EUR 0.043 million was allocated for support and charity.

In 2014, the dividends from the profit of the year 2013 were allocated and paid to the shareholders of the Issuer. Dividend per share was EUR 0.0028962, in total – EUR 0.124 million. The profit was allocated to the statutory reserve, other reserves, support and annual payments for members of the Board. A total of EUR 0.333 million was allocated for support and charity.

In 2015, the dividends from the profit of the year 2014 were allocated and paid to shareholders of the Issuer. Dividend per share was EUR 0.003, in total – EUR 0.129 million. The profit was allocated to the statutory reserve, other reserves. A total of EUR 0.2 million was allocated for support and charity.

18. Employees

As at 30 June 2015, a total 535 employees were employed in the Group. Changes in the number of employees in 2012–2015 are specified in Table 11.

Table 11

Actual number of employees	Company 2012-12-31	Group 2012-12-31	Company 2013-12-31	Group 2013-12-31	Company 2014-12-31	Group 2014-12-31	Company 2015-06-30	Group 2015-06-30
Total:	583	617	548	561	542	545	532	535
including:								
management	4	6	5	7	4	6	4	6
specialists	314	327	288	292	290	290	278	278
workers	265	284	255	262	248	249	250	251

Education of employees of the Group and the Company at the end of the period

Table 12

No	Education	Company 2012-12-31	Group 2012-12-31	Company 2013-12-31	Group 2013-12-31	Company 2014-12-31	Group 2014-12-31	Company 2015-06-30	Group 2015-06-30
1	Secondary incomplete	8	9	5	6	6	6	6	6
2	Secondary	217	231	211	217	205	206	201	202
3	College	83	89	78	80	77	77	77	77
4	Higher	275	288	254	258	254	256	248	250
	Total:	583	617	548	561	542	545	532	535

Average conditional number of employees and average monthly salary, EUR (as at the end of 1 half of the year 2015, before taxes) is provided in Table 13.

Table 13

No	Employees	Company	Group
1.1.	Average conditional number of managers	3.6	5.4
1.2.	Average monthly salary of managers	3,266.8	2,336.6
2.1.	Average conditional number of specialists	267.4	267.4
2.2.	Average monthly salary of specialists	889.9	889.9
3.1.	Average conditional number of workers	240.9	241.9
3.2.	Average monthly salary of workers	632.0	630.2

The salary of employees of the Issuer consists of the constant some part of salary, variable part of salary, benefits and allocations paid according to the Labour Code of the Republic of Lithuania and other laws, Collective agreement of the Company, and bonuses. Bonuses are paid from net profit, if the General Meeting of Shareholders allocates part of the profit for the bonuses of the Company employees. Starting from 1998 till 30 June 2015, the General Meeting of Shareholders has never allocated any part of the profit for the bonuses of the Issuer's employees.

The Collective agreement provides the special rights and responsibilities of the Issuer's employees or part of them. Under the Collective agreement that became effective in the Company on 28 January 2013:

1. For continuous employment within the Company employees are granted additional paid leave:
2. After working for 5 years 1 calendar day.
3. from 6 to 10 years 2 calendar days;
4. After working for more than 10 years 3 calendar days;
5. for every subsequent 5 years 1 calendar day.
6. The length of service of employees of the Lithuanian power system companies transferred to the Company according to the corporate employer agreement, i.e. when the transfer was carried out according to the Labour Code or the Law on Employment Contract, is considered not interrupted, and such employees are granted additional paid leave for a continuous period of employment with the Company.
7. At the agreement of the employer and employee, the employee may be granted unpaid leave for family related issues and other important reasons.
8. Company's employees are entitled to additional paid leave in the following cases:
9. Creating a family 3 calendar days;
10. Death of a close relative (one of the parents or parents of the spouse, the spouse, brother, sister, daughter, or legal foster son, foster daughter, grandson, granddaughter) 3 calendar days;
11. Wife's birth giving 1 calendar day;
12. Wedding of the employee's daughter, son or legal foster-child 3 calendar days;
13. employees, raising a child studying at a general education school under twelve years of age, are given a day off during the first day of the academic year, paying such employees the average wage.

14. Employees who take entrance exams to universities, higher schools and colleges and successfully study in them, if their chosen specialty is within the interests of the Company and the job carried out, are granted the statutory paid educational leave, by paying 50 per cent of the employee's average salary.

