

2015

AB LESTO
CONSOLIDATED AND COMPANY'S
FINANCIAL STATEMENTS

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015
(unaudited)

lesto



Group of energetic
companies

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CONTENT

CONDENSED INTERIM FINANCIAL INFORMATION

Condensed interim statements of financial position	3
Condensed interim statements of comprehensive income	4
Condensed interim statements of changes in equity	5
Condensed interim statements of cash flows	6
Notes to the condensed interim financial information	7– 10
Consolidated interim report	11-43


The condensed interim financial information was approved by the CEO, director of Finance and administration division of LESTO AB and manager of Reporting, tax accounting and control department of Verslo aptarnavimo centras, UAB, acting under Order No V-020 of 27 April 2015, on 29 May, 2015.



Aidas Ignatavičius
CEO



Andrius Bendikas
Director of Finance and
administration division



Giedrutiė Guobienė
Verslo aptarnavimo centras, UAB,
manager of Reporting, tax accounting
and control department, acting under
Order No V-020 of
27 April, 2015

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

	Notes	Group 31.03.2015	Company 31.03.2015	Group 31.12.2014	Company 31.12.2014
ASSETS					
Non-current assets:					
Intangible assets	2	2,383	2,363	2,578	2,553
Property, plant, and equipment	2	727,099	690,829	722,038	682,634
Investments in subsidiaries		-	-	-	58,982
Investments in associates		1,425	1,374	1,446	1,374
Deferred income tax assets		2,180	2,180	2,041	2,041
Investment property		44,819	-	44,791	-
Non-current amounts receivable		5,336	4,330	1,463	480
Total non-current assets		783,242	701,076	774,357	748,064
Current assets:					
Inventories		2,349	2,325	2,316	1,604
Prepayments, deferred charges and accrued income		6,310	6,266	6,530	6,264
Trade and other receivables		60,332	58,678	58,731	56,210
Cash and cash equivalents		8,282	2,671	10,401	4,109
		77,273	69,940	77,978	68,187
Non-current assets classified as held for sale		-	52,108	42	-
Total current assets		77,273	122,048	78,020	68,187
TOTAL ASSETS		860,515	823,124	852,377	816,251
EQUITY AND LIABILITIES					
Capital and reserves:					
Share capital		175,144	175,144	174,915	174,915
Revaluation reserve		67,889	59,581	69,997	61,324
Legal reserve		17,491	17,491	17,493	17,491
Retained earnings		158,916	169,752	129,329	140,390
Total equity attributable to owners of the Company		419,440	421,968	391,734	394,120
Non-controlling interest		37,691	-	37,556	-
Total equity		457,131	421,968	429,290	394,120
Non-current liabilities:					
Borrowings		91,956	91,956	99,855	99,855
Deferred income		82,571	82,571	83,663	83,663
Grants and subsidies		9,405	9,405	8,983	8,983
Non-current employee benefits		1,215	1,163	1,261	1,158
Other non-current liabilities		150	150	107	107
Deferred income tax liability		1,000	-	1,160	-
Total non-current liabilities		186,297	185,245	195,029	193,766
Current liabilities:					
Borrowings		129,067	129,067	122,223	122,223
Trade and other payables		62,966	62,472	80,030	81,810
Advance amounts received, accrued charges and deferred income		21,297	20,659	22,930	21,543
Income tax payable		3,757	3,713	2,875	2,789
Total current liabilities		217,087	215,911	228,058	228,365
Total liabilities		403,384	401,156	423,087	422,131
TOTAL EQUITY AND LIABILITIES		860,515	823,124	852,377	816,251

