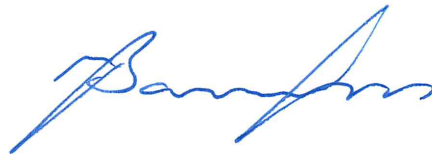


2015-08-31 No. SD-1301

**CERTIFICATION STATEMENT**

Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania, we, the undersigned Juozas Bartlingas, Chief Executive Officer, Eglė Čiužaitė, Director of Finance and Administration Department, and Giedruolė Guobienė Head of Reporting, Tax Accounting and Control Division of Verslo aptarnavimo centras UAB, hereby confirm that, to the best of our knowledge, Lietuvos Energijos gamyba, AB and consolidated financial statements for the six-month period of the financial year 2015 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of Lietuvos Energijos gamyba, AB and its consolidated group assets, liabilities, financial position, profit or loss for the period and cash flows, the Consolidated Report for the six-month period includes a fair review of the development and performance of the business.

Chief Executive Officer



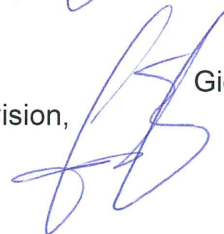
Juozas Bartlingas

Director of Finance and Administration Department



Eglė Čiužaitė

Verslo aptarnavimo centras UAB,  
Head of Reporting, Tax Accounting and Control Division,  
under Order No. V-020 (signed 2015 04 27)



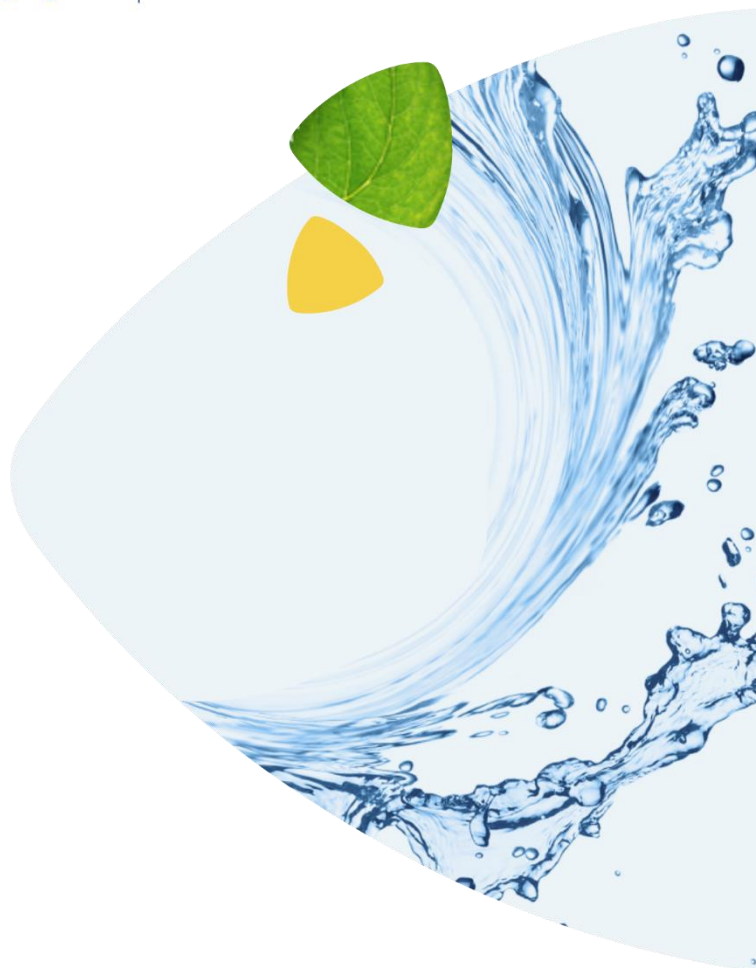
Giedruolė Guobienė

# 2015

## LIETUVOS ENERGIJOS GAMYBA, AB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL  
INFORMATION

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL  
INFORMATION FOR THE SECOND QUARTER OF 2015 AND THE FIRST HALF OF  
2015 PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD  
34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED)



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Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated


		Group		Company	
	Notes	As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
ASSETS					
Non-current assets					
Intangible assets	5	14,999	11,003	14,999	10,867
Property, plant and equipment	6	723,917	744,191	723,917	729,910
Prepayments for property, plant, equipment		639	-	639	-
Investments in subsidiaries	15	-	-	-	6,094
Investments in associates and joint ventures	15	1,310	38,057	1,374	39,233
Deferred tax assets		-	212	-	-
Other non-current assets		2,976	7,574	2,976	7,574
Other amounts receivable	7	20,200	566	20,200	566
Total non-current assets		764,041	801,603	764,105	794,244
Current assets					
Inventories		7,936	6,186	7,936	5,545
Prepayments		7,618	8,736	7,618	5,474
Trade receivables		32,939	33,709	32,939	30,886
Other amounts receivable	7	21,146	1,184	21,146	679
Prepaid income tax		3,181	2,089	3,181	2,059
Derivative financial instruments	8	1,947	-	1,947	-
Cash and cash equivalents		55,663	79,434	55,663	75,750
		130,430	131,338	130,430	120,393
Assets classified as held for sale		-	36	-	-
Total current assets		130,430	131,374	130,430	120,393
TOTAL ASSETS		894,471	932,977	894,535	914,637
EQUITY AND LIABILITIES					
Equity					
Authorised share capital	9	184,174	183,933	184,174	183,933
Share premium		85,660	85,660	85,660	85,660
Legal reserve		10,872	10,975	10,872	10,872
Revaluation reserve		1,077	2,011	1,077	1,097
Other reserves	10	-	-	-	-
Retained earnings		83,205	91,900	83,271	85,716
Total equity		364,988	374,479	365,054	367,278
Non-current liabilities					
Loans	12	137,068	146,974	137,068	144,859
Finance lease liabilities		-	34	-	-
Grants	13	293,245	297,204	293,245	297,204
Other non-current amounts payable and liabilities		9,655	16,909	9,655	16,879
Deferred income tax liability		16,486	15,377	16,486	14,131
Total non-current liabilities		456,454	476,498	456,454	473,073
Current liabilities					
Loans	12	17,212	18,791	17,212	18,027
Finance lease liabilities		-	15	-	-
Trade payables		28,118	29,611	28,118	25,946
Advances received		15,569	23,959	15,569	21,522
Provisions for emission allowances	14	1,450	2,839	1,450	2,839
Other amounts payable and liabilities		10,680	6,785	10,678	5,952
Total current liabilities		73,029	82,000	73,027	74,286
Total liabilities		529,483	558,498	529,481	547,359
TOTAL EQUITY AND LIABILITIES		894,471	932,977	894,535	914,637

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 31 August 2015:

  
**Juozas Bartlingas**  
Chief Executive Officer

  
**Eglė Čiuzaitė**  
Director of Finance and Administration  
Department

  
**Giedruiolė Guobienė**  
Verslo Aptarnavimo Centras UAB,  
Head of Reporting, Tax Accounting and  
Control Division, under order No. V-020  
(signed 2015 04 27)

**Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**for the six-month period ended 30 June 2015**

All amounts in EUR thousands unless otherwise stated

	Notes	Group		Company	
		1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014 (recalculated)	1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014
<b>Revenue</b>					
Sales revenue		103,634	93,171	98,033	92,273
Other income		6,814	21,976	7,397	1,123
Fair value gain on derivative financial instruments	8	1,947	-	1,947	-
		<b>112,395</b>	<b>115,147</b>	<b>107,377</b>	<b>93,396</b>
<b>Operating expenses</b>					
Purchases of electricity or related services		(24,659)	(31,687)	(20,946)	(31,633)
Expenses for gas and heavy fuel oil		(38,541)	(17,135)	(38,541)	(17,135)
Depreciation and amortisation	5,6,13	(11,293)	(11,609)	(11,156)	(11,143)
Wages and salaries and related expenses		(5,220)	(6,697)	(4,243)	(4,658)
Repair and maintenance expenses		(7,890)	(386)	(4,702)	(2,320)
Income (expenses) from the revaluation of emission allowances		(312)	590	(312)	590
Reversal of impairment for other non-current assets		31	945	31	945
Reversal of impairment for inventories		23	45	23	45
Reversal of impairment for property, plant and equipment		125	-	125	-
Other expenses		(8,127)	(16,079)	(4,894)	(2,618)
<b>Total operating expenses</b>		<b>(95,863)</b>	<b>(82,013)</b>	<b>(84,615)</b>	<b>(67,927)</b>
<b>OPERATING PROFIT</b>		<b>16,532</b>	<b>33,134</b>	<b>22,762</b>	<b>25,469</b>
Finance income:					
Share of profit of associates and joint ventures		305	437	-	-
Other finance income		172	1,975	172	3,410
Other finance (costs)		(1,300)	(3,365)	(1,275)	(3,326)
		<b>(823)</b>	<b>(953)</b>	<b>(1,103)</b>	<b>84</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>15,709</b>	<b>32,181</b>	<b>21,659</b>	<b>25,553</b>
Current year income tax expense		(305)	(962)	(49)	(893)
Deferred income tax (expenses)		(2,344)	(2,269)	(2,354)	(2,271)
		<b>(2,649)</b>	<b>(3,231)</b>	<b>(2,403)</b>	<b>(3,164)</b>
<b>NET PROFIT</b>		<b>13,060</b>	<b>28,950</b>	<b>19,256</b>	<b>22,389</b>
<b>Other comprehensive income (loss)</b>					
Other comprehensive income, net of deferred income tax		(54)	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>13,006</b>	<b>28,950</b>	<b>19,256</b>	<b>22,389</b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>					
Owners of the Company		13,060	28,867	19,256	22,389
Non-controlling interest		-	83	-	-
		<b>13,060</b>	<b>28,950</b>	<b>19,256</b>	<b>22,389</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owners of the Company		13,006	28,867	19,256	22,389
Non-controlling interest		-	83	-	-
		<b>13,006</b>	<b>28,950</b>	<b>19,256</b>	<b>22,389</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0.020</b>	<b>0.046</b>	<b>0.030</b>	<b>0.035</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 31 August 2015:

 <b>Juozas Bartlingas</b> Chief Executive Officer	 <b>Eglė Čiužaitė</b> Director of Finance and Administration Department	 <b>Giedruolė Guobienė</b> Verslo Aptarnavimo Centras UAB, Head of Reporting, Tax Accounting and Control Division, under order No. V-020 (signed 2015 04 27)
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**Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**for the three-month period ended 30 June 2015**

All amounts in EUR thousands unless otherwise stated

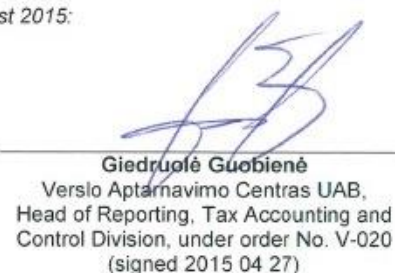
	Group		Company	
	1 April 2015 – 30 June 2015	1 April 2014 – 30 June 2014 (recalculated)	1 April 2015 – 30 June 2015	1 April 2014 – 30 June 2014
<b>Revenue</b>				
Sales revenue	64,245	51,062	64,245	50,480
Other income	1,327	7,535	466	684
Fair value gain on derivative financial instruments	1,661	-	1,661	-
	<b>67,233</b>	<b>58,597</b>	<b>66,372</b>	<b>51,164</b>
<b>Operating expenses</b>				
Purchases of electricity or related services	(9,628)	(15,307)	(9,628)	(15,256)
Expenses for gas and heavy fuel oil	(35,753)	(12,332)	(35,753)	(12,331)
Depreciation and amortisation	(5,542)	(5,729)	(5,542)	(5,568)
Wages and salaries and related expenses	(2,037)	(3,183)	(2,037)	(2,258)
Repair and maintenance expenses	(3,712)	717	(3,712)	(1,294)
Income from the revaluation of emission allowances	61	1,130	61	1,130
Reversal of impairment for other non-current assets	336	1,239	336	1,239
Reversal of impairment for inventories	24	12	24	12
Reversal of impairment for property, plant and equipment	125	-	125	-
Other expenses	(2,153)	(9,730)	(2,153)	(1,618)
<b>Total operating expenses</b>	<b>(58,279)</b>	<b>(43,183)</b>	<b>(58,279)</b>	<b>(35,944)</b>
<b>OPERATING PROFIT</b>	<b>8,954</b>	<b>15,414</b>	<b>8,093</b>	<b>15,220</b>
Finance income:				
Asocijuotų ir bendrai valdomų įmonių rezultatų dalis	170	514	-	-
Other finance income	79	88	79	1,525
Other finance (costs)	(544)	(1,800)	(544)	(1,780)
	<b>(295)</b>	<b>(1,198)</b>	<b>(465)</b>	<b>(255)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>8,659</b>	<b>14,216</b>	<b>7,628</b>	<b>14,965</b>
Current year income tax (expenses)/income	597	(569)	597	(523)
Deferred income tax expenses	(890)	(1,339)	(890)	(1,349)
	<b>(293)</b>	<b>(1,908)</b>	<b>(293)</b>	<b>(1,872)</b>
<b>NET PROFIT</b>	<b>8,366</b>	<b>12,308</b>	<b>7,335</b>	<b>13,093</b>
<b>Other comprehensive income (loss)</b>				
Other comprehensive income, net of deferred income tax	(31)	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,335</b>	<b>12,308</b>	<b>7,335</b>	<b>13,093</b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	8,366	12,296	7,335	13,093
Non-controlling interest	-	12	-	-
	<b>8,366</b>	<b>12,308</b>	<b>7,335</b>	<b>13,093</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	8,335	12,296	7,335	13,093
Non-controlling interest	-	12	-	-
	<b>8,335</b>	<b>12,308</b>	<b>7,335</b>	<b>13,093</b>
<b>Basic and diluted earnings per share (in EUR)</b>	<b>0.013</b>	<b>0.019</b>	<b>0.012</b>	<b>0.021</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 31 August 2015:

  
**Juozas Bartlingas**  
 Chief Executive Officer

  
**Eglė Čiužaitė**  
 Director of Finance and Administration  
 Department

  
**Giedrūolė Guobienė**  
 Verslo Aptarnavimo Centras UAB,  
 Head of Reporting, Tax Accounting and  
 Control Division, under order No. V-020  
 (signed 2015 04 27)

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated


	Group		Company	
	1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014 (recalculated)	1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014
Net profit for the period	13,060	28,950	19,256	22,389
<b>Adjustments for non-cash expenses (income) and other adjustments:</b>				
Depreciation and amortisation expenses	16,921	17,227	16,784	16,761
(Expenses) of inventory impairment	(23)	(45)	(23)	(45)
(Gain)/loss on disposal of investments in subsidiaries and associates	2,979	(6,832)	(5,003)	63
(Income) from the revaluation of emission allowances	(312)	(1,042)	(312)	(1,042)
Other impairments/(reversal)	(3,048)	(3,019)	21	(2,929)
Share of (profit) of associates and joint ventures	(305)	(437)	-	-
Income tax expenses	305	962	49	893
Change in deferred income tax liability	2,344	2,269	2,355	2,271
(Income) from grants	(5,628)	(5,618)	(5,628)	(5,618)
Increase in provisions	1,603	625	1,603	625
Change in fair value of derivative financial instruments	(1,947)	-	(1,947)	-
Loss on revaluation and impairment of property, plant and equipment	(125)	-	(125)	-
Gain (loss) on disposal/write-off of non-current assets (except financial assets)	-	8	-	1
Elimination of results of financing and investing activities:				
- Interest (income)	1	(45)	-	(37)
- Interest expense	1,025	3,084	1,001	3,084
- Other finance (income)/costs	102	(1,649)	102	(3,131)
<b>Changes in working capital</b>				
(Increase) decrease in trade receivables and other receivables	(14,392)	(7,021)	(4,431)	2,665
(Increase) in inventories and prepayments	(3,990)	(2,307)	(4,710)	(3,194)
Increase (decrease) in accounts payable and advance amounts received	2,959	(666)	(7,322)	(9,254)
Income tax (paid)	(1,122)	(709)	(1,122)	(654)
<b>Net cash flows from operating activities</b>	<b>10,407</b>	<b>23,735</b>	<b>10,548</b>	<b>22,848</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	(10,090)	(3,449)	(10,013)	(2,122)
Disposal of subsidiaries	(526)	(7,688)	2,821	-
Acquisition of investments in associates	-	(1,286)	-	(1,286)
Disposal of investments in associates	7,400	550	7,400	550
Grants received	405	-	405	-
Dividends received	-	1,924	-	3,372
Interest received	-	44	-	36
<b>Net cash flows (to) from investing activities</b>	<b>(2,811)</b>	<b>(9,905)</b>	<b>613</b>	<b>550</b>
<b>Cash flows from financing activities</b>				
Borrowings	-	155,862	-	155,862
Repayments of borrowings	(8,694)	(157,669)	(8,606)	(157,582)
Finance lease payments	(3)	-	-	-
Interest (paid)	(1,081)	(3,511)	(1,053)	(3,474)
Dividends (paid)	(21,589)	(43,260)	(21,589)	(43,260)
<b>Net cash flows (used) in financing activities</b>	<b>(31,367)</b>	<b>(48,578)</b>	<b>(31,248)</b>	<b>(48,454)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(23,771)</b>	<b>(34,748)</b>	<b>(20,087)</b>	<b>(25,056)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>79,434</b>	<b>63,643</b>	<b>75,750</b>	<b>51,578</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>55,663</b>	<b>28,895</b>	<b>55,663</b>	<b>26,522</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 31 August 2015:

  
**Juozas Bartlingas**  
Chief Executive Officer

  
**Eglė Čiužaitė**  
Director of Finance and Administration  
Department

  
**Giedruolė Guobienė**  
Verslo Aptarnavimo Centras UAB,  
Head of Reporting, Tax Accounting and  
Control Division, under order No. V-020  
(signed 2015 04 27)

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated

Group	Notes	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (loss)	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>2,296</b>	<b>10,963</b>	<b>196,297</b>	<b>(82,485)</b>	<b>396,664</b>	<b>12,713</b>	<b>409,377</b>
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	21,954	21,954	70	22,024
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,954</b>	<b>21,954</b>	<b>70</b>	<b>22,024</b>
Depreciation of revaluation reserve		-	-	(85)	-	-	85	-	-	-
Transfers to reserves		-	-	-	12	-	(12)	-	-	-
Transfers to retained earnings		-	-	-	-	(196,297)	196,297	-	-	-
Dividends paid		-	-	-	-	-	(43,443)	(43,443)	-	(43,443)
Sale of subsidiaries		-	-	-	-	-	6,913	6,913	(12,783)	(5,870)
<b>Balance as at 30 June 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>2,211</b>	<b>10,975</b>	<b>-</b>	<b>99,309</b>	<b>382,088</b>	<b>-</b>	<b>382,088</b>
Restatement of sale of subsidiaries		-	-	-	-	-	(6,913)	(6,913)	(13)	(6,926)
Comprehensive income		-	-	-	-	-	6,913	6,913	13	6,926
<b>Balance as at 30 June 2014 (recalculated)</b>		<b>183,933</b>	<b>85,660</b>	<b>2,211</b>	<b>10,975</b>	<b>-</b>	<b>99,309</b>	<b>382,088</b>	<b>-</b>	<b>382,088</b>
<b>Balance as at 1 January 2015</b>		<b>183,933</b>	<b>85,660</b>	<b>2,011</b>	<b>10,975</b>	<b>-</b>	<b>91,900</b>	<b>374,479</b>	<b>-</b>	<b>374,479</b>
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	13,006	13,006	-	13,006
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,006</b>	<b>13,006</b>	<b>-</b>	<b>13,006</b>
Depreciation of revaluation reserve		-	-	(20)	-	-	20	-	-	-
Result of the conversion of the nominal value of shares	9	241	-	-	-	-	-	241	-	241
Dividends paid	11	-	-	-	-	-	(21,721)	(21,721)	-	(21,721)
Sale of subsidiaries		-	-	(914)	(103)	-	-	(1,017)	-	(1,017)
<b>Balance as at 30 June 2015</b>		<b>184,174</b>	<b>85,660</b>	<b>1,077</b>	<b>10,872</b>	<b>-</b>	<b>83,205</b>	<b>364,988</b>	<b>-</b>	<b>364,988</b>

(Continued on the next page)

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

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated

Company	Notes	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (loss)	Total equity
<b>Balance as at 1 January 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>1,163</b>	<b>10,872</b>	<b>196,297</b>	<b>(80,378)</b>	<b>397,547</b>
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	22,389	22,389
<b>Total comprehensive income for the period</b>							<b>22,389</b>	<b>22,389</b>
Depreciation of revaluation reserve		-	-	(33)	-	-	33	-
Transfers to retained earnings		-	-	-	-	(196,297)	196,297	-
Dividends paid		-	-	-	-	-	(43,443)	(43,443)
<b>Balance as at 30 June 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>1,130</b>	<b>10,872</b>	<b>-</b>	<b>94,898</b>	<b>376,493</b>
<b>Balance as at 1 January 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>1,097</b>	<b>10,872</b>	<b>-</b>	<b>85,716</b>	<b>367,278</b>
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	19,256	19,256
<b>Total comprehensive income for the period</b>							<b>19,256</b>	<b>19,256</b>
Depreciation of revaluation reserve		-	-	(20)	-	-	20	-
Result of the conversion of the nominal value of shares	9	241	-	-	-	-	-	241
Dividends paid	11	-	-	-	-	-	(21,721)	(21,721)
<b>Balance as at 30 June 2015</b>		<b>184,174</b>	<b>85,660</b>	<b>1,077</b>	<b>10,872</b>	<b>-</b>	<b>83,271</b>	<b>365,054</b>


(Concluded)

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 31 August 2015:

  
**Juozas Bartlingas**  
Chief Executive Officer

  
**Eglė Čiužaitė**  
Director of Finance and Administration  
Department

  
**Giedruolė Guobienė**  
Verslo Aptarnavimo Centras UAB,  
Head of Reporting, Tax Accounting and  
Control Division, under order No. V-020  
(signed 2015 04 27)

All amounts in EUR thousands unless otherwise stated

## 1 General information

Lietuvos Energijos Gamyba, AB is a public limited liability company registered in the Republic of Lithuania. Lietuvos Energijos Gamyba, AB (hereinafter referred to as the "Company") is a limited liability for-profit corporate entity, registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company's registration date is 21 July 2011, company code 302648707, VAT payer's code LT100006256115. The Company has been established for an unlimited period. The Company's registered office address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania.