The employer undertakes:

1. To ensure the conditions of preventive health check and, if necessary, rehabilitation treatment of employees, to provide free health services at the Company's occupational health unit;
2. In case of death of an employee, the Company pays an allowance in the amount of two monthly average salaries of the last year of the Company or a branch (depending on where the employee has worked), gives free transport or covers transport costs. The allowance is granted to the burying person;
3. in case of death of a close relative of the employee (father, mother, child, or spouse), the employee is granted the allowance of the average salary of the previous year of the Company or an affiliate (depending on where the employee works), given free transport or transport costs are covered;
4. In case of birth of one or more children, employees are granted 50 per cent of the of the average salary of the previous year of the Company or an affiliate (depending on where the employee works) for each child;
5. In case of wedding, employees are granted 50 per cent of the of the average salary of the previous year of the Company or an affiliate (depending on where the employee works);
6. employees who are raising three or more children under the age of 16, widows (widowers) and unmarried persons who raise one child or children alone, if they are studying at secondary schools until the age of 19, and while studying at higher schools or colleges full-time till the age of 21, or if they are caring for other family members with heavy or moderate disability level or lower than 55 per cent working ability level, or family members who have reached the retirement age, which according to the laws are established a major or moderate level of special needs, once a year are granted 50 per cent of the of the average salary of the previous year of the Company or an affiliate (depending on where the employee works) according to the date of request;
7. for the 40th, 50th and 60th anniversary, as proposed by the head of the division, for excellent performance of employees having the 15 and 20 years of continuous employment with the Company are granted a monetary gift of 25 per cent, and having over 20 years of continuous work experience – a monetary gift of 50 per cent of the average salary of the previous year of the Company or an affiliate (depending on where the employee worked);

8. in other cases, where the material support is needed (loss due to natural disasters or other reasons beyond the employee's control), at the mutual agreement of the representatives who have signed the Collective Agreement, employees are granted a benefit of up to EUR 600;

9. In the event of a serious illness or accident of the employee, he is granted an allowance of up to 5 average salaries of the previous year of the Company or an affiliate (depending on where the employee worked) at the mutual agreement of the representatives who have signed the Collective Agreement;

10. For the occasions of the Lithuanian Energy Day and jubilees of the Company deserving employees are granted a monetary gift of up to EUR 150.

19. Procedure for amending the Issuer's Articles of Association

The statutes of the Issuer say that the General Meeting of Shareholders of the Company has the exceptional right to amend the statutes other than the exceptions provided in the Law on Companies of the Republic of Lithuania. The resolution on the amendment of the Company's statutes 2/3 qualified majority of votes of the members participating in the meeting of shareholders is needed.

The statutes of the Company were amended on 28 April 2015 by the decision of General Meeting of Shareholders. Company's share capital was indicated in euros and the amendments of legislation assessed in them. The new version of the statutes was registered in the Register of Legal Entities of the Republic of Lithuania on 18 May 2015. It can be found in the Internet website of the Company at www.kaunoenergija.lt.

20. Issuer's management bodies

According to the statutes of the Company, the management bodies of the Company include the General Meeting of Shareholders, a collegial management body – the Supervisory Board, a collegial management body – the Board, and a sole management body – the head of the company – General manager.

Decisions of the General Meeting of Shareholders made on the issues within the competence of the General Meeting of Shareholders provided for in the statutes of the Company are binding to its shareholders, the Supervisory Board, the Board and the General manager, and other employees of the Company.

All persons who are the shareholders of the Company on the date of the General Meeting of Shareholders have the right to attend the Company's General Meeting of Shareholders in person or by proxy, or be represented by persons with whom they had entered into the agreement on the transfer of the voting right. The record date of the meeting of the Company is the fifth working day before the General Meeting of Shareholders or the fifth working day before the repeat General Meeting of Shareholders. A person attending the General Meeting and entitled to vote shall provide a document which is a proof of his personal identity and sign the registration list of the Meeting of Shareholders. A person who is not a shareholder shall additionally provide a document attesting to his right to vote at the General Meeting of Shareholders.

3 (three) General Meetings of Shareholders were convoked in the 1 half of the year 2015. Company's chairman of the Board, General Manager, and Head of Department of finances took part in them. Issuers' shareholders are allowed to ask questions and to get answers or explanations from Company's managers and speakers.

The collegial management body – Supervisory Board is selected by the General Meeting of Shareholders according to the procedure specified in the Law on Companies of the Republic of Lithuania. The Supervisory Board consists of 7 (seven) members. The Supervisory Board is elected for a term of 4 (four) years. The Supervisory Board elects the chairman of the Supervisory Board from among its members. The General Meeting of shareholders may remove from office the entire Supervisory Board or its individual members before the expiry of the term of office of the Supervisory Board. Where individual members of the Supervisory Board are elected, they shall be elected only until the expiry of the term of office of the current Supervisory Board.