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

	Notes	Group 01.01- 03.31.2015	Company 01.01- 03.31.2015	Group 01.01- 03.31.2014	Company 01.01- 03.31.2014
Revenue					
Revenue		159,243	155,805	177,081	173,732
		159,243	155,805	177,081	173,732
Operating costs					
Purchase of electricity and other related services		(95,231)	(95,231)	(114,709)	(114,709)
Depreciation and amortisation		(10,024)	(8,813)	(25,031)	(24,266)
Employee benefits and related social security contributions		(11,364)	(9,097)	(11,707)	(9,475)
Repair and maintenance expenses		(4,583)	(5,235)	(4,755)	(5,003)
Transportation expenses		(38)	(1,016)	(852)	(1,110)
Telecommunications and IT services		(1,752)	(1,685)	(1,623)	(1,508)
Rent and utility services		(787)	(685)	(1,020)	(731)
Result of valuation of other assets		-	-	(156)	-
Other expenses		(3,811)	(2,533)	(3,031)	(2,620)
Total operating costs		(127,590)	(124,295)	(162,884)	(159,422)
OPERATING PROFIT		31,653	31,510	14,197	14,310
Finance income		139	147	68	88
Finance costs		(798)	(782)	(515)	(511)
Finance costs – net		(659)	(635)	(447)	(423)
Gain (loss) on investments in associates		(21)	-	38	-
PROFIT BEFORE TAX		30,973	30,875	13,788	13,887
Income tax		(3,040)	(3,256)	(2,149)	(2,105)
NET PROFIT FOR THE YEAR		27,933	27,619	11,639	11,782
Other comprehensive income (expenses):					
Gain (loss) on revaluation of property, plant and equipment		(65)	-	-	-
Effects of deferred income tax		10	-	-	-
Other comprehensive income (expenses)		(55)	-	-	-
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR		27,878	27,619	11,639	11,782
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the Company		27,774	27,619	11,497	11,782
Non-controlling interest		159	-	142	-
		27,933	27,619	11,639	11,782
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the Company		27,743	27,619	11,497	11,782
Non-controlling interest		135	-	142	-
		27,878	27,619	11,639	11,782
Earnings (deficit) per share attributable to owners of the Company (EUR)		0.159	0.158	0.066	0.067

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

Group	Notes	Equity attributable to owners of the Company						Total equity
		Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total	Non-controlling interest	
Balance at 1 January 2014		174,915	424,745	17,491	321,833	938,984	36,776	975,760
Net profit for the year		-	-	-	11,497	11,497	142	11,639
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)		-	(11,001)	-	11,001	-	-	-
Balance at 31 March 2014		174,915	413,744	17,491	344,331	950,481	36,918	987,398
Balance at 1 January 2015		174,915	69,997	17,493	129,329	391,734	37,556	429,290
Net profit for the year		-	-	-	27,774	27,774	159	27,933
Other comprehensive income (expenses)		-	(31)	-	-	(31)	(24)	(55)
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)		-	(1,813)	-	1,813	-	-	-
Disposal of subsidiaries		-	(264)	(2)	-	(266)	-	(266)
Result of share capital conversion	4	229	-	-	-	229	-	229
Balance at 31 March 2015		175,144	67,889	17,491	158,916	419,440	37,691	457,131

Company	Notes	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2014		174,915	416,406	17,491	333,864	942,676
Net profit for the year		-	-	-	11,782	11,782
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)		-	(10,993)	-	10,993	-
Balance at 31 March 2014		174,915	405,413	17,491	356,639	954,458
Balance at 1 January 2015		174,915	61,324	17,491	140,390	394,120
Net profit for the year		-	-	-	27,619	27,619
Transfers to retained earnings (transfer of depreciation, net of deferred income tax)		-	(1,743)	-	1,743	-
Result of share capital conversion	4	229	-	-	-	229
Balance at 31 March 2015		175,144	59,581	17,491	169,752	421,968