At the General Meeting of Shareholders of Lietuvos Energija AB held on 29 July 2013, the shareholders made a decision to rename Lietuvos Energija AB (company code 302648707) into Lietuvos Energijos Gamyba AB. With effect from 5 August 2013, the company's name is Lietuvos Energijos Gamyba AB. Information on the change of the Company's name was announced in accordance with the procedure established by law and in the electronic newsletter issued by a public institution Centre of Registers, which manages the Register of Legal Entities. There were no changes in other requisite or contact details of the Company.

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

The authorised share capital of Lietuvos Energijos Gamyba, AB amounts to EUR 184,174,248.35 and it is divided into 635,083,615 ordinary registered shares with par value of EUR 0.29 each. In 2015, the Company's authorised share capital was converted to the euro (Note 9). There were no changes in the Company's authorised share capital during the six-month period of 2015. All the shares are fully paid. With effect from 1 September 2011, the shares of Lietuvos Energijos Gamyba, AB have been listed on the Main List of NASDAQ OMX Vilnius Stock Exchange. As at 30 June 2015 and 31 December 2014, the Company had not acquired its own shares.

During 2015 and 2014, the Company was engaged in electricity generation, electricity trading and export activities. In addition to these principal activities, the Company is free to be engaged in any other business activities not forbidden under the laws and stipulated in the Company's Articles of Association.

The Company has permits of unlimited validity to engage in electricity generation activities at the Reserve Power Plant and the Combined Cycle Block (hereinafter collectively referred to as the Elektrėnai Complex), Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, as well as in electricity import and export activities. The Company also holds permits to expand electricity generation capacities at the Reserve Power Plant and Kruonis Pumped Storage Power Plant, and certificates entitling to engage in maintenance and operation of electric, thermal power, natural gas and oil facilities. On 29 July 2011, based on the decision of the National Control Commission for Prices and Energy, Lietuvos Energijos Gamyba, AB obtained a licence of an independent electricity supplier.

These condensed interim financial information cover the consolidated financial statements of Lietuvos Energijos Gamyba AB and its subsidiaries and the stand-alone financial statements of Lietuvos Energijos Gamyba AB as a parent company.

As described in Note 15, on 31 March 2015, the Company sold ordinary registered shares of Kauno Energetikos Remontas UAB and Energijos Tiekimas UAB. After the completion of the transaction, the Company lost control over indirectly controlled subsidiaries Geton Energy SIA, Geton Energy OU and Gotlitas UAB.

As at 30 June 2015 and 31 December 2014, the Group consisted of Lietuvos Energijos Gamyba AB and the following directly and indirectly controlled subsidiaries:

Company	Registered office address	Group's ownership interest As at 30 June 2015	Group's ownership interest As at 31 December 2014	Profile of activities
Kauno Energetikos Remontas UAB	Chemijos g. 17, Kaunas, Lithuania	- %	100 %	Repairs of energy equipment, manufacturing of metal structures
Gotlitas UAB	R. Kalantos g. 119, Kaunas, Lithuania	- %	100 %	Accommodation services, trading activities
Energijos Tiekimas UAB	Žvejų g. 14, Vilnius, Lithuania	- %	100 %	Independent electricity supply
Geton Energy OU	Narva mnt 5, 10117 Tallinn	- %	100 %	Independent electricity supply
Geton Energy SIA	Elizabetes iela 45/47, Riga, LV-1010	- %	100 %	Independent electricity supply

All amounts in EUR thousands unless otherwise stated

## 1 General information (continued)

The Groups's investments in associates as at 30 June 2015 and 31 December 2014 is as follows:

Company	Registered office address	Group's ownership interest at 30 June 2015	Group's ownership interest at 31 December 2014	Profile of activities
Geoterma UAB	Lypkių g. 53, LT-94100 Klaipėda, Lithuania	23.44 %	23.44 %	Geothermal energy production
NT Valdos UAB	Geologų g. 16, LT-02190 Vilnius, Lithuania	- %	41.74 %	Property management services
Technologijų ir Inovacijų Centras UAB	Juozapavičiaus g. 13, Vilnius, Lithuania	20.00 %	20.00 %	IT services
Verslo Aptarnavimo Centras UAB	P. Lukšio g. 5B, LT-08221 Vilnius	15.00 %	15.00 %	Public procurement, accounting and employment relations administration services
Nordic Energy Link AS	Laki 24, Tallinn 12915	25.00 %	25.00 %	Management of electricity transmission lines between Finland and Estonia

As at 30 June 2015, the number of employees of the Group was 452 (31 December 2014: 735). As at 30 June 2015, the number of employees of the Company was 452 (31 December 2014: 473).

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

### Functional and presentation currency

This condensed interim financial information is presented in the national currency the euro (EUR), which is the Group's/Company's functional and presentation currency. Until 31 December 2014, the currency of the Republic of Lithuania was the litas. The litas was pegged to the euro at the exchange rate of LTL 3.4528 to EUR 1. With effect from 1 January 2015, Lithuania joined the euro area and the euro became its national currency. The euro replaced the litas at the exchange rate of LTL 3.4528 to EUR 1. The Company converted comparative figures from the litas to the euro using the official exchange rate, i.e. LTL 3.4528 to EUR 1. The conversion of the authorised share capital is disclosed in Note 9.

## 2 Accounting policies

### 2.1 Basis of preparation of condensed interim financial information

The Company's and consolidated Group's condensed interim financial information for the six-month period ended 30 June 2015 has been prepared according to International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting'). This financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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

### 2.2 Accounting policies

The accounting policies applied in preparing condensed interim financial information are the same as those applied in preparing annual financial statements for 2014, except as indicated below.

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

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

There are no new standards, amendments and interpretations that are mandatory for the Company with effect from 2015, and that would have a material impact on the Company's and the Group's financial information.

The Group's/Company's management do not believe that the newly published standards, amendments and interpretations that are mandatory for the Company's and Group's reporting periods beginning on or after 1 January 2015 will have a material impact on the Company's and Group's financial statements.

All amounts in EUR thousands unless otherwise stated

## 2 Accounting policies (continued)

### 2.3 Recalculation of comparative information related to the sale of subsidiary

The Group has accounted the results of sold subsidiary as discontinued operation in interim financial statements for the six-month period ended 30 June 2014. While preparing financial statements for the year ended 31 December 2014 it was determined, that sale of subsidiary does not meet the requirements of IFRS 5 for recognition as discontinued operation. Therefore the Group in interim unaudited financial statements for the six-month period ended 30 June 2015 has recalculated comparative figures for the period ended 30 June 2014.

Impact of comparative figures recalculation on Group's revenue, expenses, operating and net profit for the six-months period ended 30 June 2014 is presented below:

	1 January 2014 – 30 June 2014	Recalculation of comparative information	1 January 2014 – 30 June 2014 (recalculated)
<b>Revenue</b>			
Other operating income	13,309	8,667	21,976
<b>Operating expenses</b>			
Depreciation and amortisation	(11,464)	(145)	(11,609)
Wages and salaries and related expenses	(6,402)	(295)	(6,697)
Repair and maintenance expenses	(316)	(70)	(386)
Other expenses	(15,000)	(1,079)	(16,079)
<b>Operating profit</b>	<b>26,056</b>	<b>7,078</b>	<b>33,134</b>
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>21,872</b>	<b>7,078</b>	<b>28,950</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit (loss) for the period from discontinued operations, net of income tax	152	(152)	-
<b>NET PROFIT</b>	<b>22,024</b>	<b>6,926</b>	<b>28,950</b>

Impact of recalculation of comparative information of the Group on the basic and diluted earnings per share as of 30 June 2014 was as follows:

	1 January 2014 – 30 June 2014	Recalculation of comparative information	1 January 2014 – 30 June 2014 (recalculated)
Net profit attributable to the owners	21,954	6,913	28,867
Weighted average number of shares (units)	635,083,615		635,083,615
<b>Basic and diluted earnings per share (in euros)</b>	<b>0.035</b>		<b>0.045</b>

Impact of recalculation of comparative information on the segment reporting as at 30 June 2014 is presented within 'Other activity'.

## 3 Critical accounting estimates and uncertainties

The preparation of the condensed interim financial information in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. Future events may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements when determinable. The significant management judgements regarding the application of the accounting policies and the main sources for determining uncertainties used in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2014.

### Tax audits

The Tax Authorities have the right at any time to inspect records and documents for the last five tax years and impose additional taxes and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

### Depreciation rates of property, plant and equipment

In assessing the remaining useful life of property, plant and equipment, management takes into account conclusions presented by the employees responsible for technical maintenance of assets.

In 2015 and 2014, the Group/Company reviewed depreciation rates of property, plant and equipment. After the completion of the review, applicable depreciation rates were determined to be appropriate and were left unchanged.

All amounts in EUR thousands unless otherwise stated

### 3 Critical accounting estimates and uncertainties (continued)

#### Revaluation of property, plant and equipment

On 31 December 2013, the independent property valuers Turto ir Verslo Tyrimo Centras UAB and OBER-HAUS UAB determined the market value of the Group's/Company's assets stated at revalued amount. The valuation was performed using the comparable and cost method.

On 30 June 2015 and 31 December 2014, no independent valuation was performed for the Group's/Company's assets stated at revalued amount, because, in management's opinion, the fair value of assets did not differ significantly from the carrying amount.

#### Impairment of property, plant and equipment

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

In 2015 and 2014, the Group/Company accounted for property, plant and equipment, except for the assets of Hydro Power Plant, Pumped Storage Power Plant, Elektrėnai Complex (Combined-Cycle Unit and Reserve Power Plant), at the fair value in accordance with IAS 16, 'Property, Plant and Equipment'.

As at 30 June 2015 and 31 December 2014, the Company's management tested for impairment the property, plant and equipment of Kruonis Pumped Storage Power Plant and Kaunas Hydro Power Plant named after Algirdas Brazauskas and did not identify any impairment indications.

In view of the Company's management decision on dismantling units 1 and 2 of the Reserve Power Plant at the end of 2014, the Company recognised impairment loss of EUR 11.5 million equal to the carrying value of units 1 and 2 of the Reserve Power Plant as at 31 December 2014. Dismantling works of units 1 and 2 were started in 2015.

On 31 December 2014, impairment test was carried out for property, plant and equipment of Elektrėnai Complex, and it was determined that the recoverable amount exceeded the carrying amount of EUR 590.2 million, hence no impairment was recognised. In the opinion of the Company's management there were no significant changes in the Company's operating environment during the first half of 2015 that would affect assumptions of the previous impairment test, therefore, on 30 June 2015 no impairment test was carried out for property, plant and equipment of Elektrėnai Complex with the carrying amount of EUR 588 million.

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

Write-down of inventory to net realisable value was determined based on the management's estimations on inventory obsolescence and prices of probable realisation. This determination requires significant judgement. These judgements are based on the past and future estimated use of spare parts and materials, their probable selling prices and other factors.

#### Provisions for utilisation of emission allowances

The Group/Company estimates provisions for utilisation of emission allowances based on actual emissions over the reporting period multiplied by the market price for one unit of emission allowances. The quantity of actual emissions is approved by a responsible state-controlled agency over the course of four months after the end of the year. Based on historic experience, the Group/Company's management does not expect any significant differences to arise between the estimated provision at 30 June 2015 and the quantity of emissions which will be approved in 2016.

#### Disposal of subsidiaries and associates

On 31 March 2015, Lietuvos Energija, UAB purchased 15,244,112 ordinary registered shares of Kauno Energetikos Remontas UAB for the amount of EUR 4,778 thousand from the Company. The share sale agreement stipulates that the sale price of Kauno Energetikos Remontas UAB depends on the implementation of the Biofuel Boiler House Project, i.e. if a loss from the implementation of the Biofuel Boiler House Project increases or decreases more than EUR 50 thousand, the sale price of shares is adjusted with reference to the amount of the change. The sale price can be adjusted until 31 December 2016. In the opinion of the Company's management it is unlikely that expected losses from the Biofuel Boiler House Project as stipulated in the share sale agreement will be exceeded, therefore the sale price of shares was not adjusted.

On 27 April 2015, Lietuvos Energija, UAB purchased 1,232,897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB from the Company. The share sale agreement stipulates that the sale price premium will be paid to the Company until 31 March 2019, if NT Valdos, UAB meets financial ratios set forth in the agreement. The Company accounted for the sale price premium under the line item 'Other amounts receivable' (Note 7) of the statement of financial position because management believes that financial ratios set forth in the sale agreement will be achieved. The result of the recognised sale transaction comprised gain from the disposal of shares and expenses related to the adjustment of the fair value of the sale price premium (Note 15).

All amounts in EUR thousands unless otherwise stated

### 3 Critical accounting estimates and uncertainties (continued)

#### Accrual of PSO service fees

The variable part of PSO service fees is estimated with reference to variable costs incurred during the reporting period. The producers ensuring the security of electric power supply and reserves of energy system, submit their PSO service fee estimates to the National Control Commission for Prices and Energy which include breakdown of variable electric power production costs – natural gas, heavy fuel oil, emission allowance costs, and costs for reagent desulphurisation. The variable part of PSO service fees for the upcoming calendar year is estimated based on the expected variable costs for the production of the approved quota of the sponsored electricity. As at 30 June 2015, variable production costs incurred by the Group/Company for the production of the sponsored electricity exceeded the planned costs, therefore, as at 30 June 2015 the Group/Company recorded the receivable amount of PSO services fees of EUR 1,374 thousand under 'Amounts receivable after one year' which will be received during 2017 (31 December 2014: amount payable of EUR 14,705 thousand under 'Other non-current amounts payable and liabilities' which will be refunded during 2016).

#### Disputes over the decisions of the National Control Commission for Prices and Energy

In 2014, the National Control Commission completed planned audit of the Company's regulated activity for the period 2010-2012 and made a decision on restatement of expenses and income attributed to regulated activities. As a result of restatement, PSO services fees allocated to the Company for 2015 were reduced by EUR 6,14 million, and income from capacity reserve services allocated for the years 2015-2016 was reduced by EUR 7,44 million. Also in 2014 the National Control Commission made a decision clearing that the Company has a significant influence on power generation market. Due to this decision the PSO services fees allocated to the Company for 2015 were additionally decreased by EUR 5,44 million. All decisions of the National Control Commission pertaining to above mentioned audit report on regulated activity and recognition that the Company has a significant influence on power generation market, are considered to be unsubstantiated, in respect of which the Company has filed complaints to the court.

Due to these disputes over the decisions of the National Control Commission the Company did not account for EUR 1,85 million income from capacity reserve services and EUR 5,04 million income from PSO services fees in the statement of comprehensive income for six-month period ended 30 June 2015. Accordingly, the total amount of contingent asset related to these decisions as at 30 June 2015 amounted to EUR 6,89 million.

### 4 Financial risk management

The Group/Company is exposed to financial risks in its operations, i.e. liquidity risk, market risk (foreign exchange risk, interest rate risk in relation to fair value and cash flows, securities price risk) and credit risk.

This condensed interim financial information does not include all management's information relating to financial risks and disclosures mandatory in preparing the annual financial statements, therefore, it should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

There have been no changes in risk management or risk management policy since 31 December 2014.

#### Fair value of financial assets and financial liabilities

Trade and other amounts receivable, trade and other debts, non-current and current debts represent the major portion of the Group's/Company's financial assets and financial liabilities not carried at fair value.

The fair value of the Group's/Company's financial assets and financial liabilities designated as at fair value through profit or loss is based on prices in the active market.

Fair value is defined as the amount at which an asset or services could be exchanged or at which a mutual liability could be set off between knowledgeable parties in an arm's length transaction willing to buy/sell an asset or to set off a mutual liability. Fair value is determined on the basis of quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to determine the fair value of each class of financial assets and liabilities:

- The carrying amount of cash and cash equivalents, current trade and other accounts receivable, current trade and other accounts payable and current borrowings approximates their fair value.
- The fair value of non-current borrowings is based on the quoted market price for the same or similar loan or on the current rates available for loan with the same maturity profile. The fair value of a non-current borrowing bearing variable interest rates approximates its carrying amount, provided that the margin on such loan corresponds to the margins currently prevailing in the market.
- The fair value of derivative financial instruments is determined with reference to quoted market prices or using valuation techniques encompassing the present market values or contractual prices of assets relating to financial instruments, and all other inputs.

All amounts in EUR thousands unless otherwise stated

## 5 Intangible assets

The movement on the Group's intangible assets account is as follows:

Group	Computer software	Emission allowances	Other intangible assets	Total
<b>Period ended 30 June 2015</b>				
Opening net book amount	462	10,532	9	11,003
Additions	27	-	-	27
Disposal of subsidiaries	(132)	-	-	(132)
Grant received	-	2,139	-	2,139
Emission allowances utilised	-	(2,992)	-	(2,992)
Income from the revaluation of emission allowances	-	412	-	412
Repayment of emission allowances lent	-	4,615	-	4,615
Reclassifications from property, plant and equipment (Note 6)	10	-	-	10
Amortisation	(80)	-	(3)	(83)
<b>Net book amount as at 30 June 2015</b>	<b>287</b>	<b>14,706</b>	<b>6</b>	<b>14,999</b>

The movement on the Company's intangible assets account is as follows:

Company	Computer software	Emission allowances	Other intangible assets	Total
<b>Period ended 30 June 2015</b>				
Opening net book amount	326	10,532	9	10,867
Additions	17	-	-	17
Grant received	-	2,139	-	2,139
Emission allowances utilised	-	(2,992)	-	(2,992)
Income from the revaluation of emission allowances	-	412	-	412
Repayment of emission allowances lent	-	4,615	-	4,615
Reclassifications from property, plant and equipment (Note 6)	10	-	-	10
Amortisation	(66)	-	(3)	(69)
<b>Net book amount as at 30 June 2015</b>	<b>287</b>	<b>14,706</b>	<b>6</b>	<b>14,999</b>

The fair value of emission allowances is determined using the prices quoted in an active market, therefore, it is attributable to Level 1 in the fair value hierarchy. At the end of each reporting period, the value of emission allowances is estimated with reference to the market prices prevailing at the closing day, and the difference is included in operating expenses.