The Supervisory Board elects and dismisses the Board members and supervises the activities of the Board and the General manager of the Company; submits its comments and proposals to the General Meeting of Shareholders on the Company's operating strategy, set of annual financial statements, draft of profit/loss allocation and the annual report of the Company as well as the activities of the Board and the General manager of the Company; submits proposals to the Board and the General manager of the Company to revoke their decisions which are in conflict with laws and other legal acts, the statutes of the Company or decisions of the

General Meeting of Shareholders; addresses other issues assigned to the scope of powers of the Supervisory Board by decisions of the General Meeting of Shareholders regarding the supervision of the activities of the Company and its management bodies. The Supervisory Board shall not be entitled to assign or delegate the functions assigned to the scope of its powers by the Law on Companies of the Republic of Lithuania and the statutes of the Company to other organs of the Company.

The Supervisory Board, following resolution No 1K-18 of 21 August 2008 of the Securities Commission of the Republic of Lithuania „On the requirement for Audit Committees“, „Guidelines for the application of requirements for Audit Committees“, approved in the decision of 28 November 2008 of the Securities Commission, approves the internal rules of procedure for forming the Audit Committee, and electing the Audit Committee members.

The Supervisory Board of the Company approved a new version of the internal rules of procedure of the Audit Committee of AB Kauno Energija on 21 February 2013.

The Board is a collegial management body of the company. The board is comprised of 7 (seven) members. The Board is elected for the period of 4 (four) years by the Supervisory Board. The Supervisory Board can remove from office the entire Board in corpore or its individual members before the expiry of their term. If individual members of the Board are elected, they shall serve only until the expiry of the term of office of the current Board. The Board elects the chairman of the Board from among its members.

The Board analyses and estimates Company's annual financial statements, profit (loss) allocation project, and along with response and proposals on them and with Company's annual report renders to Supervisory Board and General Meeting of Shareholders. Also the Board pursues functions of shareholder in companies where holds all the shares and written decisions of the Board are equated to the decisions of the General Meeting of Shareholders in them.

The Board elects and removes from office the Company's General manager, determines his salary and sets other terms of the employment contract, approves his job description, provides incentives for him and impose penalties; makes other decisions assigned to the competence of the Board by the Law on Companies of the Republic of Lithuania, statutes or the Company or resolutions of the General Meeting of Shareholders.

The General Manager is the head of the Company. The head of the Company is a sole person management body of the Company organising its activities. Powers and responsibilities of the administration members of the Company are established in the order of the General Manager.

20.1. Data on the committees in the Company

(Committee members: full names, information on participation in the authorised capital of the issuer, beginning and end of each person's term of office, workplaces, powers, main functions)

On 21 February 2013 the Supervisory Board elected Valerija Stankūnienė, deputy chief accountant of the Company until May 2014, and Inga Dragūnienė, senior economist of the Economic and Planning Division of the Financial Department of the Company, as the members of the Audit Committee.

On 10 April 2013, the Supervisory Board appointed the Supervisory Board member Edita Gudīšauskienė as independent member of the Company's Audit Committee. She carried out the activities of the member of Audit Committee since 11 April 2013.

Full name	Position	Beginning of term	End of term*
Edita Gudīšauskienė	Independent member of Audit Committee	11 April 2013	29 May 2015
Inga Dragūnienė	Member of Audit Committee	21 February 2013	29 May 2015
Valerija Stankūnienė	Member of Audit Committee	21 February 2013	29 May 2015

* The term of office of the Audit Committee coincides with the term of office of the Supervisory Board of the Company.



In carrying out its activities, the Audit Committee follows the internal rules of procedure of the Company's Audit Committee approved by decision No 2013-1 of 21 February 2013 of the meeting of the Supervisory Board of the Company. The Audit Committee performs its functions provided for in article 52 of the Law on Audit of the Republic of Lithuania. The Audit Committee had 2 sessions during the 1 half of the year 2015. The attendance of the Audit Committee members was 83 per cent. Authority of the members of Audit Committee has ended on 29 May 2015 after recall of Supervisory Board.

Mrs. Inga Dragūnienė is senior economist of the Economics and Planning Division of the Financial Department of the Company. She held the position of the Audit Committee members from 18 August 2011. On January 3, 2012 was re-elected to the members of the Audit Committee and held the position until the withdrawal date of the Supervisory Board, i.e. 28 September 2012. On 21 February 2013 she was elected as a member of Audit Committee again and carried out these functions until 29 May 2015. She has a higher university education from Kaunas University of Technology, Master of Management Science in the field of Financial Management (2001). Workplaces in the last 10 years, and positions held: 1998-10- – 2006-07-25 senior accountant of the company, 2006-07-26–2009-11-01 deputy senior accountant of UAB Pastatų Priežiūros Paslaugos, 2009-11-02–2010-05-07 referent of administration of UAB Pastatų Priežiūros Paslaugos.