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

	Group 01.01- 03.31.2015	Company 01.01- 03.31.2015	Group 01.01- 03.31.2014	Company 01.01- 03.31.2014
Net profit for the year	27,933	27,619	11,639	11,782
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	10,133	8,922	25,251	24,486
(Gain) on transfer of investments in subsidiaries	(1,530)	-	-	-
Result of valuation of assets	-	-	156	-
Income tax expense	3,040	3,256	2,149	2,105
Amortisation of grants	(109)	(109)	(220)	(220)
Gain/(loss) on disposal and write-off of property, plant and equipment	443	(383)	652	908
(Gain)/loss on investments in associates	21	-	(38)	-
- Finance (income)	(139)	(147)	(68)	(89)
- Finance costs	798	782	515	511
Changes in working capital				
(Increase) decrease in trade receivables and other amounts receivable	(1,704)	1,443	5,176	1,662
(Increase) decrease in inventories, prepayments, deferred charges and accrued income	(1,040)	(796)	101	226
Increase (decrease) in amounts payable and advance amounts received, accrued charges and deferred income	862	(4,715)	(16,838)	(15,474)
Income tax (paid)	(2,473)	(2,472)	(1,730)	(1,725)
Net cash generated from operating activities	36,235	33,400	26,745	24,172
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(35,353)	(33,793)	(29,587)	(28,514)
Proceeds from sale of property, plant and equipment and investment	97	12	315	1
Net cash flow from sale of subsidiaries	(2,039)	-	-	-
Grants received	531	531	988	988
Loan repayments received	7	7	5	5
Interest received	5	2	(3)	17
Net cash used in investing activities	(36,752)	(33,241)	(28,282)	(27,503)
Cash flows from financing activities				
Proceeds from borrowings	-	-	26,152	26,152
Repayments of borrowings	(7,899)	(7,899)	(3,649)	(3,649)
Dividends paid to the Company's shareholders	(7)	(7)	(12)	(12)
Interest paid	(541)	(536)	(499)	(495)
Net cash used in financing activities	(8,447)	(8,442)	21,992	21,996
Increase (decrease) in cash and cash equivalents	(8,964)	(8,283)	20,455	18,665
Cash and cash equivalents at the beginning of the period	(2,409)	(8,701)	(12,777)	(17,945)
Cash and cash equivalents at the end of the period	(11,373)	(16,984)	7,678	720

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

1 Accounting policies

Condensed consolidated interim financial information of LESTO AB (hereinafter - The Company) and its subsidiaries (hereinafter – Group) for a three-month period ended 31 March 2015 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting'). This condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as adopted by the European Union.

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

The accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2014.

Income taxes for the interim reporting periods have been estimated using the tax rate that would be applicable to the estimation of income taxes on the expected gross profit for the year.

2 Intangible assets and property, plant, and equipment

Movements in the Group's account of the intangible assets and property, plant and equipment were as follows:

Group	Intangible assets	Property, plant and equipment
At 31 March 2015		
Opening net book amount	2,578	722,038
Additions	139	18,838
Disposals	-	(97)
Write-offs	-	(443)
Revaluation	-	(65)
Reclassification from property, plant and equipment	-	(169)
Reclassification from investment property	-	(28)
Sale of subsidiary	(9)	(3,167)
Depreciation / amortisation	(325)	(9,808)
Net book amount at 31 March 2015	2,383	727,099

Movements in the Company's account of the intangible assets and property, plant and equipment were as follows:

Company	Intangible assets	Property, plant and equipment
At 31 March 2015		
Opening net book amount	2,553	682,634
Additions	133	17,245
Disposals	-	(9)
Write-offs	-	(442)
Depreciation / amortisation	(323)	(8,599)
Net book amount at 31 March 2015	2,363	690,829

3 Investments

Investments in subsidiaries and associates are listed below:

Subsidiary or associate	Country	Year of acquisition	Company's ownership (%) 31.03.2015	Company's ownership (%) 31.12.2014	Profile of activities
„Elektros tinklo paslaugos“ UAB	Lithuania	2004	-	100 %	Construction, reconstruction, repair and maintenance of electricity facilities
NT Valdos UAB	Lithuania	2010	57.30 %	57.30 %	Real estate management services
Technologijų ir inovacijų centras UAB	Lithuania	2013	20.02 %	20.02 %	Information technology, telecommunication and other services provided to shareholders
Verslo aptarnavimo centras UAB	Lithuania	2014	15 %	15 %	Organisation and execution of public procurement procedures, accounting and personnel administration services provided to the shareholders

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

3 Investments (continued)

Movements on investments to subsidiaries during the periods ended on 31 March, 2015 and 31 December, 2014 are summarised below:

	31.03.2015	31.12.2014
Opening balance on 1 January	58,982	58,982
Disposal of subsidiaries	(6,874)	-
Reclassification to assets held for sale	(52,108)	-
Closing balance	<u>-</u>	<u>58,982</u>

On 31 March, 2015 the Company sold 18,904,252 (eighteen million nine hundred four thousand two hundred and fifty two) shares of „Elektras tinklo paslaugos“ UAB to „Lietuvos energija“ UAB for EUR 7,695 thousand. The gain from the sale of subsidiary is included in the income article of the Group's statement of comprehensive income, and the carrying values of sold assets and liabilities amounted to:

	„Elektras tinklo paslaugos“ UAB
Intangible assets	9
Property, plant, and equipment	3,167
Deferred income tax assets	73
Inventories	1,414
Trade and other receivables	4,049
Cash and cash equivalents	2,039
Non-current liabilities	(52)
Income tax liabilities	(59)
Current payables and other liabilities	(4,209)
Net value of assets	<u>6,431</u>
Selling price	7,695
The difference included:	
In the statement of comprehensive income	1,530
In the items of equity	(266)

Movements on investments to associates during the periods ended on 31 March, 2015 and 31 December, 2014 are summarised below:

	Group 01.01-03.31.2015	Company 03.31.2015	01.01- 03.31.2015	Group 01.01-12.31.2014	Company 01.01-03.31.2014
Opening balance on 1 January	1,446	1,374	-	5,645	5,527
Acquisition of associates	-	-	-	1,373	1,373
Disposal of associates	-	-	-	(5,682)	(5,526)
Gain/(loss) on investments in associates	(21)	-	-	110	-
Closing balance	<u>1,425</u>	<u>1,374</u>	<u>-</u>	<u>1,446</u>	<u>1,374</u>

4 Share capital

As at 31 December 2014, the Company's authorised share capital comprised 603,944,593 ordinary registered shares with par value of LTL 1 each. All the shares are fully paid. According to the amending law on the articles No 2, 40 and 78 of the Law on Companies No VIII-1835 and the Law on public and private companies' share capital and securities nominal value expression in euros and the amending law on these companies law, on 1 January, 2015 the nominal value of the Company's shares was converted into euros. After conversion the nominal value of one ordinary registered share amounts to EUR 0.29. Due to the rounding of the share's nominal value in the precision of euro cents, the rounding result of EUR 229 thousand was accounted as the Company's finance costs.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

5 Segment reporting

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

According to the management, the Group and the Company have a single operating segment, i.e. supply and distribution of electric power. The Group and the Company have a single geographical segment – territory of Republic of Lithuania. The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements in accordance with IFRS, i.e. information on profit or loss, including the reported amounts of income and expenses, assets and liabilities.

6 Related-party transactions

Purchase and sale of goods and services:

The Group's transactions with related parties during the period of January to March 2015 and the balances arising on these transactions as at 31 March 2015 are presented below:

Related parties	Payables	Receivables	Purchases	Sales
Associates	985	91	2,337	179
Companies of Lietuvos Energija UAB group	6,230	8,248	25,208	8,744
LITGRID AB group	22,486	6,792	43,659	2,523
Total	29,701	15,131	71,204	11,446

The Company's transactions with related parties during the period of January to March 2015 and the balances arising on these transactions as at 31 March 2015 are presented below:

Related parties	Payables	Receivables	Purchases	Sales
Subsidiaries	1,126	60	5,161	202
Associates	960	-	2,227	-
Companies of Lietuvos Energija UAB group	6,124	7,750	24,268	7,815
LITGRID AB group	22,486	6,536	43,657	1,397
Total	30,696	14,346	75,313	9,414

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

Related parties	Payables	Receivables	Purchases	Sales
Associates	1,616	76	1,667	244
Companies of Lietuvos Energija UAB group	3,532	293	30,607	6,376
LITGRID AB group	30,277	4,057	55,898	85
Total	35,425	4,426	88,172	6,705