All amounts in EUR thousands unless otherwise stated

## 6 Property, plant and equipment

The movement on the Group's property, plant and equipment account is as follows:

Grupė	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other property, plant and equipment	Construction in progress	Total
<b>Period ended 30 June 2015</b>											
Opening net book amount	1,880	4,747	4,275	133,012	215,473	353,024	372	24	215	31,169	744,191
Additions	-	-	23	-	765	-	39	-	11	9,638	10,476
Disposal of subsidiaries	-	(4,074)	(1,366)	-	-	-	(318)	-	(120)	(8,347)	(14,225)
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	-	-	(10)	(10)
Reversal of impairment	-	-	-	-	125	-	-	-	-	-	125
Reclassifications between groups	-	-	-	25	29,801	-	-	-	-	(29,826)	-
Reclassification from/to inventories	-	-	-	37	28	133	-	-	-	-	198
Depreciation	-	(37)	(123)	(3,975)	(5,317)	(7,326)	(37)	(5)	(18)	-	(16,838)
<b>Net book amount as at 30 June 2015</b>	<b>1,880</b>	<b>636</b>	<b>2,809</b>	<b>129,099</b>	<b>240,875</b>	<b>345,831</b>	<b>56</b>	<b>19</b>	<b>88</b>	<b>2,624</b>	<b>723,917</b>

All amounts in EUR thousands unless otherwise stated

## 6 Property, plant and equipment (continued)

On 30 June 2015, no independent valuation was performed for the Group's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1,880	-	1,880
Structures and equipment	-	2,809	-	2,809
Buildings	-	636	-	636
Motor vehicles	-	56	-	56
Other property, plant and equipment	-	107	-	107
<b>Fair value as at 30 June 2015</b>	-	<b>3,796</b>	-	<b>3,796</b>

In December 2014, no independent valuation was performed for the Group's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1,880	-	1,880
Structures and equipment	-	4,274	-	4,274
Buildings	-	4,747	-	4,747
Motor vehicles	-	371	-	371
Other property, plant and equipment	-	239	-	239
<b>Fair value as at 31 December 2014</b>	-	<b>11,511</b>	-	<b>11,511</b>

As at 30 June 2015, the Group pledged to the banks property, plant and equipment with the value of EUR 333,812 thousand (31 December 2014: EUR 333,298 thousand).

The table below presents the carrying amounts of the Group's property, plant and equipment that would have been recognised if the cost method had been used in accounting for assets as at 30 June 2015 and 31 December 2014.

	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other property, plant and equipment	Construction in progress	Total
<b>Net book amount as at 30 June 2015</b>	<b>1,699</b>	<b>167</b>	<b>2,472</b>	<b>129,099</b>	<b>240,875</b>	<b>345,831</b>	<b>51</b>	<b>19</b>	<b>106</b>	<b>2,624</b>	<b>722,943</b>
<b>Net book amount as at 31 December 2014</b>	<b>1,699</b>	<b>2,363</b>	<b>3,926</b>	<b>133,012</b>	<b>215,473</b>	<b>353,025</b>	<b>356</b>	<b>24</b>	<b>231</b>	<b>31,169</b>	<b>741,278</b>

All amounts in EUR thousands unless otherwise stated

## 6 Property, plant and equipment (continued)

The movement on the Company's property, plant and equipment account is as follows:

Company	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other property, plant and equipment	Construction in progress	Total
<b>Period ended 30 June 2015</b>											
Opening net book amount	1,880	643	2,869	133,012	215,473	353,024	73	24	90	22,822	729,910
Additions	-	-	-	-	765	-	-	-	6	9,638	10,409
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	-	-	(10)	(10)
Reversal of impairment	-	-	-	-	125	-	-	-	-	-	125
Reclassifications between groups	-	-	-	25	29,801	-	-	-	-	(29,826)	-
Reclassification from/to inventories	-	-	-	37	28	133	-	-	-	-	198
Depreciation	-	(7)	(60)	(3,975)	(5,317)	(7,326)	(17)	(5)	(8)	-	(16,715)
<b>Net book amount as at 30 June 2015</b>	<b>1,880</b>	<b>636</b>	<b>2,809</b>	<b>129,099</b>	<b>240,875</b>	<b>345,831</b>	<b>56</b>	<b>19</b>	<b>88</b>	<b>2,624</b>	<b>723,917</b>

All amounts in EUR thousands unless otherwise stated

## 6 Property, plant and equipment (continued)

On 30 June 2015, no independent valuation was performed for the Company's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1,880	-	1,880
Structures and equipment	-	2,809	-	2,809
Buildings	-	636	-	636
Motor vehicles	-	56	-	56
Other property, plant and equipment	-	107	-	107
<b>Fair value as at 30 June 2015</b>	-	<b>5,488</b>	-	<b>5,488</b>

In December 2014, no independent valuation was performed for the Company's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1,880	-	1,880
Structures and equipment	-	2,869	-	2,869
Buildings	-	643	-	643
Motor vehicles	-	73	-	73
Other property, plant and equipment	-	114	-	114
<b>Fair value as at 31 December 2014</b>	-	<b>5,579</b>	-	<b>5,579</b>

As at 30 June 2015, the Company pledged to the banks property, plant and equipment with the value of EUR 333,812 thousand (31 December 2014: EUR 333,298 thousand).

The table below presents the carrying amounts of the Company's property, plant and equipment that would have been recognised if the cost method had been used in accounting for assets as at 30 June 2015 and 31 December 2014.

	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other property, plant and equipment	Construction in progress	Total
<b>Net book amount as at 30 June 2015</b>	<b>1,699</b>	<b>167</b>	<b>2,472</b>	<b>129,099</b>	<b>240,875</b>	<b>345,831</b>	<b>51</b>	<b>19</b>	<b>106</b>	<b>2,624</b>	<b>722,943</b>
<b>Net book amount as at 31 December 2014</b>	<b>1,699</b>	<b>169</b>	<b>2,537</b>	<b>133,012</b>	<b>215,473</b>	<b>353,025</b>	<b>62</b>	<b>24</b>	<b>113</b>	<b>22,822</b>	<b>728,936</b>

All amounts in EUR thousands unless otherwise stated

## 7 Other amounts receivable

The Group's/Company's other non-current amounts receivable as at 30 June 2015 and 31 December 2014 comprised as follows:

	As at 30 June 2015	As at 31 December 2014
Amounts receivable for shares sold (Note 15)	18,294	-
Unbilled accrued revenue from electricity sales*	1,374	-
Receivables for emission allowances lent	244	275
Receivables for apartments	149	152
Other amounts receivable	139	139
<b>Total</b>	<b>20,200</b>	<b>566</b>

\* As disclosed in Note 3, in 2015 the Company under "Unbilled accrued revenue from electricity sales" accounted for EUR 1,374 thousand relating to PSO services fees receivable which will be received in 2017.

The Group's current other amounts receivable as at 30 June 2015 and 31 December 2014 comprised as follows:

	As at 30 June 2015	As at 31 December 2014
Amounts receivable for shares sold (Note 15)	20,469	-
Other amounts receivable	692	1,199
Excise receivable on heavy fuel oil	548	307
Receivables for IT and telecommunications services	1	6
Grants receivable for the Syderiai project	-	31
VAT receivable from the state budget	-	237
	<b>21,710</b>	<b>1,780</b>
Less: allowance for doubtful receivables	(564)	(596)
<b>Total</b>	<b>21,146</b>	<b>1,184</b>

The Company's current other amounts receivable as at 30 June 2015 and 31 December 2014 comprised as follows:

	As at 30 June 2015	As at 31 December 2014
Amounts receivable for shares sold (Note 15)	20,469	-
Other amounts receivable	692	931
Excise receivable on heavy fuel oil	548	307
Receivables for IT and telecommunications services	1	6
Grants receivable for the Syderiai project	-	31
	<b>21,710</b>	<b>1,275</b>
Less: allowance for doubtful receivables	(564)	(596)
<b>Total</b>	<b>21,146</b>	<b>679</b>

## 8 Derivative financial instruments

The Group's/Company's derivative financial instruments as at 30 June 2015 and 31 December 2014 comprised as follows:

	As at 30 June 2015	As at 31 December 2014
Derivative financial instruments held for trading	1,947	-
<b>Total</b>	<b>1,947</b>	<b>-</b>

The Company's derivative financial instruments held for trading comprise contracts for the fixing of electricity sale and purchase prices (swap transactions with financial instruments). As at 30 June 2015, the Group/Company recorded swap transactions at fair value. The fair value of swap transactions was established based on prices of electricity forwards traded at the NASDAQ exchange in respective bidding areas. Estimated results of the transactions for specific months were discounted using the average discount rate of 1.14%.

All amounts in EUR thousands unless otherwise stated

## 8 Derivative financial instruments (continued)

Derivative financial instruments stated at fair value are attributed to Level 2 of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Derivative financial instruments held for trading	-	1,947	-	1,947
<b>Total</b>	<b>-</b>	<b>1,947</b>	<b>-</b>	<b>1,947</b>

## 9 Įstatinis kapitalas

In accordance with the Lithuanian Law on the Adoption of the Euro in the Republic of Lithuania and the provisions of the procedure for the conversion of the nominal value of the share capital to the euro of Lietuvos Centrinis Vertybinių Popierių Depozitoriumas AB (Central Securities Depository of Lithuania), on 1 January 2015 the Company's authorised share capital was converted to the euro. As at 30 June 2015, the share capital of the Company amounted to EUR 184,174,248.35 and it was divided into 635,083,615 ordinary registered shares with the nominal value of EUR 0.29 each. The result of the conversion of the nominal value of shares amounted to EUR 241 thousand and was included in comprehensive income under the line item of 'Other finance costs'. As at 31 December 2014, the Company's authorised share capital amounted to EUR 183,932,928.35. All the shares are fully paid. The number of shareholders as at 30 June 2015 was 6,130 (31 December 2014: 6,137).

The shareholders' structure of the Company is as follows:

	Share capital As at 30 June 2015		Share capital As at 31 December 2014	
Shareholders	(EUR)	%	(EUR)	%
Lietuvos Energija, UAB	177,049,499.35	96.13	176,817,514.77	96.13
Other shareholders	7,124,749.00	3.87	7,115,413.58	3.87
<b>Total</b>	<b>184,174,248.35</b>	<b>100.00</b>	<b>183,932,928.35</b>	<b>100.00</b>

Lietuvos Energija, UAB is wholly owned by the State of Lithuania represented by the Lithuanian Ministry of Finance.

## 10 Other reserves

The Group's/Company's other reserves are as follows:

Group/Company	Reserve for share capital reduction due to transfer of heavy fuel oil storage facilities	Reserve for investments	Non-current asset-related reserves	Total
<b>Balance as at 31 December 2013</b>	<b>(18,471)</b>	<b>33,852</b>	<b>180,917</b>	<b>196,297</b>
Reserves utilised	-	(15,381)	(180,917)	(196,297)
<b>Balance as at 31 December 2014</b>	<b>(18,471)</b>	<b>18,471</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2014</b>	<b>(18,471)</b>	<b>18,471</b>	<b>-</b>	<b>-</b>
Reserves utilised	-	-	-	-
<b>Balance as at 30 June 2015</b>	<b>(18,471)</b>	<b>18,471</b>	<b>-</b>	<b>-</b>

As at 31 December 2013, the Group's/Company's reserve for investments amounted to EUR 33,852 thousand. It was established to accumulate funds for the construction and development of non-current assets. During the General Meeting of Shareholders held in 2014, a decision was made to transfer EUR 15,381 thousand to retained earnings.

The reserve for the share capital due to the transfer of heavy fuel oil storage facilities is the negative reserve for the reduction of the share capital, which was established in 1999 as a result of the transfer of heavy fuel oil storage facilities to VĮ Vilniaus Mazuto Saugykla. Although expected, the share capital has not been reduced by this amount.

All amounts in EUR thousands unless otherwise stated

## 11 Dividends per share

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 27 April 2015, a decision was made to pay out dividends of EUR 0.0342 per share from retained earnings.

2015	
Dividends (EUR '000)	21,721
Weighted average number of shares (units)	635,083,615
<b>Dividends per share (EUR)</b>	<b>0.0342</b>

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 30 September 2014, a decision was made to pay out dividends of EUR 0.0319 per share from retained earnings for a six-month period ended 30 June 2014.

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 4 April 2014, a decision was made to pay out dividends of EUR 0.0695 per share from retained earnings.

2014	
Dividends (EUR '000)	63,676
Weighted average number of shares (units)	635,083,615
<b>Dividends per share (EUR)</b>	<b>0.1003</b>

## 12 Borrowings

As at 30 June 2015 and 31 December 2014 the Group's and the Company's borrowings by maturity grouping are as follows:

	Group As at 30 June 2015	Company As at 30 June 2015	Group As at 31 December 2014	Company As at 31 December 2014
<b>Non-current borrowings</b>				
Loan from Nordea Bank AB Lithuania branch, EUR, to be repaid by 1 December 2017	-	-	2,114	-
Loan from Nordea Bank AB Lithuania branch, in EUR, to be repaid by 31 March 2027	13,178	13,178	12,977	12,977
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	123,890	123,890	131,883	131,882
<b>Total non-current borrowings</b>	<b>137,068</b>	<b>137,068</b>	<b>146,974</b>	<b>144,859</b>
<b>Current borrowings and current portion of non-current borrowings</b>				
Letters of credit	-	-	416	-
Loan from Nordea Bank AB Lithuania branch, EUR, to be repaid by 1 December 2017	-	-	348	-
Loan from Nordea Bank AB Lithuania branch, EUR, to be repaid by 31 March 2027	1,226	1,226	2,041	2,041
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	15,986	15,986	15,986	15,986
<b>Total current borrowings and current portion of non-current borrowings</b>	<b>17,212</b>	<b>17,212</b>	<b>18,791</b>	<b>18,027</b>

As at 30 June 2015, the Group's/Company's balance of loans and overdrafts not withdrawn under the above-listed agreements amounted to EUR 55,028 thousand (31 December 2014: the Group's – EUR 66,459 thousand; the Company's – EUR 65,011 thousand). Average interest rate payable on the Group's/Company's borrowings was 1.26% as at 30 June 2015 (31 December 2014: the Group's – 1.35%; the Company's – 1.34%).

As at 30 June 2015, the fair value of the Group's/Company's borrowings was approx. EUR 144,479 thousand (31 December 2014: the Group's – EUR 156,601 thousand; the Company's – EUR 154,143 thousand). The fair value was estimated using a discount rate of 2.54% (31 December 2014: 2.46%). The fair value of borrowings is attributed to Level 2 in the fair value hierarchy.

The Group/Company has pledged property, plant and equipment to secure the repayment of loans granted (Note 6).

All amounts in EUR thousands unless otherwise stated

## 13 Grants

The balance of grants includes grants received to finance the acquisition of assets. Movements on grants account in during the six-month periods ended 30 June 2015 and 2014 were as follows:

Group/Company	Asset-related grants		Grants for emission allowances	Total
	Fuel combustion equipment and other assets	Project for renovation, improvement of environmental and safety standards		
<b>Balance as at 1 January 2014</b>	<b>25,730</b>	<b>282,058</b>	<b>-</b>	<b>307,788</b>
Grants received	1,615	-	393	2,008
Depreciation of immovable property, plant and equipment	(247)	(5,371)	-	(5,618)
Utilisation of grant for emission allowances	-	-	(326)	(326)
<b>Balance as at 30 June 2014</b>	<b>27,098</b>	<b>276,687</b>	<b>67</b>	<b>303,852</b>
<b>Balance as at 1 January 2015</b>	<b>27,814</b>	<b>269,390</b>	<b>-</b>	<b>297,204</b>
Grants received	405	-	2,139	2,544
Depreciation of immovable property, plant and equipment	(293)	(5,335)	-	(5,628)
Utilisation of grant for emission allowances	-	-	(875)	(875)
<b>Balance as at 30 June 2015</b>	<b>27,926</b>	<b>264,055</b>	<b>1,264</b>	<b>293,245</b>

During the six-month period ended on 30 June 2015, the Group's/Company's assets-related grants decreased by EUR 5,628 thousand, i.e. by the amount of depreciation of property, plant and equipment (by EUR 5,618 thousand during a respective period of 2014). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of comprehensive income.

The grant for emission allowances of EUR 2,139 thousand was received during the six-month period ended on 30 June 2015 (EUR 393 thousand grant for emission allowances during a respective period of 2014).

## 14 Provisions for emission allowances

Movements in provisions for emission allowances were as follows:

	Group	Company
<b>Balance as at 31 December 2014</b>	<b>2,839</b>	<b>2,839</b>
Emission allowances utilised	(2,882)	(2,882)
Provisions for emissions*	1,493	1,493
<b>Balance as at 30 June 2015</b>	<b>1,450</b>	<b>1,450</b>

\* For the purpose of the statement of comprehensive income, expenses of provision for emission allowances utilised were reported net of government grants (Note 13).

## 15 Investments

As at 30 June 2015, the Company had no subsidiaries.

On 31 March 2015, Lietuvos Energija, UAB purchased 15,244,112 ordinary registered shares of Kauno Energetikos Remontas UAB for EUR 4,778 thousand and 750,000 ordinary registered shares of Energijos Tiekimas UAB for EUR 6,883 thousand from the Company. The Company incurred a loss of EUR 1,099 thousand on the sale transaction of Kauno Energetikos Remontas UAB, which was included in other costs in the Company's statement of comprehensive income and received a gain of EUR 6,666 thousand from the sale transaction of Energijos Tiekimas UAB, which was included in other income in the Company's statement of comprehensive income. The share sale agreement stipulates that the sale price of Kauno Energetikos Remontas UAB depends on the implementation of the Biofuel Boiler House Project and can be adjusted until 31 December 2016. As disclosed in Note 3, the sale price premium was not recognised.

After the completion of the transaction, the Company lost control over indirectly controlled subsidiaries Geton Energy SIA, Geton Energy OU and Gotlitas UAB.

All amounts in EUR thousands unless otherwise stated

## 15 Investments (continued)

Disposal of subsidiaries was accounted as of 31 March 2015, balance sheet values of assets and liabilities is as follows:

	Energijos tiekimas UAB	Geton Energy OU	Geton Energy SIA	Total
Intangible assets	97	-	-	97
Tangible assets	5	-	-	5
Other non-current assets	-	-	1	1
Deferred income tax assets	134	-	-	134
Other financial assets	324	-	-	324
Current accounts receivable	8,596	107	498	9,201
Income tax paid in advance	74	-	-	74
Cash and cash equivalents	2,651	1	61	2,713
Income tax payable	(256)	-	-	(256)
Current accounts payable and liabilities	(7,402)	(69)	(523)	(7,994)
<b>Net assets disposed of</b>	<b>4,223</b>	<b>39</b>	<b>37</b>	<b>4,299</b>
<b>Consideration received</b>				6,883
<b>Difference accounted in Group financial statements:</b>				
In the statement of comprehensive income				2,606
In the statement of changes in equity				(22)

	Kauno energetikos remontas UAB
Intangible assets	35
Tangible assets	14,221
Deferred income tax assets	87
Inventories	627
Non-current assets classified as held for sale	45
Current accounts receivable	9,353
Cash and cash equivalents	634
Non-current liabilities	(2,146)
Income tax payable	(37)
Current accounts payable and liabilities	(11,165)
<b>Net assets disposed of</b>	<b>11,654</b>
<b>Consideration received</b>	4,778
<b>Difference accounted in Group financial statements:</b>	
In the statement of comprehensive income	(5,882)
In the statement of changes in equity	(994)

As at 31 December 2014, the Company had direct control over the following subsidiaries:

Subsidiary As at 31 December 2014	Cost	Impairment	Carrying amount
Kauno energetikos remontas UAB	11,971	(6,094)	5,877
Energijos tiekimas UAB	217	-	217
<b>Total</b>	<b>12,188</b>	<b>(6,094)</b>	<b>6,094</b>

All amounts in EUR thousands unless otherwise stated

## 15 Investments (continued)

Movements of investments in subsidiaries in 2015 were as follows:

	Company 2015
<b>Carrying amount as at 1 January</b>	<b>6,094</b>
Disposal of subsidiaries	(6,094)
<b>Carrying amount as at 30 June</b>	<b>-</b>

The Group's investments in associates as at 30 June 2015 and 31 December 2014 were as follows:

Group As at 30 June 2015	Cost	Ownership interest (%)	Impairment and equity method	Carrying amount
Nordic Energy Link AS	-	25.00	-	-
Geoterma UAB	2,142	23.44	(2,142)	-
Technologijų ir Inovacijų Centras UAB	1,287	20.00	(20)	1,267
Verslo Aptarnavimo Centras UAB	87	15.00	(44)	43
<b>Total</b>	<b>3,516</b>		<b>(2,206)</b>	<b>1,310</b>

Group As at 31 December 2014	Cost	Ownership interest (%)	Impairment and equity method	Carrying amount
NT Valdos UAB	37,859	41.74	(1,105)	36,754
Nordic Energy Link AS	-	25.00	-	-
Geoterma UAB	2,142	23.44	(2,142)	-
Technologijų ir Inovacijų Centras UAB	1,287	20.00	(44)	1,243
Verslo Aptarnavimo Centras UAB	87	15.00	(27)	60
<b>Total</b>	<b>41,375</b>		<b>(3,318)</b>	<b>38,057</b>

The Company's investments in associates as at 30 June 2015 and 31 December 2014 were as follows:

Company As at 30 June 2015	Cost	Ownership interest (%)	Impairment	Carrying amount
Geoterma UAB	2,142	23.44	(2,142)	-
Technologijų ir Inovacijų Centras UAB	1,287	20.00	-	1,287
Verslo Aptarnavimo Centras UAB	87	15.00	-	87
Nordic Energy Link AS	-	25.00	-	-
<b>Total</b>	<b>3,516</b>		<b>(2,142)</b>	<b>1,374</b>

Company As at 31 December 2014	Cost	Ownership interest (%)	Impairment	Carrying amount
NT Valdos UAB	37,859	41.74	-	37,859
Nordic Energy Link AS	-	25.00	-	-
Geoterma UAB	2,142	23.44	(2,142)	-
Technologijų ir Inovacijų Centras UAB	1,287	20.00	-	1,287
Verslo Aptarnavimo Centras UAB	87	15.00	-	87
<b>Total</b>	<b>41,375</b>		<b>(2,142)</b>	<b>39,233</b>

All amounts in EUR thousands unless otherwise stated

## 15 Investments (continued)

Movements of Group's/Company's investments in associates in 2015 were as follows:

	Group 2015	Company 2015
<b>Carrying amount as at 1 January</b>	<b>38,057</b>	<b>39,233</b>
Disposal of associates	(36,998)	(37,859)
Share of result of operations of associates and joint ventures, (loss)/profit	305	-
Share of result of revaluation reserve of associates and joint ventures	(54)	-
<b>Carrying amount as at 30 June</b>	<b>1,310</b>	<b>1,374</b>

### **Liquidation of Nordic Energy Link AS**

During the shareholders' meeting held on 19 March 2014, the shareholders of Nordic Energy Link AS ("NEL") made a decision on dissolution of Nordic Energy Link AS. On 19 March 2014, NEL bought out from its shareholders a proportionate share of 10% shares. The Company sold 860,000 ordinary registered shares for the amount of EUR 550 thousand. On 29 December 2014, NEL bought out from its shareholders the remaining shares. The Company sold 7,740,000 ordinary registered shares for the amount of EUR 5,229 thousand. On 19 March 2014, dividends transferred by NEL to the Company totalled EUR 1,924 thousand. Loss on dissolution of NEL was recognised in the Company's statement of comprehensive income in the financial statements for the year ended 31 December 2014 under the line item 'Finance costs'. As at 30 June 2015 and 31 December 2014, NEL was not deregistered from the Register of Entities.