Mrs. Inga Dragūnienė holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mrs. Valerija Stankūnienė is a chief accountant of UAB Texera. Valerija was a deputy senior accountant of the company. She held the position of the Audit Committee member from 18 August 2011, on 3 January 2012. Re-elected to the members of the Audit Committee and held the position until the cancellation date of the Supervisory Board, i.e. 28 September 2012. On 21 February 2013 she was elected as a member of Audit Committee again and carried out these functions until 29 May 2015. Valerija has a higher university education from Vilnius University, accounting specialty (1983). Workplaces in the last 10 years, and positions held: 2003-02–2010-01 chief accountant of UAB Aris Baltija, 2010-01–2014-05 deputy chief accountant of the Company.

Mrs. Valerija Stankūnienė holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mrs. Edita Gudīšauskienė, when acting until 29 May 2015 as an independent Company's Audit Committee member, was a Chief Officer of economics and finance of UAB Kauno autobusai, member of the Supervisory Board of the Company. Mrs. Edita Gudīšauskienė is the independent member of Company's Audit Committee. She was acting in it since 11 April 2013. Mrs. Edita Gudīšauskienė has a higher university education from Kaunas University of Technology, Faculty of Mechanical Engineering – Master of Science of Thermal Engineering (1995), Faculty of Economics and Management, Master of Science of Financial Management, (2001), Faculty of Social Sciences, Master of Regional Development – Public Administration. Workplaces in the last 10 years, and positions held: 2000-04-02–2006-08-30 senior accountant in the Children rights service of Kaunas City Municipality, 2006-08-31–2007-03-29 senior specialist, 2007–2010 Deputy Mayor of Kaunas City Municipality on the matters of communities and social issues, 2010–2011 director of administration of Kaunas City Municipality, 2011–2012 Adviser to the Minister of Agriculture of Republic of Lithuania.

Mrs. Edita Gudīšauskienė holds no shares of the Company. No interest in the capital of other Lithuanian companies.

21. Members of collegiate bodies, Company's manager, chief financier

(full name, information on participation in the authorised capital of the issuer, beginning and end dates of the term of office of each person, information on the amounts of money calculated by the issuer during the reporting period, other transferred assets and granted guarantees for those persons in total, and average values per one member of the Company's Supervisory Board, board member, members of administration (head of the Company, senior financier), information on participation in the activities of other companies, institutions and organisations (names of the company, institution and organisation, and position title)

21.1. Information about the members of the Company's Supervisory Board:

Members of the Supervisory Board of the Company as at 30 June 2015:

Full name	Position	Beginning of term	End of term
Visvaldas Matijošaitis	Chairman of the Supervisory Board	29 May 2015	29 May 2019
Visvaldas Varžinskis	Member of the Supervisory Board	29 May 2015	29 May 2019



Full name	Position	Beginning of term	End of term
Tomas Bagdonavičius	Member of the Supervisory Board	29 May 2015	29 May 2019
Povilas Mačiulis	Deputy chairman of the Supervisory Board	29 May 2015	29 May 2019
Rimantas Mikaitis	Member of the Supervisory Board	29 May 2015	29 May 2019
Židrūnas Garšva	Member of the Supervisory Board	29 May 2015	29 May 2019
Andrius Palionis	Member of the Supervisory Board	29 May 2015	29 May 2019

The Company's Supervisory Board consists of seven dependant members, who are also the members of the Kaunas City Council, as they partially represent the controlling shareholder, i.e. Kaunas City Municipality holding 92.84 per cent of the Company's voting shares.

3 sessions of the Supervisory Board were held during the 1 half of the year 2015. More than 1/2 members of the Supervisory Board attended all the sessions.



Mr. Visvaldas Matijošaitis is a Mayor of Kaunas city, Member of the Kaunas City Municipality Council. He is also a founder, leader and Chairman of the board of public organization Vieningas Kaunas (United Kaunas), Chairman of the board of association Mentor Lietuva, President of association Žalgirio Fondas (Žalgiris Fund), President of Lithuanian federation of cycling, Vice-president of Council of Lithuanian economic and trade cooperation with Russian Federation of Lithuanian Confederation of Industrialists. Mr. Visvaldas Matijošaitis holds no shares of the Company. Mr. V. Matijošaitis holds shares of Vičiūnai Group of companies.



Mr. Povilas Mačiulis is a Deputy Mayor of Kaunas city, member of the Kaunas City Municipality Council (Deputy Chairman of Committee of City Economy and Services), Deputy Chairman of Kaunas Regional Development Council, and member of the board of public organization Vieningas Kaunas (United Kaunas), Director of Public Institution Maironio Fondas (Maironis Fund). Mr. Povilas Mačiulis holds no shares of the Company. Mr. P. Mačiulis holds shares of UAB Munava.