### **Disposal of shares in NT Valdos UAB**

On 27 April 2015, the Company concluded the purchase and sale agreement for its ownership interest in NT Valdos UAB with the Company's parent Lietuvos Energija, UAB. Under this agreement, the Company sold to Lietuvos Energija, UAB 1,232,897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB. The share sale price amounted to EUR 29,987 thousand. The result of the share sale transaction, i.e. a loss of EUR 564 thousand, was recorded under the line item 'Other expenses' in the Company's statement of comprehensive income (the result comprised gain of EUR 227 thousand from the disposal of shares and expenses of EUR 791 thousand related to the adjustment of the fair value of the sale price premium). The share sale agreement stipulates that the sale price premium will be paid to the Company until 31 March 2019, if NT Valdos, UAB meets financial ratios set forth in the agreement. In the management's opinion financial ratios set forth in the sale agreement will be achieved, therefore, the sale price premium was recognised.

## 16 Segment reporting

In 2015, the management distinguished operating segments based on the reports reviewed by the Board. The Board is the principal decision-making body on the Group level. With effect from 2012, the Board started analysing the operations in terms of profitability of the regulated activities and the commercial activities of the Company. Operating profit (loss) is a profitability measure analysed by the Board. The reports analysed by the Board are in line with the financial statements prepared in accordance with IFRSs, except for the format of presentation. Changes were made in segment information in view of how the Board analysed the Group's operations.

As at 30 June 2015 and 30 June 2014, the Group's management analysed the Group's operations by separating them into regulated activities and commercial activities. The regulated activities include the Elektrėnai Complex's revenue from heat and electricity production, balancing and regulation, capacity reserve services, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, export/import, electricity production at Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses, headcount and sales. The operations of Energijos Tiekimas UAB representing electricity supply constitute a separate segment. Other activities within the Group included repair services of energy facilities and IT services.

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

All amounts in EUR thousands unless otherwise stated

## 16 Segment reporting (continued)

Information on the Group's segments for the six-month period ended 30 June 2015 is presented in the table below:

2015	Electricity production and trade (including export/import)			Other activities	Total
	Lietuvos energijos gamyba, AB		Energijos Tiekimas, UAB		
	Regulated activities	Commercial activities			
Total revenue of segments	60,646	40,065	20,294	6,115	127,120
Inter-segment revenue	-	-	(14,670)	(55)	(14,725)
Revenue from external customers	60,646	40,065	5,624	6,060	112,395
Expenses after elimination of inter-company transactions within the Group	(55,556)	(22,393)	(3,938)	(13,976)	(95,863)
Whereof: depreciation and amortisation expenses	(8,074)	(3,082)	(9)	(128)	(11,293)
Operating profit	5,090	17,672	1,686	(7,916)	16,532
Finance income	-	172	-	-	172
Finance (costs)	(989)	(286)	(4)	(21)	(1,300)
Share of results of operations of associates and joint ventures	-	-	-	305	305
Profit before income tax	4,101	17,558	1,682	(7,632)	15,709
Income tax					(2,649)
Net profit					13,060

Information on the Group's segments for the six-month period ended 30 June 2014 is presented in the table below:

2014	Electricity production and trade (including export/import)			Other activities (recalculated)	Total (recalculated)
	Lietuvos energijos gamyba, AB		Energijos Tiekimas, UAB		
	Regulated activities	Commercial activities			
Total revenue of segments	43,916	49,480	29,677	25,019	148,092
Inter-segment revenue	-	-	(28,776)	(4,169)	(32,945)
Revenue from external customers	43,916	49,480	901	20,850	115,147
Expenses after elimination of inter-company transactions within the Group	(32,856)	(35,071)	(438)	(13,648)	(82,013)
Whereof: depreciation and amortisation expenses	(7,995)	(3,148)	(14)	(452)	(11,609)
Operating profit	11,060	14,409	463	7,202	33,134
Finance income	1	1,961	5	8	1,975
Finance (costs)	(3,046)	(280)	-	(39)	(3,365)
Share of results of operations of associates and joint ventures	-	-	-	437	437
Profit before income tax	8,015	16,090	468	7,608	32,181
Income tax					(3,231)
Net profit					28,950

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

All amounts in EUR thousands unless otherwise stated

## 17 Related-party transactions

### Purchase and sale of goods and services

The Group's transactions with related parties between January and June of 2015 and the balances arising on these transactions as at 30 June 2015 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Group's associates	126	2	708	193
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	18,625	17,238	38,194	73,093
LITGRID AB group	240	11,586	1,600	44,775
Lietuvos Dujos AB	1	-	14	39
Lietuvos Energija, UAB	219	38,763	983	49,815
<b>Total</b>	<b>19,211</b>	<b>67,589</b>	<b>41,499</b>	<b>167,915</b>

The Company's transactions with related parties between January and June of 2015 and the balances arising on these transactions as at 30 June 2015 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	-	-	9	17,727
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	18,221	17,361	38,127	72,997
LITGRID AB group	240	11,586	1,600	43,799
Lietuvos Dujos AB	1	-	14	-
Lietuvos Energija, UAB	219	38,763	972	49,815
Associates of the Company	96	2	593	10
<b>Total</b>	<b>18,777</b>	<b>67,712</b>	<b>41,315</b>	<b>184,348</b>

Until 31 March 2015, transactions with Kauno Energetikos Remontas UAB and Energijos Tiekimas UAB were reported under the line item 'the Company's subsidiaries' and from 1 April 2015 they are reported under the line item 'Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)'. Until 30 April 2015, transactions with NT Valdosa, UAB were reported under the line item 'the Company's associates' and from 1 May 2015 they are reported under the line item 'Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)'.

The Group's transactions with related parties between January and June of 2014 and the balances arising on these transactions as at 31 December 2014 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Group's associates	141	69	1,929	2,860
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	13	11,125	58	67,296
LITGRID AB group	2,558	15,217	5,422	50,720
Lietuvos Dujos AB	2	-	37	-
Lietuvos Energija, UAB	-	11,988	-	12,013
<b>Total</b>	<b>2,714</b>	<b>38,399</b>	<b>7,446</b>	<b>132,889</b>

All amounts in EUR thousands unless otherwise stated

## 17 Related-party transactions (continued)

The Company's transactions with related parties between January and June of 2014 and the balances arising on these transactions as at 31 December 2014 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	1,677	8,729	4,138	30,218
Associates of the Company	204	1	1,760	2,474
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	3	3,425	23	67,210
LITGRID AB group	1,285	9,081	5,422	49,303
Lietuvos Dujos AB	4	-	9	-
Lietuvos Energija, UAB	-	-	-	12,013
<b>Total</b>	<b>3,173</b>	<b>21,236</b>	<b>11,352</b>	<b>161,218</b>

On 21 February 2014, Lietuvos Dujos, AB became the Company's related party.

The major sale and purchase transactions in 2015 and between January and June of 2014 comprised transactions with the entity indirectly controlled by the Ministry of Finance of the Republic of Lithuania LESTO AB and LITGRID AB group. Other transactions with state-owned entities included regular business transactions and therefore they are not disclosed.

In the tables of related party transactions the Group's and the Company's sales to LESTO AB, entity indirectly controlled by the Ministry of Finance of the Republic of Lithuania, and the Company's subsidiary Energijos tiekimas UAB comprise total gross value of sales transactions while in Group's/Company's statements of comprehensive income part of these transactions are accounted on a net basis as they relate to intermediary services, where the Group/Company acts as an agent according to agreements signed with AB LESTO (in 2014 – 2015) and Energijos tiekimas UAB (in 2015).

## 18 Compensation to key management personnel

	Group 1 January 2015 – 30 June 2015	Company 1 January 2015 – 30 June 2015	Group 1 January 2014 – 30 June 2014	Company 1 January 2014 – 30 June 2014
Employment-related payments	121	121	342	203
Termination benefits	13	13	12	12
Other significant payments to key management personnel	29	29	-	-
Number of key management personnel	5	5	15	8

In 2015, key management personnel includes the chief executive officer and directors of departments. In 2014, key management personnel included heads of administration and their deputies, and the chief financier. The chief financier has been included in key management personnel since 30 November 2014. Starting from 1 December 2014, the Group's/Company's accounting is conducted by Verslo aptarnavimo centras UAB.

## 19 Events after the reporting period

There were no significant events after 30 June 2015 and until the date of approval of the condensed interim financial information.

\*\*\*\*\*

2015

# LIETUVOS ENERGIJOS GAMYBA, AB CONSOLIDATED INTERIM REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015  
(unaudited)



Lietuvos  
energija

GAMYBA



Lietuvos  
energija

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## **Reporting period for which the Consolidated Interim Report has been prepared**

The Consolidated Interim Report provides information to shareholders, creditors and other stakeholders of Lietuvos Energijos Gamyba, AB ("the Company") about the Company's and the Group's operations for the six-month period ended 30 June 2015.

## **Legal basis for the preparation of the Consolidated Interim Report**

The Consolidated Interim Report of Lietuvos Energijos Gamyba, AB, and its subsidiaries (hereinafter the Company and its subsidiaries collectively referred to as the "Group") has been prepared by the Administration of the Company in accordance with Republic of Lithuania Law on Securities, Resolution of the Board of the Bank of Lithuania No 03-48 of 28 February 2013 "Concerning approval of the Rules for Preparation and Submission of Periodic and Additional Information", and Resolution of the Government of the Republic of Lithuania of 7 March 2012 (No 258) "Concerning approval of the Guidelines for Ensuring Transparency of Operations of State-Controlled Companies and appointment of a managing body".

## **Persons responsible for the information provided in the Consolidated Interim Report**

<b>Title</b>	<b>Name</b>	<b>Telephone</b>
Chief Executive Officer of Lietuvos Energijos Gamyba, AB	Juozas Bartlingas	+370 5 278 2900
Director of Finance and Administration Department of Lietuvos Energijos Gamyba, AB	Eglė Čiužaitė	+370 5 278 2910

## KEY INDICATORS OF LIETUVOS ENERGIJOS GAMYBA GROUP

		6 months of 2015	6 months of 2014	Change	
				+/-	%
<b>KEY OPERATING INDICATORS</b>					
Electricity generation volume	TWh	0.919	0.597	0.322	54.0
Electricity sales in free market	TWh	0.593	0.803	-0.210	-26.2
<b>KEY FINANCIAL INDICATORS</b>					
Revenues	EUR'000	112,395	115,147	-2,752	-2.4
Costs of purchase of electricity, fuel and related services	EUR'000	63,200	48,822	14,378	29.4
Operating expenses <sup>1</sup>	EUR'000	21,925	23,976	-2,051	-8.6
EBITDA <sup>2</sup>	EUR'000	30,284	35,516	-5,232	-14.7
EBITDA margin <sup>3</sup>	%	26.9	30.8		
Net profit	EUR'000	13,060	28,950	-15,890	-54.9
		30/06/2015	30/06/2014	Change	
				+/-	%
Assets total	EUR'000	894,471	925,107	-30,636	-3.3
Equity	EUR'000	364,988	382,088	-17,100	-4.5
Financial debts	EUR'000	154,280	161,566	-7,286	-4.5
Net financial debts <sup>4</sup>	EUR'000	98,617	132,671	-34,054	-25.7
Return on equity (ROE) <sup>5</sup>	%	7.2	15.2		
Equity level <sup>6</sup>	%	40.8	41.3		
Net financial debts / 12-month EBITDA	%	162.8	186.8		
Net financial debts / Equity	%	27.0	34.7		

<sup>1</sup> Operating expenses (OPEX) = operating costs less costs of purchase of electricity and related services, depreciation and amortisation costs, impairment losses and costs of non-current tangible asset write-offs.

<sup>2</sup> EBITDA (earnings before interest, tax, depreciation and amortisation) = profit (loss) before tax + interest costs – interest income – dividend received + depreciation and amortisation costs + impairment losses + non-current tangible asset write-offs.

<sup>3</sup> EBITDA margin = EBITDA / Revenues.

<sup>4</sup> Net financial debts = Financial debts – Cash and cash equivalents – Short-term investments and term deposits – Share of non-current other financial assets consisting of investments in debt securities.

<sup>5</sup> Return on equity (ROE) = Net profit (loss), restated annual expression / Equity at the end of the period.

<sup>6</sup> Equity level = Equity at the end of a period / Total assets at the end of the period.

## COMMENT FROM CEO

The sales income of Lietuvos Energijos Gamyba (the Company) for the period from January to June 2015 amounted to EUR 98.03 million and was 6.2% higher than that in January – June 2014. The sales income of the Group increased by 11.2% (to EUR 103.63 million). The Company's EBITDA (earnings before interest, taxes, depreciation and amortisation) for the period from January to June 2015 amounted to EUR 28.33 million, a 17.5% decrease from the EBITDA recorded in January – June 2014 (EUR 34.33 million). The Group's EBITDA (EUR 30.28 million) was 14.7% lower than the EBITDA for the same period in the previous year (EUR 35.52 million). The Company's net profit amounted to EUR 19.26 million and was 14% lower than that for the same period in the previous year (EUR 22.39 million), while the net profit of the Group amounted to EUR 13.06 million (54.9% less than in January – June 2014).

The greatest negative impact on the profitability ratios of the Company and the Group in January – June 2015 has been made by accounting in the financial statements for January – June 2015, following the recommendations of the Company's auditor, for the decisions of the National Commission for Energy Control and Prices (hereinafter referred to as "the NCC") on the results of the examination of the Company's activities in 2010-2012 and acknowledging the Company as having significant influence on the electricity production market. As a result of these decisions, reduced regulated prices were established for the Company for 2015. In January – June 2015, it cut the EBITDA and net profit by EUR 6.89 million and EUR 6.0 million, respectively. The impact of these decisions was not accounted for in the financial information for January – March 2015 as well as in the announced preliminary results for January – June 2015.

The Company considers as unfounded all the decisions of the NCC related to the aforementioned examination of the regulated activities and acknowledging the Company as having significant influence on the electricity production market and challenges them in court. If the impact of these decisions was discounted, the EBITDA for the period from January to June 2015 would have amounted to EUR 35.22 million, i.e. 2.6% more than in January – June 2014. Therefore, the Company has maintained a stable operating result over the year.

We have sought and will seek our activities to be evaluated justly, with regard to actual market conditions and provisions of effective legal acts and previously adopted regulatory decisions. The Company trades in electricity on a power market and applies great effort to remain competitive in the regional market. In the meanwhile, we are improving our operating efficiency, seeking to contribute to the common goal of the whole nation – to reduce the burden of subsidies on consumers as much as possible and to maintain the optimal security of electricity supply.

In order to decrease the need for PSO funds and optimise operating costs, in the beginning of 2015 the Company decommissioned the first and second backup power plant units. In June completed the construction of a new biofuel boiler house, which will contribute to the production of heat for the population of Elektrėnai and infrastructure of the town at a more affordable price. The Company as well implemented related structural changes, and continued the optimisation of

service functions – transferred the labour relations administration function to a service company of the Group.

All these decisions helped to reduce operating costs and improve processes. At the same time, we paid much attention to producing electricity necessary to ensure supply security at an optimal price and assuring faultless operation of equipment. A bigger quota allowed producing the whole amount of supported electricity at the effective combined-cycle unit, owing to which the cost of a kilowatt of electricity produced at Elektrėnai during these six months decreased by approximately a quarter compared to the first half-year period of 2014, while accidents or major equipment failures in this period were avoided completely.

The amounts of electricity produced by the Company in January – June 2015 increased by 54% compared to the same period of 2014 – from 0.596 TWh to 0.919 TWh. It was the biggest contributor to the growth of the Company's income.

In January – June 2015, the income from the regulated activities which, by the Company's estimate, include electricity and heat production at Elektrėnai Complex and Kruonis Pumped Storage Hydroelectric Plant (Kruonis PSHP) and power reserving services provided by Elektrėnai Complex, amounted to EUR 60.6 million, i.e. 38.1% more than in the same period of 2014. It accounted for 54% of the total income of the Group for the reporting period (compared to 38% in the same period of last year).

The share of the regulated activities in the income of the Company increased owing to the fact that this year, under an agreement with the transmission system operator, electricity is uninterruptedly generated at Elektrėnai Complex from mid-April in order to ensure energy supply security during the warm season. By the end of June, the Complex produced 0.445 TWh of electricity, i.e. 3.4 times more than in January – June 2014 (0.130 TWh).

The Company considers electricity production at Kruonis PSHP and Kaunas Algirdas Brazauskas Hydroelectric Power Plant (Kaunas HPP) as well as wholesale and retail sales of electricity in the free market and other commercial services as its commercial activities. In January – March 2015, production at Kruonis PSHP increased by 12.4% from the same period of last year (0.300 TWh and 0.267 TWh, respectively). However, the income from commercial activities dropped 27.4% (from EUR 71.2 million to EUR 51.7 million) as a result of decreased production at Kaunas HPP and lower sales of the Company in the free market.

A decrease of 12.5% (to 0.175 TWh) in the production volumes of Kaunas HPP was caused by dry weather and a low water level in the Nemunas River. The change in sales in the free market (from 0.803 TWh to 0.593 TWh, a decrease of 26.2%) resulted from structural changes in the electricity trade portfolio. After joining the derivatives market NASDAQ OMX Commodities in 2014, the Company has been increasing trade in derivatives (mostly, contracts for price difference) rather than trade in physical electricity.

**Juozas Bartlingas**  
Chairman of the Board and CEO  
Lietuvos Energijos Gamyba, AB

## MOST-SIGNIFICANT EVENTS IN THE REPORTING PERIOD

### The Company appeals against the regulator's decisions

On 16 January 2015 Vilnius Regional Administrative Court accepted the Company's appeal regarding the reversal of Resolution No O3-934 of the National Commission for Energy Control and Prices (hereinafter "the Commission") dated 11 December 2014 "On the unilateral establishment of the heat production price of Lithuanian Power Plant of Lietuvos Energijos Gamyba, AB. By the Resolution, the Commission unilaterally established the components of the price of heat produced by the Company.

On 21 January 2015 Vilnius Regional Administrative Court accepted the Company's appeal regarding the partial reversal of Resolution No O3-941 of the Commission dated 19 December 2014 "On the amendment of Resolution No O3-840 of the National Commission for Energy Control and Prices dated 17 October 2014 "On the establishment of the funds and the price of the public service obligation for 2015".

More information is provided in the Section "[Important events in the Company's activities](#)" of this Report.

### The Company becomes an electricity price derivatives market maker in the Latvian bidding area

On January 2015 the Company was the first among Lithuanian electricity market players to become a Market Maker and to begin offering derivatives pegged to the price differential between the price that forms in the Latvian bidding area and the overall Nord Pool Spot system price EPAD RIGA (Electricity Price Area Differential, EPAD).