Mr. Rimantas Mikaitis is a member of the Kaunas City Municipality Council, Head of Public Institution Centre for Liberty Studies. Mr. Rimantas Mikaitis holds no shares of the Company. No interest in the capital of other Lithuanian companies.



Dr. Visvaldas Varžinskas is a member of the Kaunas City Municipality Council, Chairman of Committee of Sustainable Development and Investments, Docent of Environmental Engineering Institute of Kaunas University of Technology, Head of Centre of Packaging Innovations and research of Kaunas University of Technology, member of special workgroup Strategic Development of Lithuanian Packaging Industry of Small and medium-sized business council (at the Ministry of Economy of the Republic of Lithuania), member of the board of public organization Vieningas Kaunas (United Kaunas), member of expert

group of Sustainable Development and Urbanism of Kaunas city Business council, member of council of National Cluster of Renewable Energy of Baltic Littoral.

Mr. Visvaldas Varžinskas holds no shares of the Company. No interest in the capital of other Lithuanian companies.



Mr. Tomas Bagdonavičius is a member of the Kaunas City Municipality Council, head of Business planning and analysis of UAB Vičiūnai Group, member of public organization Vieningas Kaunas (United Kaunas).

Mr. Tomas Bagdonavičius holds no shares of the Company. Mr. T. Bagdonavičius holds shares of UAB Baltic Fish Export.



Mr. Židrūnas Garšva is a member of the Kaunas City Municipality Council, member of Committee of City Economy and Services, General Manager of UAB Dextera, member of supervisory board of Public Institution K. Grinius Nursing and Sustaining Treatment Hospital, also involved in personal business (activities such as head offices and management consultancy activities).

Mr. Židrūnas Garšva holds no shares of the Company. Mr. Ž. Garšva holds shares of UAB Dextera Holding.



Mr. Andrius Palionis is a member of the Kaunas City Municipality Council, Director of Irena Matijošaitienė fund, Director of public organization Vieningas Kaunas (United Kaunas), member of Kaunas city Youth Affairs Council.

Mr. Andrius Palionis holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Members of Company's Supervisory Board until 29 May 2015:

Mr. Andrius Kupčinskas. Mayor of Kaunas city until 16 April 2015. Member of the Kaunas City Municipality Council. Chairman of the Strategic Planning Commission of Kaunas City Council, member of the Board of Academic Affairs, chairman of Business Council, member of the board of Lithuanian Association of Local Authorities (LSA), member of the Kaunas Regional Development Council (KRPT) and member of the EU Committee of the Regions. Member of Company's Supervisory Board from 28 September 2012 until 29 May 2015.

Mr. Andrius Kupčinskas holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mr. Stanislovas Buškevičius. Deputy Mayor of Kaunas city until 16 April 2015. Member of the Kaunas City Municipality Council, member of the Culture and Art Committee of Kaunas City Council, chairman of the Award Council. Member of Company's Supervisory Board from 28 September 2012 until 29 May 2015.

Mr. Stanislovas Buškevičius holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mr. Židrūnas Garšva. Member of the Kaunas City Municipality Council until 16 April 2015. Head of Committee of City Economy of Kaunas City Council, head of Commission of privatization, member of Commission of

Strategic Planning, representative of Kaunas city municipality in Business Council. Member of Company's Supervisory Board from 6 January 2014 until 29 May 2015.

Mr. Židrūnas Garšva holds no shares of the Company. Mr. Ž. Garšva holds shares of UAB Dextera Holding.

Mrs. Edita Gudišauskienė. Chief Officer of Finances service of UAB Kauno Autobusai, an independent member of the Audit Committee of the Company, member of the Kaunas City Municipality Council, chairman of the Budget and Finance Committee of Kaunas City Municipality, chairman of Lampėdžiai community centre. Member of Company's Supervisory Board from 28 September 2012 until 29 May 2015.

Mrs. Edita Gudišauskienė holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mr. Ričardas Juška. Mayor of Jurbarkas district municipality until 14 April 2015, member of Jurbarkas district municipality council, chairman of Commission of Privatization of Jurbarkas district municipality council, member of the Board of Association of Lithuanian Municipalities (ALM) since 2011, chairman of Committee of Health Issues of ALM, member of Council of Regional Development of Tauragė county from 2009, member of the Supervisory Board of Tauragė Regional Waste Management Center, member of Movement of Liberals of the Republic of Lithuania starting from 2013, chairman of Jurbarkas section of Movement of Liberals of the Republic of Lithuania. Member of Company's Supervisory Board from 29 April 2014 until 29 May 2015.