More information is provided in the Section "[Important events in the Company's activities](#)" of this Report.

### The Company transfers subsidiaries' shares

Pursuant to a decision of the Company's board, on 31 May 2015 the Company concluded an agreement on the purchase and sale of all the shares of its fully controlled subsidiaries UAB Kauno Energetikos Remontas and Energijos Tiekimas UAB with its parent company Lietuvos Energija, UAB.

On 27 April 2015, the Company and Lietuvos Energija, UAB, concluded a share-purchase agreement on all the shares held by the Company in in NT Valdos, UAB.

More information is provided in the Section "[Important events in the Company's activities](#)" of this Report.

### Generation of electricity by the Combined-Cycle Unit in the warm season of the year

On 15 April marking the beginning of the warm period of the year, electricity generation was started at the combined-cycle unit of the Company.

It is estimated that electricity will be generated in Elektrėnai during the non-heating season from 15 April until 15 October. Electricity is produced in Elektrėnai in this period in order to secure a reliable supply of electricity as co-generation plants in urban areas are stopped at the end of the heating season, whereas electricity import opportunities are reduced due to repairs of the interconnections. The electricity supply is also reduced due to smaller amounts of water in the hydroelectric power stations of Latvia and Lithuania during the warm period.

As electricity generation in Elektrėnai is subsidised from the budget of the public service obligation (PSO) funds, the Company seeks to minimise the burden to customers. Therefore, the total amount of electricity generated in Elektrėnai in 2015 should not exceed the supported electricity generation volume set for this year, i. e. 1.1 TWh.

### Development of operations

At the beginning of 2015, parent company Lietuvos Energija, UAB, launched a programme on development of the operating chain of the Lietuvos Energija Group. It provides for the development of the Company's production processes by separating part of the commercial wholesale operations currently conducted by the Company.

It is expected that the separation of the electricity trading component will lead to an increase in the efficiency of the Group's operations, cut operating costs of the Company, and develop the Company's operations.

The planned separation is to be completed by 1 January 2016.

For more information please visit [the website of Lietuvos Energija, UAB](#).

### New biofuel boiler house put into operation in Elektrėnai

On 6 May 2015, a certificate of completion of a biofuel-fired boiler house in the Elektrėnai Complex was issued. Construction of the boiler house was started in February 2014. Highly efficient state-of-the-art equipment that contributes to the control of environmental pollution has been installed in the boiler house. The boiling-layer furnace technology that minimises pollutants' emissions to the atmosphere has been selected for the biofuel combustion process as a one most suitable for the biomass. Wood-cutting waste and wood that is not useful for other industries are used as a fuel.

A 40 MW biofuel-fired plant will meet approx. 90% of the heat demand of Elektrėnai town, Kietaviškių Gausa UAB greenhouse company, and Elektrėnai Complex. Heat generation will be continuous.

## ANALYSIS OF FINANCIAL INDICATORS OF THE COMPANY AND THE GROUP

Audited financial information of Lietuvos Energijos Gamyba, AB and unaudited financial information of Lietuvos Energijos Gamyba, AB group of companies is shown on the table for January – June 2015.

		Company				Group	
		6 months of 2015	6 months of 2014	6 months of 2013	6 months of 2015	6 months of 2014 <sup>4</sup>	6 months of 2013 <sup>5</sup>
FINANCIAL INDICATORS							
Sales revenue	EUR'000	98,033	92,273	138,461	103,634	93,171	139,759
Other operating income	EUR'000	9,344	1,123	1,108	8,761	21,976	4,469
EBITDA (earnings before tax + interest costs – interest income – dividend received + depreciation & amortisation + non-current & current asset impairment losses)	EUR'000	28,334	34,327	36,982	30,284	35,516	38,250
Operating profit	EUR'000	22,762	25,469	19,197	16,532	33,134	20,085
Net profit	EUR'000	19,256	22,389	15,412	13,060	28,950	15,993
Profit before tax	EUR'000	21,659	25,553	17,042	15,709	32,181	17,746
Cash flows from operations	EUR'000	10,548	22,848	53,240	10,407	23,735	58,664
Liabilities to financial institutions	EUR'000	154,280	158,893	166,542	154,280	161,566	169,694
RATIOS							
Liabilities / equity		1.45	1.40	1.37	1.45	1.42	1.36
Financial liabilities / equity		0.42	0.42	0.43	0.42	0.42	0.43
Financial liabilities / assets		0.17	0.18	0.18	0.17	0.17	0.18
LOAN COVERAGE RATIO							
Loan coverage ratio (EBITDA / (interest costs + loans repaid in the reporting period)) <sup>1</sup>		2.93	6.61	2.43	3.10	6.68	2.38
PROFITABILITY RATIOS							
Operating profit margin	%	21.20	27.27	13.75	14.71	28.78	13.93
Profit before tax margin	%	20.17	27.36	12.21	13.98	27.95	12.30
Net profit margin	%	17.93	23.97	11.04	11.62	25.14	11.09
Return on equity <sup>2</sup>	%	10.55	11.89	7.97	7.16	15.15	8.09
Return on assets <sup>2</sup>	%	4.31	4.95	3.36	2.92	6.26	3.42
Earnings per share, LTL <sup>2</sup>	EUR	0.06	0.07	0.05	0.04	0.09	0.05
P/E <sup>3</sup> (share price / earnings)		12.75	10.14	7.66	18.79	7.84	7.39

<sup>1</sup> Re-financed loans were not included in the calculation of the indicator.

<sup>2</sup> The indicator has been recalculated for a year.

<sup>3</sup> The indicator has been calculated as a ratio between the share price at the end of reporting period and the profit per share recalculated for a year.

<sup>4</sup> Recalculated financial information.

<sup>5</sup> Non-recalculated financial information.

Profitability ratios of both the Company and the Group for the first six months of 2015 are lower compared with the same period of 2014.

In the evaluation of the changes in the consolidated net profit indicator of the Group, it should be noted that the interim unaudited financial statements of the Group for January-June 2015 present recalculated figures for the same period of 2014. The sale of a subsidiary Duomenų Logistikos Centras UAB on 31 March 2014 is no longer carried as discontinued operations, therefore, the accrued result of the company (profit) by the date of the sale is reflected in the recalculated results of the Group for January-June 2014.

The greatest negative impact on the profitability ratios of the Company and the Group in January-June 2015 has been made by the pending judicial dispute over the decisions of the National Commission on Energy and Price Control (NCEPC) on the results of inspection of the Company's operations in 2010-2012 and on the recognition of the Company as a one with significant power on the electricity generation market. As a result of these decisions, lower regulated prices were set for the Company for 2015. The negative impact on EBITDA and net profit for the first 6 months of 2015 amounts to EUR 6.9 million and EUR 6.0 million respectively. The impact of these NCEPC decisions has not been taken into consideration in the financial information for January-March 2015.

In addition, the Group's profitability indicators were impacted negatively by the recognition of the overall result of the transfer of subsidiaries UAB Kauno Energetikos Remontas and Energijos Tiekimas UAB. On 31 March 2015, the Group sold the shares of these subsidiary companies, therefore the Group's results for January-June 2015 reflects the loss of UAB Kauno Energetikos Remontas and profit of Energijos Tiekimas UAB accumulated until the day of sale.

Income from regulated operations of the Group in January-June 2015, i. e. the generation of electricity and heat at the Elektrėnai Complex and the power reserving services provided by the Elektrėnai Complex and the Kruonis PSHP accounted for approx. 54% of total income of the Group (January-June 2014: 38%).

## **Statement of Financial Position**

As of 30 June 2015, the Company's and the Group's liabilities to financial institutions totalled EUR 154.3, consisting of obligations under long-term loan agreement.

There have been no significant changes in the asset structure of the Company and the Group during January-June 2015.

## **Comprehensive Income Statement**

### **Income**

Sales income of the Company totalled EUR 98 million in the period January-June 2015. Income from electricity trading, balancing power, regulating power, power reserving and PIS services as well as income from sale of heat energy account for the largest part of the income. Compared with the same period of 2014, there has been a 6.2% increase in the Company's income. This has been mainly determined by the

increased generation of subsidised electricity at the Elektrėnai Complex.

Sales income of the Group totalled EUR 103.6 million in the period January-June 2015, which is an 11% increase compared with the same period of 2014.

### **Costs**

In the period January-June 2015, costs incurred by the Company amounted to EUR 84.6 million and those incurred by the Group – to EUR 95.9 million. Costs of purchasing electricity and related services and costs of fuel for electricity generation accounted for the largest part of the Company's costs (EUR 59.5 million or 70%) and of the Group's costs (EUR 63.2 million or 66 %). Depreciation and amortisation costs of the Company and the Group during January-June 2015 were EUR 11.2 and EUR 11.3 respectively.

Operating costs of the Group during the period January-June 2015 totalled EUR 21.9 million excluding purchases related to electricity and its generation, depreciation and amortisation costs, costs of revaluation of tradable emission allowances and impairment losses; compared with the same period of 2014, they decreased by EUR 2 million.

### **Profit**

EBITDA of the Company for the period January-June 2015 are lower by EUR 6 million compared with the same period of 2014, while EBITDA of the Group is lower by EUR 5.2 million. The Group's EBITDA margin decreased 3.9 p. p. and was 26.9% in the period January-June 2015. In the same period, the Company's EBITDA margin was 26.4%.

In the period January-June 2015, the Group earned EUR 15.7 million as profit before tax and the net profit from continued operations amounted to EUR 13.1 million. The Company's profit before tax was EUR 21.7 million and the net profit from continued operations amounted to EUR 19.3 million. The net profit margin of the Company decreased from 24% in the period January-June 2014 to 18% in the same period of 2015.

## **Cash Flow Statement**

Net cash flows from operations of the Company were EUR 10.5 million in the period January-June 2015, and those of the Group were EUR 10.4 million. In the same period of 2014, the net cash flows of the Company and the Group were EUR 22.8 million and EUR 23.7 million respectively.

Net cash flows from investments of the Group were negative (- EUR 2.8 million) in the period January-June 2015 (same period of 2014: - EUR 9.9 million). In this period, the Group's cash flows from financial activities were negative (-EUR 31.4 million) (same period of 2014: - EUR 48.6 million).

## **Investments in Non-Current Assets**

In the period January-June 2015, the Company's investments in non-current tangible and intangible assets amounted to EUR 10.4 million.

## ANALYSIS OF OPERATING INDICATORS

### Performance and Prospects





The Company conducts wholesale trading in electricity in the wholesale market (i. e. between power generation companies and electricity suppliers). The Company sells electricity and provides power balancing services to public and independent suppliers operating in the Lithuanian market; it also sells electricity on an electricity exchange.

The Company generates electricity at its three power plants (the Elektrėnai complex consisting of a reserve power plant

and a combined-cycle unit, the Kruonis PSHP and the Kaunas A. Brazauskas HPP), purchases electricity from other suppliers and power generating companies under contracts, buys electricity on an electricity exchange (see Figure 1).

The Company also provides system services to the Lithuanian transmission system operator LITGRID (TSO).

Figure 1  
*Operations of the Company (generation and trading) and prospects*

Elektrėnai complex Reserve power plant and combined-cycle unit	Kruonis Pumped Storage Hydroelectric Plant	Kaunas Algirdas Brazauskas Hydroelectric Power Plant	Electricity trading
 <p><b>Capacity: 1655 MW*</b></p> <p>The main power plant in the Lithuanian power system, having the greatest production capacities in the country and maintaining the tertiary reserve for ensuring the security of energy supply and reserves.</p> <p>The larger part of the electricity generation will be concentrated at the most efficient unit – the combined-cycle unit.</p> <p>Units 3 and 4 of the reserve power plant have been dismantled, and Units 1 and 2 decommissioned from 2015 (150 MW capacity each). Units 5 and 6 are being put into prolonged storage until the decision on decommissioning them will be taken in 2015. Units 7 and 8 are the reserve ones (these four units - 300 MW capacity each).</p> <p>A project on the construction of new heat energy production facilities is nearing completion.</p> <p><i>* The capacity of the power plant referred to is as of 1 January 2015.</i></p>	 <p><b>Capacity: 900 MW</b></p> <p>Kruonis PSHP is designed for the balancing of electricity generation and consumption as well as for the power system's emergency prevention and response. Kruonis PSHP is responsible for the securing the larger part of the emergency reserve required for the Lithuanian power system.</p> <p>As the need for regulation increases, and on completion of the power links with Sweden and Poland, the power plant will provide more system services.</p> <p>If market conditions are favourable, the Company plans to implement a Kruonis PSHP development project.</p>	 <p><b>Capacity: 100,8 MW</b></p> <p>Kaunas A. Brazauskas HPP is the largest power plant in Lithuania that uses renewable energy sources.</p> <p>Kaunas A. Brazauskas HPP contributes to the balancing of electricity generation and consumption and levels out the power system. It is one of the power plants in the Lithuanian power system that can start an autonomous operation in case of the total power system failure.</p> <p>The plant is going to maximise the generation of green energy, depending on natural conditions, and to provide system services.</p>	 <p>The Company conducts wholesale trading in electricity in the wholesale market, i. e. between power generation companies and electricity suppliers.</p> <p>On completion of the power links with Sweden and Poland, trading will become more active due to wider opportunities for trading in electricity and system services in the interconnected systems.</p> <p>The Company seeks to maintain its market share by an efficient combination of its production capacities and the electricity purchasing in both Lithuania and the neighbouring markets.</p>

## Key Performance Indicators

### Electricity generation indicators for January–June 2015

The Company holds electricity generation permits of unlimited duration. Sales of electricity generated at the power plants of the Company totalled 0.919 TWh during January–June 2015. Compared with the same period of past year, these volumes increased 54%; the main factor determining the increase is the larger volumes of subsidised electricity generated in the Elektrėnai Complex (see Figure 2).

A comparison of the electricity generation volumes at individual power plants shows that during the period January–June 2015 the volumes were decreasing at the Kaunas A. Brazauskas HPP but the decrease was compensated for by the growth at the Kruonis PSHP.

In the period January–June 2015, the Kaunas A. Brazauskas HPP generated and sold nearly 0.175 TWh of electricity, which is approx. 12% less than in the same period of 2014 (0.2 TWh). The power plant was operating at a lower-than-

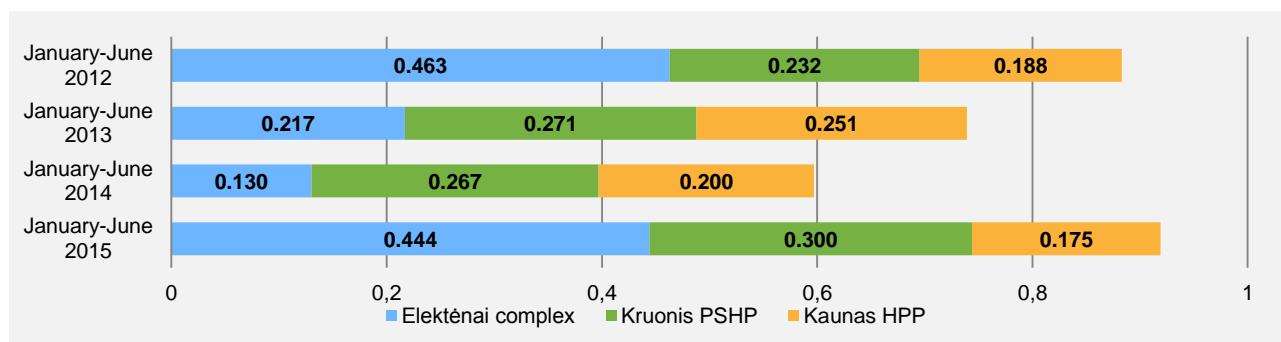
usual capacity due to the relatively low flow rate in the Nemunas River.

Generation volumes at the Kruonis PSHP were increasing compared to the previous year: during the period January–June 2015, the power plant generated and sold 0.300 TWh of electricity, which is 12% more than in the same period of 2014 (0.267 TWh).

The Elektrėnai Complex produced 0.444 TWh of subsidised electricity during the period January–June 2015 compared with just 0.128 TWh during the same period of 2014. The increase has been determined by the change in the conditions of the public service obligation which includes the generation of electricity necessary to ensure the security of electricity supply. Subsidised electricity was generated without interruptions from 15 April until 15 October 2015.

Figure 2

#### Electricity generated in the Company's controlled power plants and traded (TWh)



### Electricity trade indicators for January–June 2015

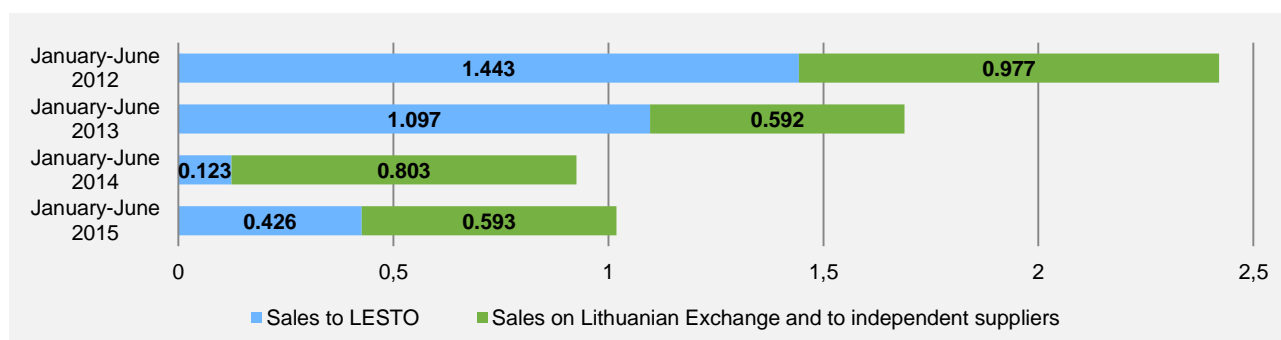
During the period January–June 2015, the Company sold nearly 1.019 TWh of electricity, which is 10% more than in the same period of 2014, when sales totalled slightly over 0.926 TWh (see Figure 3).

The Company sold 26.1% less on exchange and to independent suppliers. The main reason for the decrease is the fact that trading in derivative financial instruments (mainly Contracts for Difference) rather than trading in physical electricity is having an increasingly larger share in the Company's electricity trading portfolio.

Since 8 January 2013 the Company is performing the functions of the designated entity, i. e. it buys the total amount of electricity projected to be generated at wind farms and sells it in the Lithuanian bidding area of Nord Pool Spot exchange. During the period January–June 2015, 0.30 TWh of electricity generated at wind farms was sold on the exchange.

Figure 3

#### Company's electricity sales on the domestic market (TWh)



## System services

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

The power reserving service is a means to ensure the reliable operations of the energy system when, in unforeseen (emergency) situations, power generation volumes drop or consumption increases suddenly. Power generating companies provide the service of maintaining the secondary and tertiary reserves. The secondary active power reserve is the power of the installations or hydroelectric units in operation maintained by the generating company and activated within 15 minutes. The tertiary reserve is the power of the generating sources maintained by the generating company and activated within 12 hours. All the three power plants managed by the Company provide the secondary and tertiary power reserve services. The secondary power reserve is ensured by Kaunas A. Brazauskas HPP, Kruonis PSHP and, Elektrėnai Complex; the tertiary power reserve is ensured by Elektrėnai Complex. During January–June 2015, the Company sold around 0.87 TWh of electricity as secondary power reserve and 1.17 TWh of electricity as tertiary power reserve. Sales of power reserves remained the same as in the respective period of 2014.

The regulation power service is required to balance the surplus and shortage of power in the energy system. Trading in the regulation power is carried out in real time and ensures the reliable operation of the energy system every hour. When the amount of electricity in the system is not sufficient

and the TSO gives an instruction to increase production, the Company increases generation volumes and sells the necessary amount of regulation power to the TSO. When there is a surplus of power in the energy system and the TSO gives instruction to reduce production, the Company reduces electricity generation volumes and purchases the surplus regulation power from the TSO. During January–June 2015, the Company sold 0.003 TWh and purchased 0.009 TWh of regulation power (during the same period of 2014, 0.020 TWh and 0.014 TWh, respectively).

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

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

System recovery after complete failure is the service aimed at effective start-up of the power-generating source after full or partial failure of the power system, without using power supply from the network. The service is provided by both Kruonis PSHP and Kaunas A. Brazauskas HPP.

## OTHER FACTORS DETERMINING FINANCIAL INDICATORS

### Business Strategy of the Company

On 25 June 2014, the Company's Board approved the document of the business strategy of Lietuvos Energijos Gamyba, AB 2014-2020 (hereinafter referred to as the Strategy). The latter document defines the long-term business strategy of the Company: strategic directions and objectives of operations and their indicators measuring the implementation of the Strategy. The Strategy for 2014-2020 was drawn by the Company taking into consideration the internal and external environment factors and most probable values of the main presumptions that have the greatest impact on the Company's operations and setting challenging strategic objectives with the expected outcomes oriented to the purposes set by the shareholder.

The Strategy envisages that in 2014–2020:

- profitability of the Company will increase in accordance with the general objectives of the Group provided for in the strategy of Lietuvos Energija, UAB, the main shareholder of the Company;
- until 2019, revenues of the Company will decrease due to stronger competition on the exchange and shrinking production volumes at the Elektrėnai Complex (market liberalisation effect), however, later stabilisation is expected due to additional revenues from commercial activities of the Company;
- approximately LTL 450–650 million will be invested during 2014–2020 in the two main development projects (the biofuel thermal power plant and (if market conditions are favourable) the construction of Unit 5 of Kruonis PSHP).

### Strategic Directions

The strategic objectives of the Company will be attained by working along the four strategic directions:

- **Increase value of the Company:** By consistently increasing the profitability of commercial activities; eliminating those production capacities that are not in use; investing in the modernisation of other capacities; increasing process efficiency and cutting operating costs.
- **Ensure quality of service to the clients (TSO, suppliers, customers):** By reducing the dependence on the state support (public service obligation (PSO)); formulating an electricity portfolio that is in line with the wishes of electricity suppliers; ensuring optimal electricity prices for suppliers and end customers; fulfilling the obligations of a socially responsible company to the public and increasing the focus on environmental protection.
- **Increase operational efficiency:** By reviewing and optimising the business processes through the use of LEAN principles and tools; improving project management; developing the employees' competences; optimising the production capacities under the Company's control and abandoning those units which are not used in full.
- **Create an organisational culture based on corporate values:** By increasing the employees' involvement and developing the leadership competences; ensuring continuity of business by planning future competence requirements and organising timely employee training and/or requalification; attracting and retaining human resources, reducing the scope of key employees' turnover, implementing and consistently applying the system of providing replacement / substitute personnel; and effecting a cultural change in the health and safety at work area.

Figure 4  
*Strategic Directions of the Company 2014–2020*



## Innovative activities

Seeking to implement one of its strategies – to enhance the efficiency of the operations – the Company pursues the path of constant improvement based on the optimisation of functions, technological advancement, introduction of innovations, and improvement of business processes.

The Company encourages and realises not only those ideas that are provided for in its operating plans but also those put forward by its employees. Experts and managers evaluate proposed ideas through the prism of their payback with regard to the aspects of safety at work, quality, corporate values, and improvement of workplace ergonomics. Employees are provided with the possibility to implement their ideas and thus to contribute to developing the Company's activities and attaining its goals.

## Research and development projects

To implement technically and economically viable investment policy, the Company uses long-term strategic planning to identify the lines of development of the Company and to estimate the required investments in the replacement or rehabilitation of production facilities.

Bigger investments of the Company (current or planned by 2020):

- Construction of heat energy and steam production facilities at the Elektrėnai Complex;
- Modernisation of physical security systems (video, perimeter and access monitoring and control);
- Renovation of auxiliary integrated distribution equipment and integrated transformer substations;
- Works on the Obeniai lot (ash site) at the Elektrėnai Complex;
- Installation of the gas turbine preservation system at the combined-cycle unit;
- Kruonis PSHP frequency converter;
- Installation of Unit 5 at Kruonis PSHP (if market conditions are favourable).

In June 2015, the Company completed the implementation of an investment project on the chemical water treatment facilities for the water supply to the combined-cycle unit and put into operation modern and efficient automated equipment at the facilities for the preparation of desalinated water and treatment of contaminated condensate.

Research and development projects the implementation of which was continued in January–June 2015:

### Syderiai Underground Gas Storage Project

In 2014, all investigations for the suitability assessment of Syderiai Geological Structure and possibilities of its use for the storage of natural gas were completed. In 2015, pursuant to a resolution of the Government of the Republic of Lithuania, work is carried out with the aim of securing financial support for the project from the European Union and the CEF and ascertaining Polish energy companies' interest in and preparedness for the joint implementation of this project.

Since 2012, the Company's employees proposed 131 innovative ideas, 56 of which have been implemented.

At 2015, all units of the Company began the practice of day-to-day operations visual management with integrated performance indicators and cascaded meetings system. On the basis of the LEAN culture and tools, wastages that do not create value are eliminated, problems are addressed more efficiently and quickly, and processes and their individual steps are improved according to the Company's priorities.

### Heat production facilities expansion project in Elektrėnai

In 2015, the Company continued construction of new heat generation facilities (biofuel and steam boiler houses). In January, testing of part of the new heat generation facilities at Elektrėnai, i. e. a steam boiler house was completed. This 49.8 MW boiler house was installed to maintain the heat reserves, to ensure the generation of heat energy in cold periods, and to start up the reserve power plant units. The heat energy generated at the boiler house is supplied to the Elektrėnai town as well.

Construction of the biofuel-fired boiler house was continued. In the period of January–June 2015, the boiler house structures were built, equipment was installed, system testing was completed, and construction completion procedures were carried out. The certificate of completion was issued by the commission on 6 May 2015. Heat energy is generated from biofuel on as-needed basis. Preparations for the warranty testing of the boiler house and the correction of defects is underway.

### Assessment of the wind power potential at Kruonis PSHP

At the beginning of 2015, comprehensive measurements of wind speed and directions and other meteorological conditions were completed in the territory of the Kruonis PSHP as part of the initial assessment of the land plot's potential for the construction of a wind farm. Relying on positive results of wind measurements, the Company initiated preparatory works of construction of a wind farm in the territory of the Kruonis PSHP including a feasibility study on the estimation of wind resources and electricity production volumes at the Kruonis wind farm and the mandatory procedures of environmental impact assessment and territorial planning. Service providers were selected and service agreements were concluded in May–June. At present the feasibility study is under preparation and an assessment of the potential impact of the project planned in the Kruonis PSHP territory on Natura 2000 areas is being made.

## The Company's main risks and contingencies

The main risks encountered by the Company in carrying out its activities include the risks of external regulation, market changes and competition, inaccurate trade forecast, risk of technical fault, risk of safety and health insecurity, and risk of information security.

### Risk of external regulation

The risk of regulation is associated with unfavourable legal environment changes and decisions of regulating authorities.

The Company strives to maintain constructive relationships with regulatory authorities and to actively participate in the legislative process. The long-term strategy of the Company provides for the purposeful reduction of costs of regulated activities.

### Risk of market changes and competition

The Company carries out the activities of electricity and heat production trade in electricity. When the power link with Sweden and Poland is put into operation, the price of electricity in the Baltic countries should go down to the level of electricity prices in Scandinavia/Poland, so the competitive capacity of the Company can decrease.

In view of the expected market changes, it is sought to maintain the competitiveness of the Company by abandoning out-of-service production capacities, exploiting new facilities (biofuel and steam boiler houses), and upgrading old ones.

### Risk of inaccurate trade forecast

Sharp changes in the electricity market pose the risk of inaccurate trade forecast.

Forecasting of prices, electricity production planning, and presentation of proposals to the stock exchange takes place in accordance with the "four-eyes" principle and operations are automated in order to avoid human errors. The Company carries out everyday market situation analysis and trade results monitoring.

### Risk of technical fault

One of the key goals of the Company is to ensure national energy security.

In order to ensure the reliable, fault-free operation of the power plants, the Company continuously and timely performs technical maintenance of process units, invests in the upgrading of equipment, and ensures the continuity of knowledge and training of skills of the operations personnel. Continuity of operations plans are drawn up, updated, and constantly tested in order to ensure the activities of the Company.

### Risk of safety and health insecurity

The production process involves the use of open flame sources, flammable and explosive materials, steam, hot water, temporary and short-term working places for specific works, and hard working conditions – all this puts both employees and contractors at the risk of safety and health insecurity.

The Company pays great attention to the prevention of accidents: an OHSAS 18001:2007 certificate is maintained in order to ensure safety and health, working places and work organisation quality are checked regularly, employees are briefed on safety and provided with personal protection equipment.

### Risk of information security

Insufficiently tested systems may increase the likelihood of information security breaches, due to which information important to the Company can be intercepted/disclosed.

The Company implements information security requirements established for companies of strategic or major importance for national security within the scope of competence of the Minister of Energy: risks in the production systems are assessed, data back-up copying is performed, monitoring of the equipment, network, and systems is carried out, systems operate in a technological network which cannot be accessed from outside, and regular "manual" vulnerability tests are performed.

## INFORMATION ABOUT AUTHORIZED CAPITAL AND SECURITIES OF THE COMPANY

### Structure of Authorized Capital and Securities

The authorized capital of the Company amounts to EUR 184,174,248.35 and has been divided into **635,083,615 ordinary registered shares** with par value of 0.29 EUR each. All the shares have been fully paid for.

As of 31 December 2014, the Company has 635,083,615 ordinary registered shares with par value of one Litas each

All the shares of the Company are ordinary registered shares of the same class and grant equal rights to their holders.

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

its own shares. No subsidiary has acquired shares of the Company either.

On 1 September 2011, shares of the Company were listed on the Official Trading List of NASDAQ OMX Vilnius. The shares of the Company are traded on NASDAQ OMX Vilnius Securities Exchange ("VSE").

ISIN code LT0000128571.

Abbreviation of securities – LNR1L.

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

### Structure of Authorized Capital

Class of shares	Number of shares	Par value, EUR	Total par value, EUR	% of authorised capital
Ordinary registered shares	635,083,615	0.29	184,174,248.35	100.00

### Trading in the Company's Shares

#### Price and turnover of the Company's shares

		6 months of 2013	6 months of 2014	6 months of 2015
Last trading session price, EUR		0.372	0.715	0.773
Maximum price, EUR		0.411	0.750	0.940
Minimum price, EUR		0.370	0.395	0.765
Average price, EUR		0.386	0.582	0.853
Turnover, shares		309,328	1,138,669	365,042
Turnover, EUR MLN		0.12	0.66	0.31
Capitalisation, EUR MLN	Company	236.25	454.08	490.920
	Baltic Main List	4,775.36	4,619.94	4,731.07

Figure 5  
*Dynamics of the Company's share prices and turnover in the reporting period*

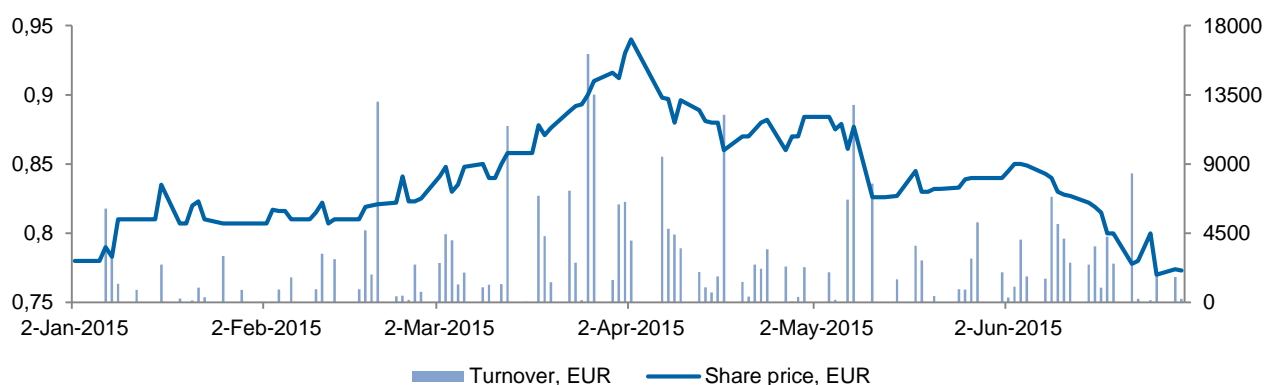


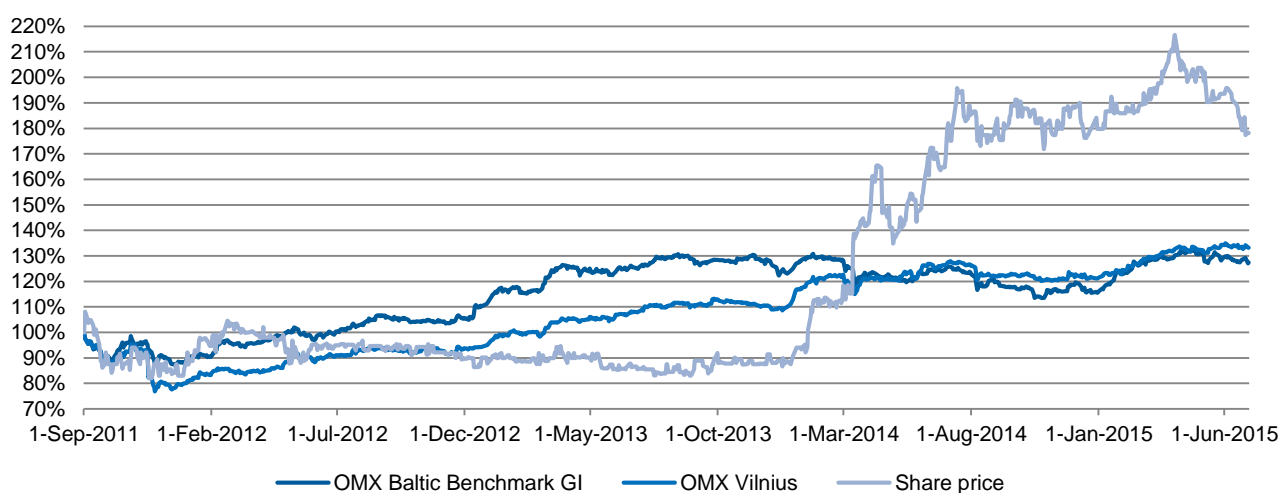
Figure 6

*Dynamics of the Company's share prices and turnover since the beginning of trading to the end of the reporting period*



Figure 7

*Prices of the Company's shares, dynamics of OMX Vilnius and OMX Baltic Benchmark indexes*



## Information about shareholders of the Company

Total number of shareholders as of 30 June 2015: 6,130.

Total number of shareholders as of 31 December 2014: 6,137.

List of shareholders whose shares account for more than 5% of the Company's authorised capital (as of 30 June 2015)

Name	Class of shares	Number of shares	% of authorised capital	% of voting shares
<b>Lietuvos Energija, UAB</b> Business ID – 301844044 Žvejų g. 14, 09310 Vilnius	Ordinary registered shares	610,515,515	96.13	96.13
Other shareholders	Ordinary registered shares	24,568,100	3.87	3.87
<b>TOTAL</b>	Ordinary registered shares	635,083,615	100.00	100.00

**Structure of shareholders by country**

Country	%
Lithuania	97.1
Russia	0.7
Belarus	0.6
Estonia	0.6
USA	0.3
Latvia	0.2
Other	0.5

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

None of the shareholders of the Company has special control rights. All the shareholders of the Company have equal rights (property and non-property rights) provided for in the Republic of Lithuania Law on Companies and the Articles of Association of the Company.

**Restrictions on voting rights**

There were no restrictions on voting rights in the Group.

**Agreements between shareholders on restrictions of the transfer of securities**

To the best of the Company's knowledge, there were no agreements between shareholders of the Company due to which transfer of securities and/or voting rights can be restricted.

**Information on agreements with intermediary of public trading in securities**

On 9 December 2013 the Company has concluded an agreement on keeping of accounting for the Company's securities and on management of personal securities accounts with Swedbank, AB.

## CORPORATE SOCIAL RESPONSIBILITY

The Company's social responsibility activities are based on its values and are a manifestation of its attitude toward its operations, inclusion of social, environmental and transparency principles in its business processes, and relations with stakeholders.

### Promoting Community Spirit

To strengthen ties with the community of Elektrėnai region where its core operations are based, the Company organises a series of public events under the title 'Lietuvos Energijos Gamyba Presents'. During the first six months of 2015, two meetings were held: with athletes from Kaunas 'Žalgiris' basketball club and Elektrėnai 'Energija' hockey club and singer Andrius Kulikauskas. Eleven meetings of this series have taken place so far. The Company organises them jointly with Elektrėnai Library. The events are aimed at rallying the community of the town and the region as well as employees of the Company by offering them unique meetings with well-known, interesting, original people.

### Environment Clean-up Initiative

Employees of the Company took part in an annual campaign under the title 'Let's Do It', which is popular all over Lithuania, by cleaning up the shores of water bodies in Elektrėnai, Kaunas and Kruonis and collecting litter.

### Educational activities

The Company organises free excursions to its facilities for members of the public: the combined cycle unit, Kruonis PSHP, and Kaunas A. Brazauskas HPP. In this way the Company seeks to increase public awareness of the energy sector, focussing, in particular, on the younger generation. In January-June 2015, more than almost 1.500 people from various organisations including schools were received; there were delegations from foreign countries as well. The biggest part of these excursions took place in Kruonis PSHP.

For more information about the corporate social responsibility of the Company please see the Company's operating reports and social responsibility reports that are published in [Social Responsibility](#) section on the Company's website.

### Environmental Protection

The Company seeks to protect the environment in its operations, sparingly use the natural resources, and introduce advanced, efficient and environmentally friendly technologies in its operations. The Company complies with the environmental laws and regulations and implements preventive measures to reduce the adverse impact upon the environment in a professional manner.

The most relevant environmental protection issues include the safe operation of facilities, safe use of substances that are dangerous to the environment, waste management, ensuring that the water level fluctuations in the Kaunas Lagoon and the Nemunas River downstream the Kaunas A. Brazauskas HPP are within the permissible limits etc. The Company complies with all the relevant environmental regulations.

The Environmental Management System compliant with LST EN ISO 14001:2005 has been successfully operating at the Company's facilities. The Company implements the requirements for the air, surface water, ground water and soil monitoring and protection laid down in the Integrated Pollution Prevention and Control (IPPC) permits.

In the period of January-June 2015, the Elektrėnai Complex transferred to waste management companies 255.29 tons of liquid fuel ashes, 16.35 tons of activated carbon waste, 10.57 tons of ionite resin waste, 855 t isolation materials containing asbestos, 14.06 tons of construction materials containing asbestos, 2.77 tons of plastic and rubber waste, 2 tons paper and cardboard waste. 370 t of electric engineering waste and 796.48 tons of ferrous metal waste were sold. A special-purpose company removes domestic waste collected in the territory of the complex under a contract. 123.34 tons of water clarification sludge waste that was generated at the chemical unit has been released in the Obeniai land plot.

Rules for the use and maintenance of the Elektrėnai pond have been updated in accordance with current legislation and agreed with interested parties.

Domestic waste collected in the territory of the Kruonis PSHP is removed by a special-purpose company under a contract. During the period of January-June 2015, 16.6 tons of domestic waste was removed. 3.04 tons of hazardous waste (including 3.0 tons of oily water, 0.03 tons of luminescent lamps and 0.01 t of used batteries) were transferred to waste management companies and 12.66 tons of ferrous metal scrap was sold.

During the period of January-June 2015, the Kaunas A. Brazauskas HPP transferred 0.14 tons of hazardous waste and 0.54 tons of non-hazardous waste to waste management company. 2.12 tons of ferrous metal scrap was sold. A special-purpose company removes domestic waste collected in the territory under a contract (approx. 3.24 tons of domestic waste were generated in the said period).

Paper and cardboard waste in all plants are transferred to relevant waste processing companies.

## THE COMPANY AND ITS MANAGEMENT BODIES

### Information about the Company and its contact details

<b>Name</b>	Lietuvos Energijos Gamyba, AB (until 5 August 2013: – Lietuvos energija, AB)
<b>Legal form</b>	Public company; private legal person with limited civil liability
<b>Registration date and place</b>	20 July 2011, Register of Legal Persons of the Republic of Lithuania
<b>Company code</b>	302648707
<b>Registered office address</b>	Elektrinės g. 21, LT-26108 Elektrėnai, Lithuania
<b>Telephone</b>	+370 5 278 2907
<b>Fax</b>	+370 5 278 2906
<b>E-mail</b>	<a href="mailto:info@le.lt">info@le.lt</a>
<b>Website</b>	<a href="http://www.gamyba.le.lt">www.gamyba.le.lt</a>

### Core activities of the Company

The generation of electricity and heat as well as electricity trade. The Company may engage in any other activities that are not in contravention of its objectives and the Lithuanian law.