Mr. Ričardas Juška holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mrs. Aušra Ručienė. Lawyer, member of Kaunas City Municipality Council until 16 April 2015, chairman of City Development, Investments and Tourism Committee of Kaunas City Municipality Council, member of Control committee, member of Anticorruption Commission, member of Strategic Planning Commission, member of Council of Academic Affairs. Member of Company's Supervisory Board from 28 September 2012 until 29 May 2015.

Mrs. Aušra Ručienė holds no shares of the Company. She is a shareholder of UAB Ručenta.

Mr. Gediminas Žukauskas. Operational director of UAB Kauno Vandenys, member of the Kaunas City Municipality Council, chairman of Self-Government and Communities Development Committee of Kaunas City Municipality Council, member of Titles Contriving and Perpetuation of Memories Commission, member of Privatization Commission, member of Strategic Planning Commission, chairman of Panemunė Community centre. Member of Company's Supervisory Board from 28 September 2012 until 29 May 2015.

Mr. Gediminas Žukauskas holds no shares of the Company. No interest in the capital of other Lithuanian companies.

21.2. Information on the members of the Company's Board

As at 30 June 2015 the members of the Company's Board were as follows:

Full name	Position	Beginning of term	End of term
Vytautas Mikaila	Chairman of the Board	1 June 2015	1 June 2019
Justas Jankauskas	Deputy chairman of the Board	1 June 2015	1 June 2019
Algimantas Stasys Anužis	Member of the Board	1 June 2015	1 June 2019
Eugenijus Ušpuras	Member of the Board	1 June 2015	1 June 2019
Ramūnas Gatautis	Member of the Board	1 June 2015	1 June 2019
Nerijus Mordas	Member of the Board	1 June 2015	1 June 2019
Giedrius Bielskus	Member of the Board	1 June 2015	1 June 2019

The Company's Board held 13 sessions in the 1 half of the year 2015. More than 2/3 members of the Management Board attended all the sessions.





Mr. Vytautas Mikaila. Doctor in Engineering. Director of UAB MVE Group, member of Association of Heating Technicians Engineers, member of Rotary Club Kauno Tauras, honorary consul of Slovak Republic in Lithuania. Starting from 1 July 2015 – head of Company's Strategy and Investment Projects department. Chairman of Company's Board from 1 June 2015.

Mr. Vytautas Mikaila holds no shares of the Company. He holds 55 per cent of shares in UAB MVE Group.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.



Mr. Justas Jankauskas. Partner of lawyers' professional community Jankauskas ir Partneriai (Jankauskas and Partners). Practising arbitrator of Vilnius International and National Commercial Arbitration Court, also a mediator of Lithuanian Arbitration Association. Member of Company's Board from 1 June 2015.

Mr. Justas Jankauskas holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.



Mr. Algimantas Stasys Anužis. Member of the Board of UAB Kauno Švara, member of board of Kaunas Chamber of Commerce, Industry and Crafts, president of Lithuanian Veterans Basketball League, member of Company's Board from 1 June 2015.

Mr. Algimantas Stasys Anužis holds no shares of the Company. No interest in the capital of other Lithuanian companies.

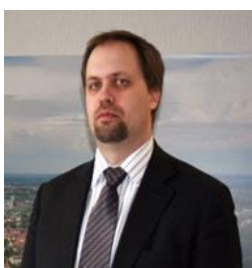
No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.



Mr. Eugenijus Ušpuras. Habilitated doctor, chief of Laboratory of Nuclear Installation Safety, Lithuanian Energetic, full member of the Lithuanian Academy of Sciences, professor, member of Company's Board from 1 June 2015.

Mr. Eugenijus Ušpuras holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.



Mr. Ramūnas Gatautis. Doctor in technology sciences, research associate of Laboratory of Energy Systems Research of Lithuanian Energy Institute, member of International Association of Energy Economists (IAEE), member of Company's Board from 1 June 2015.

Mr. Ramūnas Gatautis holds no shares of the Company. He holds 33 per cent of shares of UAB RENEKS.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.



Mr. Giedrius Bielskus. Director of public institution S. Darius ir S. Girėno Sporto Centras (S. Darius and S. Girėnas Sports Centre), member of Company's Board from 1 June 2015.

Mr. Giedrius Bielskus holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.



Mr. Nerijus Mordas. Chief finance officer for Eastern European and Asian markets of UAB Vičiūnų Grupė (UAB Vičiūnai Group), auditor of UAB E. Mordas ir Partneriai (UAB E. Mordas and Partners), deputy director (for finances) of OOO Vičiūnai-Rus, member of Company's Board from 1 June 2015.

Mr. Nerijus Mordas holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Members of Company's Board until 1 June 2015:

Mr. Valdas Lukoševičius. Doctor in technical sciences, associated professor of Thermal and Nuclear Energy Department of Kaunas University of Technology (KTU), chairman of Company's Board from 28 September 2012 until 1 June 2015.

Mr. Valdas Lukoševičius holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Mr. Sigitas Groblys. Partner in law firm Foresta, Business Law Group, member of the Board of UAB Litpirma, chairman of the Board of Gintaras Steponavičius Support Fund. Member of Company's Board from 28 September 2012 until 1 June 2015.

Mr. Sigitas Groblys holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Mr. Juozas Augutis is a Habilitated Doctor of Technology sciences, laureate of National Science Award, Vice-Rector of Vytautas Magnus University, Professor at Mathematics and Statistics Department of Vytautas Magnus University (VMU), full member of the Lithuanian Academy of Sciences, NATO SPS (Science for Peace and Security) programme expert, FP6 and FP7 expert, Expert of the Lithuanian Council of Science, Expert of the Lithuanian State Science and Studies Foundation, manager of the Energy Security Centre of Vytautas Magnus University (VMU), member of the editorial boards of magazines "Energetics", "Journal of Civil Engineering and Management" and "Mathematics and mathematical modelling", member of the European Safety Reliability and Data Association ESREDA SRA, Senate and Board member of Vytautas Magnus University (VMU), member of the Lithuanian Society of Mathematicians and Statisticians Association, Chairman of the group panel the National Research Programme "Sustainable Energy" and Chairman of the group panel the National Research Programme "Energy for the Future". Member of the Company's Board from 28 September 2012 until 1 June 2015.

Mr. Juozas Augutis holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Mr. Rimantas Bakas. Doctor of Technical sciences, General Manager of the Company, member of the Lithuanian Thermal Engineers Association, Scientific Council Member of the Lithuanian Energy Institute, member of the Lithuanian District Heating Association Council, Chairman of Master Qualification Committee of the Thermal and Nuclear Energy Department of Kaunas University of Technology, certified expert of the

PET Lithuanian Committee on Energy approved by the Lithuanian committee of the World Energy Council. Member of Company's Board from 3 May 2011 until 2 January 2012 and from 28 September 2012 until 1 June 2015.

Mr. Rimantas Bakas holds no shares of the Company. No interest in the capital of other Lithuanian companies. Mr. Rimantas Bakas charged EUR 38.6 thousand of salary during the 1 half of the year 2015. No bonuses were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Mr. Saulius Meškauskas. Deputy head of Energy Department of Kaunas City Municipality Administration. Member of Company's Board from 28 September 2012 until 1 June 2015.

Mr. Saulius Meškauskas holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Mr. Vaclovas Miškinis. Habilitated doctor, head of Complex Energy Research Laboratory of the Lithuanian Energy Institute, professor, member of Company's Board from 28 September 2012 until 1 June 2015.

Mr. Vaclovas Miškinis holds no shares of the Company. No interest in the capital of other Lithuanian companies.

No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

Mr. Mindaugas Varža. Director at UAB Kauno Verslo Grupė, member of Company's Board from 28 September 2012 until 1 June 2015.

Mr. Mindaugas Varža holds no shares of the Company. No interest in the capital of other Lithuanian companies. No remuneration amounts (salary, bonuses) were estimated, nor any assets were transferred or guarantees issued during the reporting period.

21.3. Information on the General Manager and Chief accountant of the Company:

Mr. Rimantas Bakas. Doctor in technical sciences. Company's General Manager since 24 November 2008. Member of the Lithuanian Thermal Engineers Association, member of council of PI Kaunas Regional Energy Agency, member of Council of The Lithuanian District Heating Association, member of Scientific Council of Lithuanian Energy Institute, chairman of Master Qualification Committee of the Thermal and Nuclear Energy Department of Kaunas University of Technology, certified expert of the PET Lithuanian Committee on Energy approved by the Lithuanian committee of the World Energy Council, member of Company's Board from 3 May 2011 until 2 January 2012 and from 28 September 2012 until 1 June 2015. Mr. Rimantas Bakas has a higher university education of Kaunas University of Technology, finished in 1985, industrial thermal energy engineer. Work experience and positions over the last 10 years: Chief Project Manager of Strategy Division of the Company 2003-05–2006-01, Head of Strategy Division – 2006-01–2008-11.

Mr. Rimantas Bakas was awarded with letters of appreciation from the Lithuanian District Heating Association (2007), Lithuanian Electricity Association (2008), Lithuanian Committee of World Energy Council (2010), Minister of Energy of the Republic of Lithuania (2013), Chairman of the Seimas of the Republic of Lithuania (2013), Lithuanian Committee of World Energy Council (2013), and the 600th Anniversary medal of Kaunas City Municipality (2008), Medal of Honour of Lithuanian energetics (2011), silver-plated brassy medal of Jonas Vileišis, burgomaster of Kaunas city for the merits in development of energy economy of the city (2015).