### Information about branches and representative offices of the Company

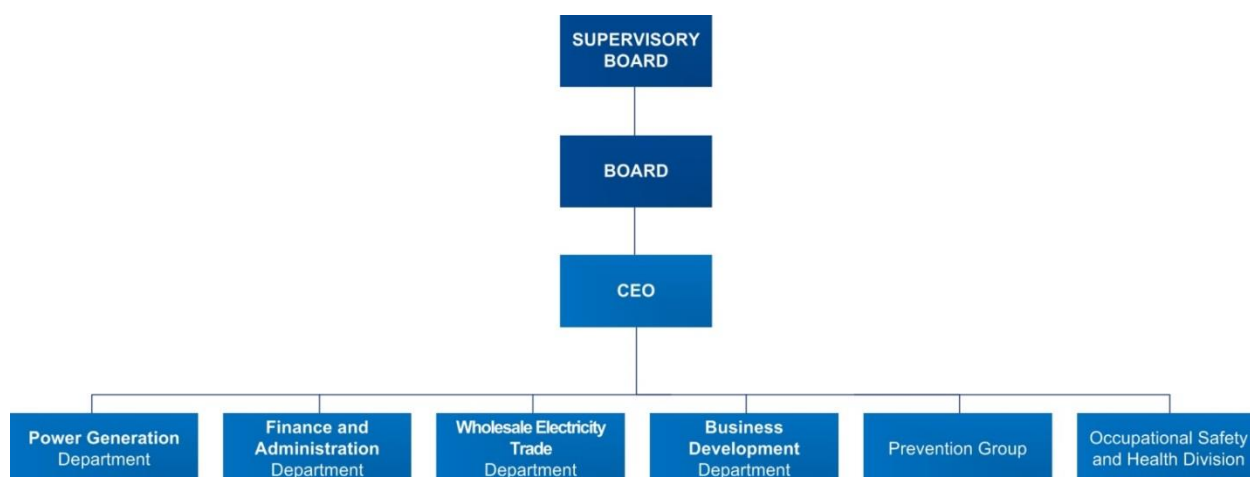
The Company has no branches or representative offices.

### Divisions and organizational structure of the Company

The Company is comprised of state-owned power generation facilities:

- Elektrėnai complex with a reserve power plant (former Lietuvos Elektrinė) and a combined-cycle unit,
- Kruonis Pumped Storage Hydroelectric Plant (Kruonis PSHP),
- Kaunas Algirdas Brazauskas Hydroelectric Power Plant (Kaunas A. Brazauskas HPP).

Figure 8  
*Structure of the Company (as of 30 June 2015)*



### Information about the Group

On March 21, 2015 the Company sold all of its shares in UAB Kauno Energetikos Remontas and Energijos Tiekimas UAB. Until then the Company had a direct control (100 percent of the shares) in these subsidiaries.

Main types of operations of **UAB Kauno Energetikos Remontas** include: electrical engineering and mechanical repairs and maintenance works, manufacture of steel structures, management of investment projects, provision of the

Training Centre's and laboratory services, and production of biofuel.

**Energijos Tiekimas UAB** is the largest independent electricity supplier, a company with Lithuanian capital invested. Its core activity is the sale of electricity in the free market. The company has over 6,000 customers, which is the largest customer base among the independent electricity suppliers operating in Lithuania. The company is the sole supplier of

certified electricity produced in Lithuania from renewable energy resources, i. e. the 'green Lithuanian energy'.

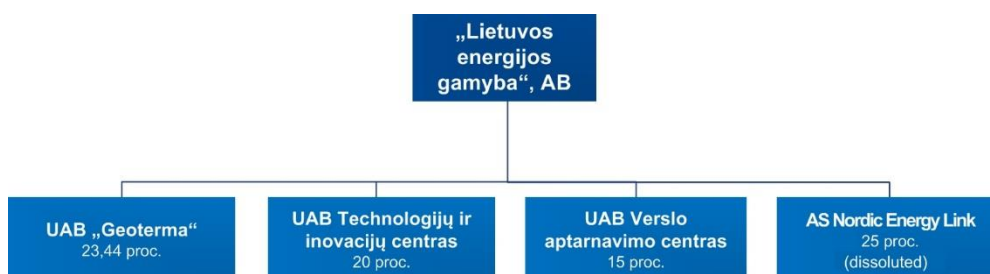
Until March 31, 2015 the Company indirectly, via UAB Kauno Energetikos Remontas, holds the majority of votes in UAB Gotlitas. The Company also holds the majority of votes in Energijos Tiekimas OU and Energijos Tiekimas SIA via UAB Energijos Tiekimas.

On 27 April, 2015 the Company has signed an agreement to sell shares owned by the Company of NT Valdosa, UAB. Under this agreement the Company sold shares, which is 41.73 % of authorised capital of NT Valdosa, UAB.

For June 30, 2015 the Company took part in the management of the following associated companies: UAB Geoterma (23.44 percent of the shares), UAB Technologijų ir Inovacijų Centras (20 percent) and UAB Verslo Aptarnavimo Centras (15 percent). The Company also has 25 percent of shares of AS Nordic Energy Link, which was not deregistered from the Register of Entities as of 30 June 2015.

Figure 9

**Shares of other companies owned by the Group (as of 30 June 2015)**



## Information about Management Bodies of the Company

According to the Articles of Association valid as of 30 June 2015, management bodies of the Company include:

- the General Meeting of Shareholders;
- the Supervisory Board;
- the Board;
- the Managing Director – Chief Executive Officer.

Articles of Association of the Company are published in the Company's website section 'Management of the Company'.

## General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the Company. The scope of competence and the procedure for its convention and adoption of decisions by the meeting are established by the laws, other legal acts and the Articles of Association.

The Articles of Association of the Company may be amended according to the procedure established in the Republic of Lithuania Law on Companies, by the decision of the general meeting of shareholders adopted by at least 2/3 (two-thirds) majority vote of the shares of the shareholders attending the meeting.

Two general meetings of shareholders were held in January–June 2015:

1. The ordinary general meeting of the Company's shareholders held on 27 April 2015 approved the set of annual financial reports of the Company and audited consolidated reports of 2014 and the distribution of the Company's profit of 2014. It was decided to allocate 21.72 million

Eur to payment of dividends (approximately 0.0342 Eur dividends per share). During the same general meeting of shareholders renewed Articles of Association of the Company were approved.

2. The extraordinary general meeting of shareholders of the Company held on 1 July 2015 adopted the decision to appoint UAB PricewaterhouseCoopers as the auditor of financial statements for 2015 of Lietuvos Energijos Gamyba, AB, and to fix a fee not exceeding EUR 35.000,00, VAT excluded, for the above mentioned audit services.

Information on the shareholders' votes is available on the Company's website, under the section [For Investors](#).

## Supervisory Board

As stated in the Articles of Association of the Company, the Supervisory Board is a collegiate body exercising supervision over operations of the Company. It consists of three members – natural persons. At least one-third of the Supervisory

Board's members are independent members. The Supervisory Board is elected for the period of four years by the general meeting of shareholders. The Chairman of the

Supervisory Board is elected by the members of the Supervisory Board from among themselves. The Supervisory Board and its members start and terminate their activities according to the procedures established in legal acts.

The person that puts up a candidate for the position of the member of the Supervisory Board must submit to the general meeting of shareholders a written statement about the candidate's qualifications, experience in managing positions, and fitness for the position of the member of the Supervisory Board. The following persons may not be elected as Members of the Supervisory Board: the Chief Executive Officer, a member of the Board, a person occupying a position of a member of a supervisory body, management body or the

administration in an energy company engaged in the electricity or gas transmission operations, and any person who is not entitled to occupy such position on other grounds established in legal acts.

In case if a member of the Supervisory Board is recalled, resigns or ceases to occupy this position for any other reason but the shareholders of the Company holding more than 1/10 of total voting rights oppose elections of individual members of the Supervisory Board, then the Supervisory Board forfeits its powers and must be elected anew. In case of election of individual members of the Supervisory Board, such members may only be elected for the period remaining until the end of the term of the current Supervisory Board.

**The scope of competence of the Supervisory Board includes the following main powers:**

- electing and recalling Members of the Board;
- overseeing activities of the Board and the Chief Executive Officer;
- furnishing the general meeting of shareholders with feedback and proposals for the operating strategies of the Company, annual financial statements, proposed allocation of profit/loss and the Annual Report of the Company as well as activities of the Board and the Chief Executive Officer;
- furnishing the general meeting of shareholders with feedback and proposals for the decision on declaring

dividend for a period shorter than one financial year and on preparing interim financial statements and interim report for this purpose;

- making proposals to the Board and the Chief Executive Officer for recalling those decisions adopted by them which are in contravention of the laws and other legal acts, the Articles of Association of the Company or decisions by the general meeting of shareholders;
- resolving other matters of supervision over the Company and its management bodies falling within the scope of competence of the Supervisory Board as stated in these Articles of Association and in the decisions of the general meeting of shareholders.

**Members of the Supervisory Board (during the reporting period)**

Name	Term of office	Shareholding in the Company	Participation in other companies and organisations	Interests in other companies (if over 5%)
<b>Dalius Misiūnas</b> Chairman	5 August 2013 – to date	–	<ul style="list-style-type: none"> <li>- Lietuvos Energija, UAB – Chief Executive Officer and Chairman of the Board.</li> <li>- National Electricity Association – President.</li> <li>- EURELECTRIC – Member of Council of Directors.</li> <li>- Association of KTU Alumni – President.</li> </ul>	–
<b>Mindaugas Keizeris</b> Member	20 November 2014 – to date	–	<ul style="list-style-type: none"> <li>- Lietuvos Energija, UAB Director for Strategy and Development, Member of the Board.</li> <li>- UAB Elektros Tinklo Paslaugos Member of the Board.</li> <li>- UAB Lietuvos Dujų Tiekimas Member of the Board</li> <li>- Energijos Tiekimas UAB Chairman of the Board.</li> <li>- UAB LITGAS Chairman of the Board.</li> <li>- UAB Kauno Energetikos Remontas Chairman of the Board.</li> </ul>	–
<b>Pranas Vilkas</b> Independent members	5 August 2013 – to date	–	–	–

The Supervisory Board of the Company was formed on 5 August 2013. The expected end of the term of office of the current Supervisory Board of the Company is 5 August 2017.

Further information on the members of the Company's Supervisory Board is available on the Company's website, under the section Company Management.

No changes took place in the composition of the Audit Committee during the reporting period.

In January-June 2015 four meetings of the Company's Supervisory Board were held. All of the meetings were attended by all three members.

## Information on amounts paid to Members of the Supervisory Board during the reporting period

	Pay in January–June 2015, EUR	Other payments in January–June 2015, EUR	Total, EUR
All members of the Supervisory Board collectively	–	2,283	2,283
Per member of the Supervisory Board on average *	–	2,283	2,283

\* According to the Company's Articles of Association (namely, Articles 21 and 25), the Supervisory Board shall consist of a minimum of 1/3 (one third) independent members and payment of remuneration to independent members of the Supervisory Board can be established by the general meeting of shareholders for their activities in the Supervisory Board. Terms and conditions of the agreements and independence criteria of the members of the Supervisory Board are established by the general meeting of shareholders following the requirements established by the legislation and good corporate governance practices.

## Audit Committee

The Company has no Audit Committees. On 27 August 2014, the Supervisory Board of Lietuvos Energija, UAB formed an Audit Committee servicing Lietuvos Energija, UAB and its directly and indirectly controlled affiliates, including Lietuvos Energijos Gamyba, AB. The Committee also performs the functions of the Group's Audit Committee in accordance with the Law on Audit.

### Main functions of the Audit Committee:

- oversee the process of drawing up of the financial statements of Lietuvos Energija, UAB and the Group's companies, with a focus on the appropriateness and consistency of accounting policies applied;
- oversee the effectiveness of the internal control system and risk management systems in place at Lietuvos Energija, UAB and the Group's companies; perform analyses and reviews of the need for and appropriateness of such systems; conduct reviews of existing internal control systems;
- oversee the adherence to the principles of independence and objectivity by the certified auditor and the audit firm and make relevant recommendations; make recommendations for the selection of auditor;
- oversee the conduct of audits of Lietuvos Energija, UAB and the Group's companies, evaluate the effectiveness of the audits and management's response to the recommendations made by the auditors in the management letter;
- oversee the effectiveness of the internal audit function of Lietuvos Energija, UAB and the Group's companies, analyse the need for and appropriateness of such function, make recommendations on matters related to the internal audit and take action as required;
- make proposals for the internal audit plans of Lietuvos Energija, UAB and the Group's companies, make recommendations for the regulations of internal audit units of Lietuvos Energija, UAB and the Group's companies, for the appointment and dismissal of the head of the internal audit unit, approval of his/her job regulations, and incentives/sanctions upon him/her;
- monitor compliance of the activities of Lietuvos Energija, UAB and the Group's companies with the Lithuanian laws and regulations and the Articles of Association and operating strategies;
- assess and analyse other matters falling within the scope of the Audit Committee as decided by the Supervisory Board;
- perform other relevant functions identified in the, Lithuanian laws and regulations and the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius.

### Members of the Audit Committee (as of 30 June 2015)

Member	Shareholding in the Company	Start of work in the Committee	Institution/company and position
<b>Rasa Noreikienė</b> Chairperson	–	August 2013	Ministry of the Economy of the Republic of Lithuania, Vice-Minister
<b>Aušra Vičkačkienė</b> Member	–	August 2013	Ministry of Finance of the Republic of Lithuania, Director of Asset Management Department
<b>Danielius Merkinas</b> Independent member	–	August 2013	UAB Nordnet, Finance Director
<b>Gintaras Adžgauskas</b> Member	–	August 2013	World Energy Council, Lithuania Committee, Director
<b>Irena Petruškevičienė</b> Member	–	28 October 2014	Member of European Commission Audit Development Committee

No changes took place in the composition of the Audit Committee during the reporting period.

## The Board

Company. The scope of competence and the procedure for the adoption of decisions and election and replacement of members are established by the laws, other legal acts, the Articles of Association, and Work Regulations of the Board.

The Board consisting of 5 (five) members is recalled and elected by the Supervisory Board for 4 (four) years according to the procedure established by the Articles of Association of the Company and the legal acts. The Board reports to the Supervisory Board and the general meeting of shareholders. The Board elects its Chairman from among its members.

The person that puts up a candidate for the position of the Member of the Board must submit to the Supervisory Board a written statement about qualifications of the candidate, his/her experience in managing positions, and fitness for the position of the Member of the Board. The following persons may not be elected as Members of the Board: a person occupying a position of a member of a supervisory body, management body or the administration in an energy company engaged in the electricity or gas transmission operations, member of the Supervisory Board of the Board, and any person who is not entitled to occupy such position on other grounds established in legal acts.

In case if the Board is recalled, resigns or ceases to perform its duties for any other reason prior to expiry of its term of office, the new Board will be elected for the new term of the Board. In case of election of individual members, such members may only be elected for the period until the end of the term of the current Board.

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

Name	Term of office	Shareholding in the Company	Participation in other companies and organisations	Interests in other companies (if over 5%)
<b>Juozas Bartlingas</b> Chairman of the Board, Chief Executive Officer	17 September 2013 – to date	–	–	–
<b>Eglė Čiužaitė</b> Member of the Board, Director of Finance and Legal Department	17 September 2013 – to date	–	UAB "Geoterma", member of the Board. UAB Verslo aptarnavimo centras, member of the Board	–
<b>Adomas Birulis</b> Member of the Board, Director of Business Development Department	17 September 2013 – to date	–	UAB Technologijų ir Inovacijų Centras, member of the Board.	–
<b>Darius Kucinas</b> Member of the Board, Director of Production Department	17 September 2013 – to date	–	–	–
<b>Vidmantas Salietis</b> Member of the Board, Director of Wholesale Department	17 September 2013 – to date	–	Nord Pool Spot – Member of Client Advisory Council EURELECTRIC – Member of Market Committee.	–

No changes took place in the composition of the Company's Board during the reporting period. The expected end of the term of office of the current Board of the Company is 17 September 2017.

### The Board has the right to adopt decisions on:

- the Company's acting as a founder or a member of a legal person;
- any transfer to third parties or encumbrance of the shares/interests held by the Company, or of rights attached thereto;
- formation or termination of branches and representatives offices of the Company;
- bond emissions;
- disposal of facilities which are owned by the Company and which are specified in the Republic of Lithuania Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises Important to Ensuring National Security;
- transactions the value of which exceeds 10,000,000 (ten million Litas);
- other decisions provided for in the Articles of Association of the Company.

In certain cases, prior to adopting a decision the Board must obtain an opinion of the Supervisory Board and approval of the general meeting of shareholders.

Taking opinions of the Supervisory Board into consideration, the Board elects and recalls the Chief Executive Officer of the Company, sets his/her remuneration and other terms and conditions of employment contract, approves his/her job regulations, and give incentives to and impose penalties on him/her.

Further information on the members of the Company's Board is available on the Company's website, under the section Company Management.

In January–June 2015, the Board met for 15 times. All meetings were attended by all five Board members.

**Information on amounts paid to Members of the Board during the reporting period**

	<b>Pay in January–June 2015, EUR</b>	<b>Other payments in January–June 2015, EUR</b>	<b>Total, EUR</b>
All members of the Board collectively	133,938	29,541	163,479
Per member of the Board on average	26,788	5,908	32,696

**Management Bodies**

The Chief Executive Officer is a one-man management body of the Company. The Chief Executive Officer organises and directs operations of the Company, acts on its behalf, and has the right to conclude transactions single-handedly except for cases established in the Articles of Association

and the laws. The scope of competence of the Chief Executive Officer and the election and recalling procedures are established by the laws, other legal acts and the Articles of Association of the Company.

**Information on amounts paid to CEO and Chief Financier during the reporting period**

	<b>Pay in January–June 2015, EUR</b>	<b>Other payments in January–June 2015, EUR</b>	<b>Total, EUR</b>
Chief Executive Officer Juozas Bartlingas	33,432	8,688	42,120
Chief Financier*	-	-	-

\* From 1 December 2014 accounting function was moved to UAB Verslo aptarnavimo centras, therefore the Company no longer has accounting employees or Chief Financier. Verslo aptarnavimo centras performs the complete set of accounting functions for the Company starting from primary documents accounting and finishing with preparation of financial statements, i.e. accounting and reporting functions.

**Employees of the Company**

The main purpose of the Company's human resources policy is to attract and retain highly-qualified employees and to ensure, based on a long-term partnership and mutual-value creation, a common successful future of the Company.

The Company continues the process of formation of its organisational culture, implementing the Human Resources Management Policy of the Lietuvos Energija Group approved at the end of 2013. The policy establishes the general principles and provisions of human resources management in the implementation of strategic corporate objectives. Based on the Company's reward system, pay received by all employees of the Company, including management, consists of the fixed part, the variable part, and fringe benefits.

The fixed part of pay is established based on a position level and the competences possessed by the employee. The variable part of pay depends on the measurable performance results, i.e. attainment of objectives or tasks set for each position. Annual objectives are identified for managers and specialists of support functions, whereas the variable pay of production specialists and blue-collar workers depends on monthly performance results.

Pecuniary fringe benefits include benefits, financial assistance, additional paid leave, and one-off payments for additional workload, extraordinary performance, proposals for and implementation of innovations. Non-pecuniary fringe benefits include training financed by the Company, events organised by the Company for employees and their children, services of an in-house medical station, and vaccination against seasonal diseases.

The performance evaluation process starts from a '360° assessment' whereby management and general competences of managers and specialists are assessed. The competences

are assessed by the employees themselves and their supervisors and colleagues. According to the procedure of the employees' performance management in the Company the manager and the employee holds a performance assessment interview. During annual interviews, the employee and his/her manager discuss the results of the review, assess the level of achievement of last year's targets, plan objectives and, based on the competence assessment, outline tasks and specific employee development measures for next year.

When a need for a new employee arises, an internal selection process is organised in the first place. In case if there are no suitable candidates among the present employees of the Company, the search is continued outside the Company. During the search process due to the internal rotation 21 employees of the Company were promoted (vertical career), 11 employees were transferred to similar positions in other units (horizontal career) in January–June 2015. While expanding career opportunities and encouraging intra-Group mobility of employees among Lietuvos Energija companies, 8 employees moved to other companies of the group.

**Number of the Company's employees and change during the reporting period**

As of 30 June 2015, the Company employed 453 people (including employees on child care leave) including specialists and line managers 59%, blue-collar workers 40%, and top management 1%. As of the end of 2014 the Company had 474 employees.

The main reason for the change in the number of employees is that the employees of the internal audit department moved to work to Lietuvos Energija, UAB, tenured employees have retired and some employees left the Company due to structural changes.

Men accounted for 82% and women accounted for 18% of the Company's employees. 39% of the employees have higher educational attainment, 15% have further education, and 46% vocational secondary education.

In the first quarter of 2015, most employees of the Company were people aged from 35 to 54, having a 10-year or longer record of service with the Company. These are highly qualified and experienced specialists forming the core of the

organisation, in particular in production units where knowhow and experience are of vital importance. Employees in this age group accounted for 44% of all of the employees in the Company. Employees, aged from 25 to 34, accounted for 16% of the Company's employees.

The distribution of employees by position levels and the information on average pay is provided in the table below. The pay amounts include the fixed pay, the variable pay, and the extra pay for extraordinary performance.