Mr. Rimantas Bakas holds no shares of the Company. No interest in the capital of other Lithuanian companies.

Mrs. Violeta Staškūnienė. Company's chief accountant since 16 January 2003. She has a higher university education from Vilnius University, finished in 1984, labour economics, profession – economist.

Mrs. Violeta Staškūnienė holds 2,641 of the Company's shares, which represent less than 5 per cent of the authorised capital. No interest in the capital of other Lithuanian companies.

The total amount of money incurred to the General Manager and the Chief Accountant of the Company during the 1 half of the year 2015 is EUR 51.74 thousand, while the average amount per member is EUR 25.87 thousand. No other assets were transferred or guarantees issued.



22. Information on significant agreements

There are no significant agreements that would come into force, change or termination in case of change in controls of Issuer (their impact as well, except cases when due to the character of agreements the disclosure of them would make a significant harm).

23. Information on agreements of the Issuer and its managerial body members or employees

There are no agreements of the Issuer or its managerial body members or employees (which provide for compensation in case of their resignation or termination of employment on no grounds or in case their employment is terminated due to changes in controls of the Issuer).

24. Information on major transactions with related parties

There were no larger individual transactions. More detailed information is provided in Note 25 of the explanatory notes to financial statements.

25. Information about harmful transactions concluded on behalf of the Issuer during the reporting period

There are no harmful transactions concluded on behalf of the Issuer during the reporting period (not complying with the Company's objectives, normal market conditions, detrimental to the interests of shareholders and other interest groups etc.) which were or are likely to have an adverse effect on the Issuer's activities and (or) performance in the future, as well as information on transactions entered into in a conflict of interest between the Issuer's management, controlling shareholders or other related parties' obligations to the Issuer and their private interests and (or) other duties.

26. Information on compliance with the Governance Code of Companies and the Company's corporate social initiatives and policies

Information on compliance with the corporate governance code is provided in Annex 1 to the annual report of the year 2014. Annual reports on the Company's corporate social initiatives and policies are provided in Annex 2 to the annual report of the year 2014 named AB Kauno Energija Report on Social Responsibility and on the Company's website.

27. Data on publicised information

In performing its obligations under the applicable legislation regulating the securities market, the Issuer has announced the following information over the past 7 months over the GlobeNewswire news distribution service, in which notices are disseminated within the European Union. Such information was also posted on the website of the Issuer. All information is available on **NASDAQ OMX Vilnius** websites (<http://www.baltic.omxgroup.com/?id=3304>) and the issuer's website (<http://www.kaunoenergija.lt>).

Title	Announcement category	Language	Time
Economic performance in the 1st half of 2015	Notice of stock event	EN, LT	2015-07-29 14:30
Information on started payment of dividends to the shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-06-30 16:00
Information on election of managing bodies of AB Kauno Energija	Notice of stock event	EN, LT	2015-06-02 16:17
Regarding recall and election of new managing bodies of AB Kauno Energija	Notice of stock event	EN, LT	2015-06-01 17:39
Decisions of the Extraordinary General Meeting of Shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-05-29 12:37
Information on unpaid dividends as it is stated by the law	Notice of stock event	EN, LT	2015-05-28 16:23
Information on the resignation of AB Kauno Energija	Notice of stock event	EN, LT	2015-05-14



Title	Announcement category	Language	Time
Supervisory Board members	event		16:01
Regarding convocation of the Extraordinary General Meeting of Shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-05-04 17:07
The activity results of I quarter of the year 2015	Interim information	EN, LT	2015-04-30 16:01
Financial statements with the annual report and Social Responsibility Report	Annual information	EN, LT	2015-04-28 17:05
Resolutions of the General Meeting of Shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-04-28 16:01
Resolutions projects of General Meeting of Shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-04-02 19:14
The audited activity results of AB Kauno Energija of the year 2014	Notice of stock event	EN, LT	2015-04-02 19:01
Convocation of General Meeting of Shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-03-30 16:47
Decisions of the Extraordinary General Meeting of Shareholders of AB Kauno Energija	Notice of stock event	EN, LT	2015-03-30 16:02
Regarding a convocation of the Extraordinary General Meeting of AB Kauno Energija shareholders	Notice of stock event	EN, LT	2015-03-05 09:35
The activity results of 12 months of the year 2014	Interim information	EN, LT	2015-01-30 13:54

General Manager of AB Kauno Energija

Rimantas Bakas