**Number of the Company's employees and average pay (as of January–June 2015)**

	CEO	Top management	Line management	Experts, specialists and workers
Numbers of employees by position levels	1	4	33	415
Average pay*, EUR	5.572	4.188	2.007	1.085

\* The increase of average pay in all categories of workers is apparent when the data is compared with the information presented in the Interim Report for a Three-Month Period published at the end of 2015. This is due to the fact that those workers, who receive the variable part of their pay once in a year for the past year, were paid for 2014 in the period of April-June. As the amount of the variable part paid is included in the calculation of the average pay, the latter was increased considerably. The same trend of the average pay statistics is seen in the Company every year.

**Collective agreement and trade unions**

There are four trade unions in the Company.

A new version of the collective agreement was approved at the conference of the Company's employees on 28 February 2014. It contains a social benefit package that is more favourable to the Company's employees compared with the provisions of the Labour Code of the Republic of Lithuania.

According to the collective agreement, the employees receive additional guarantees (payments) in case of accident, illness, death in the family, childbirth (as well as additional days of paid leave), marriage etc.

**Organisational culture, development of competences, training and internship/apprenticeship opportunities**

In October, 2014 the Company conducted an employee involvement survey, which became the starting point for further increase of the employee involvement. After the survey all the departments of the Company held discussions of the results and concrete measures were agreed both for the Company and for the individual department, aiming at improving areas of the activities of the Company, which were not adequately assessed by the workers, and promoting the employees' involvement.

The Company has continued its value dialogue project on the communication and practical implementation of the corporate values. Four sessions of the 'value game' were held, led by a group of twelve 'value ambassadors' selected from among the employees for the project. In this way new models of working behaviour that is in line with the corporate values and operating objectives were being developed and implemented.

Proactive communication with the employees was a priority for the Company. In March and June regular quarterly meetings attended by top management, Board Members and employees from all the divisions was held. Operating results of the Company, progress in projects that are underway, and new projects being planned were discussed at the meetings; the employees' questions were answered by the Company management during the meetings.

The Company seeks to purposefully develop and improve skills of the employees based on the work objectives set for the employees, assessment of competences and the skills

improvement needs, therefore, the employees are encouraged to take part in the training aimed at skills improvement and development of relevant competencies. At such professional training courses, the employees refresh the technical knowledge mandatory for their jobs and are issued relevant certificates upon completion. During seminars and conferences, the employees familiarise themselves with innovations and best practices in the energy sector.

January through June 2015, 154 employees of the Company took part in technical training and 163 employees took part in management training courses. The total number of employees, taking part in training January through June 2015, amounts to 367. Excursions for employees to other production enterprises are also organised in order to get the employees acquainted with the organisation of work, innovations, production equipment, problem resolution etc.

In order to attract young highly-qualified specialists, the Company is actively collaborating with educational institutions and accepts students of higher and vocational schools for internships/apprenticeships so that they can use their theoretical knowledge and acquire practical skills. In March of 2015, the Company took part in the Career Days organised by the Kaunas University of Technology, and ISM University of Management and Economics. 6 students had placements in the Company January through June 2015. 3 students, having placements in the Company, were from the Kaunas University of Technology, the other 3 were from the vocational training centre of Elektrėnai.

## Information on other Committees

Besides the Audit Committee, Lietuvos Energija, UAB group has formed the Nomination and Remuneration Committee and the Risk Management Supervision Committee.

### Risk Management Supervision Committee

Main functions of the Committee:

- monitor the identification, assessment and management of risks relevant to the attainment of objectives of Lietuvos Energija, UAB and the Group;
  - assess appropriateness of internal control procedures and risk management measures with respect to the risks identified;
  - assess progress in the implementation of risk management measures;
  - monitor the risk management process;
  - analyse availability of funding for the implementation of risk management measures;
  - assess the risks and risk management plan of Lietuvos Energija, UAB and the Group;
  - assess the periodic risk identification and assessment cycle;
  - exercise control over risk registers, analyse data therein and make proposals;
  - monitor the drawing up of internal risk management documentation;
- perform other functions falling within the scope of the Committee as decided by the Supervisory Board.

### Members of the Risk Management Supervision Committee (as of 30 June 2015)

Member	Shareholding in the Company	Start of work in the Committee	Institution/company and position
<b>Antanas Danys</b> Chairperson	–	August 2013	Public Entity „Lietuvos Junior Achievement“, Board Member
<b>Tomas Garasimavičius</b> Member	–	August 2013	Energy Advisor to the Prime Minister of the Republic of Lithuania
<b>Raimundas Petrauskas</b> Independent member	–	August 2013	Schmitz Cargobull Baltic, UAB, Chief Executive Officer
<b>Donatas Kauburys</b> Independent member	–	October 2013	UAB Dovirma, Director

### Nomination and Remuneration Committee

Main functions of the Committee:

- make assessments and proposals for the longterm remuneration policy of Lietuvos Energija, UAB and the Group's companies (fixed pay, performance-based pay, pension insurance, other guarantees and remuneration forms, compensations, severance pay, etc.) as well as the principles of compensation for expenses related to the person's activities;
- make assessments and proposals for tantieme policy of Lietuvos Energija, UAB and the Group's companies;
- monitor compliance of the remuneration and tantieme policies of Lietuvos Energija, UAB and the Group's companies with international practice and good governance guidelines, make proposals for the improvement of such policies;
- make proposals for tantiemes in the process of allocation of profit (loss) of Lietuvos Energija, UAB and the Group's companies for a financial year;
- assess terms and conditions of agreements between Lietuvos Energija, UAB/the Group's companies and members of their management bodies;
- assess the procedures for recruitment and hiring of candidates to positions in management bodies and top management of Lietuvos Energija, UAB and the Group's companies as well as the setting of qualifications requirements therefor;
- assess, on a continuous basis, the structure, size, composition and activities of management and supervisory bodies of Lietuvos Energija, UAB and the Group's companies;
- oversee the process of informing members of management bodies and employees of Lietuvos Energija, UAB and the Group's companies about opportunities for skills improvement;
- oversee and assess the implementation of measures ensuring continuity of activities of management and supervisory bodies of Lietuvos Energija, UAB and the Group's companies;
- perform other functions falling within the scope of the Committee as decided by the Supervisory Board.

### Members of the Nomination and Remuneration Committee (as of 30 June 2015)

Member	Shareholding in the Company	Start of work in the Committee	Institution/company and position
<b>Aloyzas Vitkauskas</b> Chairperson	–	August 2013	Ministry of Finance of the Republic of Lithuania, Vice-Minister
<b>Tomas Garasimavičius</b> Member	–	August 2013	Energy Advisor to the Prime Minister of the Republic of Lithuania
<b>Virginijus Lepeška</b> Independent member	–	August 2013	UAB Organizacijų Vystymo Centras, Chairman of the Board

## IMPORTANT EVENTS IN THE COMPANY'S ACTIVITIES

### Significant agreements

No significant agreements, to which the Company is a party and which would take effect or be amended/terminated in case of change of the Company's control situation, were concluded.

No agreements were concluded by and between the Company and members of its management bodies or employees stipulating compensation in case of resignation/dismissal without a valid reason or in case of termination of work/employment due to a change of the Company's control situation.

### Information on related party transactions

Information on significant related party transactions is disclosed in the Notes forming part of interim financial information for the six-month period ended 30 June 2015.

### Detrimental transactions

No detrimental transactions have been concluded in the reporting period on behalf of the Company (transactions that are not consistent with the Company's objectives or usual market terms and conditions, infringe interests of the shareholders or other stakeholders etc.), which have or could potentially have a negative impact on the Company's operations and/or operating results, or transactions concluded under a conflict of interests between the Company's management's, majority shareholders' or other related parties' responsibilities to the Company and their private interests and/or other responsibilities

## Material events during the reporting period

### The Court accepted the Company's complaint

On 16 January, 2015 Vilnius Regional Administrative Court accepted the Company's appeal on the resolutions of the National Commission for Energy Control and Prices (the Commission) „On the approval of the components of the price on the production of the heat of Lietuvos Energijos Gamyba, AB”, dated 11/12/2015, No. O3-934 (the Resolution).

By this the Commission its sole decision approved components of the heat prices produced by the Company.

Link to the notification on material event: [On adopted Resolution of the Court.](#)

### The Court accepted the Company's complaint

On 21 January, 2015 Vilnius Regional Administrative Court accepted the Company's appeal on the partial repeal of Resolution No O3-941 of 19 December 2014 of the National Commission for Energy Control and Prices (the Commission) “On the amendment of Resolution No O3-840 of 17 October 2014 of the National Commission for Energy Control and Prices “On the establishment of the funds and the price of services of general interest for 2015” (the Resolution).

The Company seeks to repeal the clauses of the Resolution whereby the Commission decided to reduce the funds for the Company for 2015 for the provision of the service of general interest – the production of electricity, which is vital for ensuring the security of electricity supply.

Link to the notification on material event: [On adopted Resolution of the Court.](#)

### The Company will publish preliminary unaudited indicators

On 13 February 2015, in order to give more information to investors, the Company announced preliminary unaudited financial indicators for 12 months of 2014.

The Company intends to publish preliminary unaudited financial indicators for each quarter, including net profit / loss, earnings before interest, taxes, depreciation and amortization (EBITDA), and the Company's sales revenue. Information will be provided in accordance with the terms established in Company's Reporting dates in 2015, published 31 December, 2014 and 10 February 2015.

Link to the notification on material event: [Preliminary unaudited financial indicators of Lietuvos Energijos Gamyba, AB, for 12 months of 2014.](#)

### The Company has transferred shares of the subsidiaries

In accordance with the decision of the Board of the Company, on 31 March, 2015 the Company has signed an agreement to sell 100% of shares of Energijos Tiekimas UAB and 100% of shares of UAB Kauno Energetikos Remontas to its parent company Lietuvos Energija, UAB.

Under this agreement the Company sold to Lietuvos Energija, UAB 15,244,112 ordinary registered shares with par value 0.29 EUR each, which is 100% of authorised capital of UAB Kauno Energetikos Remontas, and 750,000 ordinary registered shares with par value 0.29 EUR each, which is 100% of authorised capital of Energijos Tiekimas UAB.

Energijos Tiekimas UAB shares sold in accordance with valuation of the independent advisors for 6,883,398.98 EUR. UAB Kauno Energetikos Remontas shares sold in accordance with valuation of the independent advisors for 4,778,151.07 EUR.

Link to the notification on material event: [Regarding the sale of shares of Energijos Tiekimas UAB and UAB Kauno Energetikos Remontas.](#)

### **Ordinary general meeting of shareholders of the Company is convened**

By the 3 April, 2015 initiative and resolution of the Board an ordinary general meeting of shareholders of the Company is convened on 27 April 2015.

Link to the notification on material event: [Regarding the agenda and proposed draft resolutions of ordinary general meeting of shareholders of Lietuvos Energijos Gamyba, AB.](#)

### **Decision to pay dividends and approval of the new Articles of Association**

The ordinary general meeting of the Company's shareholders held on 27 April 2015 approved the set of annual financial reports of the Company and audited consolidated reports of 2014 and the distribution of the Company's profit of 2014. It was decided to allocate 21.72 million Eur to payment of dividends (approximately 0.0342 Eur dividends per share).

During the same general meeting of shareholders renewed Articles of Association of the Company were approved.

Link to the notification on material event: [Regarding decisions adopted at the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB, on 27 April, 2015.](#)

### **Sold shares of NT Valdos UAB**

In accordance with the decision of the Board of the Company, on 27 April, 2015 the Company has signed an agreement to sell shares owned by the Company of NT Valdos, UAB to its parent company Lietuvos Energija, UAB.

Under this agreement the Company sold to Lietuvos Energija, UAB 1,232,897 (one million, two hundred and thirty two thousand, eight hundred and ninety-seven) ordinary registered shares, which is 41.73 % of authorised capital of NT Valdos, UAB.

NT valdos, UAB shares sold in accordance with valuation of the independent advisors for 29,987,000 EUR.

Link to the notification on material event: [Regarding the sale of shares of NT Valdos, UAB](#)

### **The Court rejected the company's complaint**

On 30 April, 2015 Vilnius Regional Administrative Court rejected the Company's appeal on the resolutions of the National Commission for Energy Control and Prices "On the results of electricity generation market inquiry", dated 07/08/2014, No. O3-757.

According to the Company, the decision of the court is unjustified, therefore the Company, in accordance with the laws, will consider to appeal this decision of the court.

Link to the notification on material event: [On adopted Resolution of the Court.](#)

### **Development of production activities is estimated**

On 4 May, 2015 Company received a letter from the Company's shareholder – Lietuvos Energija, UAB, holding 96,13 % of Company shares – containing information about expected changes.

The letter informs that the Board of Lietuvos Energija approved the concept of the program on development of chain of value of Lietuvos Energija group. One of the approved projects indicates the development of the power generation operations of the Company by separating the part of wholesale energy trading activity carried out by the Company.

The separation of the part of the wholesale energy trading activity will lead to increasing efficiency of the Lietuvos Energija group activities, to reducing expenses of the operations of Company and to develop activity of the Company.

Abovementioned actions should be carried out by the 1 January, 2016. Any subsequent actions and decisions will be announced by the Company publicly in accordance with the laws..

Link to the notification on material event: [Regarding a planned development of power generation operations.](#)

### **The Company pledged steam boiler facilities**

In accordance with the decision of the Board of the Company and the decision of general meeting of shareholders of the Company and in order to carry out the obligations laid down in Loan agreement dated 26 June, 2013, signed between the Company and „Nordea Bank AB“ Lithuanian branch and AB DNB bank, on 14 May, 2015 pledged part of the property, which was created during the Investment project of Construction of heat energy generation capacities at Elektrėnai complex – Steam Boiler Plant.

The Steam Boiler Plant is equipped with three steam boilers with a total capacity of 49.8 MW. The aim of this steam boiler plant is to ensure heat energy reserves, generation of heat during the coldest periods at winter season and to provide heat reserve for the units of Reserve Power Plant.

The remaining part of the property created during the Investment project of Construction of heat energy capacities – biofuel boiler plant – will be pledged after the registration in the Real Property Register.

Link to the notification on material event: [Regarding the Pledge of the Steam Boiler Plant of Lietuvos Energijos Gamyba, AB.](#)

### **The Company announced preliminary indicators**

On 15 May, 2015, in order to give more information to investors, the Company announced preliminary unaudited financial indicators for 3 months of 2015.

Link to the notification on material event: [Preliminary unaudited financial indicators of Lietuvos Energijos Gamyba, AB, for January-March 2015.](#)

### The Court accepted the Company's appeal

The Supreme Administrative Court of Lithuania accepted the Company's appeal on Decision of the Vilnius Regional Administrative Court dated 30 April, 2015. By this decision Vilnius Regional Administrative Court rejected the Company's appeal on the resolution of the National Commission for Energy Control and Prices "On the results of electricity generation market inquiry", dated 7 August, 2014, No. O3-757.

The Company finds that the electricity generation market inquiry is conducted under incorrect presumptions. Due to this, the Company appealed to the Vilnius Regional Administrative Court the decision to declare the Company undertaking significant market power in electricity generation market and to impose related obligations.

According to the Company, the decision of the Vilnius Regional Administrative Court is unjustified, therefore the Company submitted its appeal to the Supreme Administrative Court of Lithuania.

Link to the notification on material event: [Regarding the accepted appeal of the Company.](#)

### The Court closed the case

On 25 May, 2015 Vilnius Regional Administrative Court decided to dismiss the legal proceedings initiated by the Company on 28 November, 2014, in regards to the appeal

of the resolutions of the National Commission for Energy Control and Prices „On the approval of the recount of the components of the price on the production of the heat of Lietuvos Energijos Gamyba, AB, dated 30 October, 2014, No. O3-875.

The Company would like to remind that there is a pending case at Vilnius Regional Administrative Court, which is directly linked to above-mentioned case – on 16 January, 2015 Vilnius Regional Administrative Court accepted the Company's appeal on the resolutions of the National Commission for Energy Control and Prices „On the approval of the components of the price on the production of the heat of Lietuvos Energijos Gamyba, AB, dated 11 December, 2014, No. O3-934.

Link to the notification on material event: [On adopted Decision of the Court.](#)

### Extraordinary general meeting of shareholders of the Company is convened

By the 8 June, 2015 initiative and resolution of the Board an extraordinary general meeting of shareholders of the Company is convened on 1 July 2015.

Link to the notification on material event: [Regarding the agenda and proposed draft resolutions of extraordinary general meeting of shareholders of Lietuvos Energijos Gamyba, AB.](#)

## Other events during the reporting period

### Decommissioning of units 1 and 2 in Elektrėnai

While implementing the strategy of the Company, and taking into account the decision of the Board of the Company on 20 October, 2014, decommissioning of units 1, 2 of the Lithuanian power plant, owned by the Company started as of 1 January, 2015. Decommissioning of unit 1 started at the beginning of January, unit 2 as of the beginning of April, 2015.

Units 1 and 2 of the Lithuanian power plant, built in 1962–1965, are non-competitive, require significant investment in repairs and were mainly used for the production of heat power. They will be replaced by the new facility which will produce heat from biofuel in Elektrėnai.

### The Company became a Market Maker for EPAD RIGA

On January 2015, the Company was the first among Lithuanian electricity market players to become a Market Maker and to begin offering derivatives pegged to the price differential between the price that forms in the Latvian bidding area and the overall Nord Pool Spot system price EPAD RIGA (Electricity Price Area Differential, EPAD).

By cooperating with other energy companies and transmission system operators of Baltic States as well as NASDAQ OMX, The Company seeks to contribute to the development of liquid electricity derivatives market. Developing liquid electricity derivatives market will not only enable market participants to hedge against fluctuations of power prices on „Nord Pool Spot“ power exchange but also will let anyone to

publicly see the aggregated expectations of market players about the future power prices

Pursuing its goal to actively contribute to the integration of Nordic and Baltic electricity markets the Company joined NASDAQ Commodities in August 2014.

Please find more information on Company's website.

### The Report on the Activity and Social Responsibility of 2014 of the Company was published

The report presents the overview of the Company's operations and progress in the corporate social responsibility area in 2014. Involvement of the Company's employees in to the activities of the Company, relations with local communities and society, environmental protection and market activities of the Company are covered in the report. The report describes the Company's social responsibility strategic directions, actions and achievements.

The Company is a member of the "Global Compact" initiative by the United Nations and submits an annual progress report, which is prepared in accordance with the ten principles of Global Compact.

Reports are published on the Company's website [www.gamyba.le.lt](http://www.gamyba.le.lt) (in the social responsibility section), on the NASDAQ Baltic stock exchange website as well as the Global Compact website [www.globalcompact.org](http://www.globalcompact.org).

## Material events after the end of the reporting period

### The Company's auditor was appointed

The extraordinary general meeting of shareholders of the Company held on 1 July 2015 adopted the decision to appoint UAB PricewaterhouseCoopers as the auditor of financial statements for 2015 of Lietuvos Energijos Gamyba, AB, and to fix a fee not exceeding EUR 35.000,00, VAT excluded, for the above mentioned audit services.

Link to the notification on material event: [The Extraordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB, adopted a decision on the election of the audit company.](#)

### The Company's Board Members were nominated to the management of other companies of the

On 28 July 2015 the Company received the Letter from Lietuvos Energija, UAB, with the information on decisions adopted by the Supervisory Board to approve the nomination of the Company's Board Member Eglė Čiužaitė to the Board of the new electricity and gas distribution company

which will continue in operation after the pending reorganisation of AB LESTO and AB Lietuvos dujos and the nomination of the Company's Board Member Vidmantas Salietis to the post of the General Manager of Energijos Tiekimas UAB.

Link to the notification on material event: [Regarding decisions adopted by Lietuvos Energija, UAB.](#)

### The Company announced preliminary indicators

On 14 August, 2015, in order to give more information to investors, the Company announced preliminary unaudited financial indicators for the 6 months of 2015.

Link to the notification on material event: [Preliminary unaudited financial indicators of Lietuvos Energijos Gamyba, AB, for the period January – June 2015.](#)

## OTHER IMPORTANT INFORMATION

### **The main characteristics of the internal control and risk management systems in relation to drawing of consolidated financial statements**

The Group's consolidated financial statements are drawn up in accordance with the International Financial Reporting Standards (IFRS) approved by EU.

The Company collects and analyses financial statements from its subsidiary companies on a monthly basis. The Company consolidated the financial statements of its subsidiary companies. The employees of the company which performs accounting functions for the Company

safeguards the financial statements are properly consolidated and drawn up and makes sure the data of the Group's companies is collected in a timely and accurate manner. The drawing up of the Company's financial statements, internal control and financial risk management systems, legal acts governing compilation of the consolidated financial statements are controlled and managed.