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

Related parties	Payables	Receivables	Purchases	Sales
Subsidiaries	5,970	97	3,793	299
Associates	1,534	-	1,559	45
Companies of Lietuvos Energija UAB group	3,401	62	29,922	5,547
LITGRID AB group	30,241	2,820	55,898	85
Total	41,146	2,979	91,172	5,976

Payments to key management personnel

	Group 01.01-03.31.2015	Company 01.01-03.31.2014	Group 01.01-03.31.2014	Company 01.01-03.31.2014
Employment-related payments	90	90	88	88
Number of key management personnel	6	6	8	8

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION For the three-month period ended 31 March 2015

All amounts are in EUR thousands unless otherwise stated

Key management personnel includes the Chief Executive Officer, Chief Accountant and Directors of the Services. Chief Accountant used to be included until 30 November 2014. Since 1 December 2014, the Company's accounting function has been carried out by Verslo Aptarnavimo Centras UAB.

7 Events after the end of the reporting period

On 27 April, 2015, the Company and Lietuvos Energija UAB signed the agreement on sale/purchase of NT Valdos, UAB, shares. Under this agreement the Company sold 1,692,666 (one million six hundred ninety two thousand six hundred and sixty six) ordinary registered shares of NT Valdos, UAB, representing 57.30 % of its share capital, for Lietuvos Energija, UAB.

On 27 April, 2015, the Ordinary General Meeting of Shareholders approved the allocation of the profit (loss) of the period July-December of the year 2014 and made a decision to allocate EUR 0.02 dividend per share.

On 15 May, 2015 LESTO and Pohjola Bank Plc. signed a long-term loan agreement according to which LESTO will be granted a loan of EUR 75 million. Maturity of the loan will be 5 years. The base interest rate - 1 month EURIBOR.

2015

AB LESTO GROUP INTERIM REPORT

REPORT FOR THE THREE-MONTH PERIOD ENDED 31 MARCH, 2015

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CONTENT

INTERIM REPORT	
Key operational and financial figures and ratios of LESTO group	14
CEO letter	15
Material events for the Company in the reporting period	16
Analysis of performance results	17-22
Factors, affecting the Company's financial results	23-24
Information on the issuer's securities and authorised capital	25-27
Customer service, service assessment	28-29
Social responsibility	30-32
Company and its management bodies	33-40
Essential events	41-42
Annexes	43

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

Reporting period covered by the report

Report covers January to March of 2015.

Information availability

This report and other documents based on which it has been prepared are available at the company's office at Aiguonų str. 26, Vilnius, Corporate Communication department (office No. 527) from 7.30 to 16.30 Monday to Thursday and from 7.30 to 15.15 on Fridays. Report is available on company's website (www.lesto.lt) and on Stock exchange market NASDAQ OMX Vilnius website (<http://www.nasdaqomxbaltic.com>).

Public announcements that AB LESTO must announce according to the valid Laws of the Republic of Lithuania, are published via company's website (www.lesto.lt) and Stock exchange market NASDAQ OMX Vilnius website (www.nasdaqomxbaltic.com).

Persons responsible for the information provided in the report

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Chief Executive Officer	Aidas Ignatavičius	+370 5 277 7524
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Consolidated LESTO AB (hereinafter – LESTO, Company) and its subsidiaries (hereinafter LESTO and its subsidiaries – LESTO group) report is prepared in accordance with Law on Securities of the Republic of Lithuania, decision of the Board of the Bank of Lithuania No. 03-48 (28 February, 2013) on Rules of Drawing up and the Submission of the Periodic and Additional Information, and other valid laws and legal acts.

Report signature date

Report was prepared and signed on 29 May, 2015.

KEY OPERATIONAL AND FINANCIAL FIGURES AND RATIOS OF LESTO GROUP

AB LESTO group key activity indicators					
		2014	2015	Change	
		3 months	3 months	+/-	%
Activity indicators					
Distributed electricity through medium- and low-voltage grids	TWh	2.21	2.23	0.02	1.1
Public and guaranteed supply	TWh	0.91	0.85	-0.06	-6.9
Electricity quality indicators					
SAIDI, minutes (with „force majeure“)	minutes	51.07	37.65		
SAIFI, times (with „force majeure“)	times	0.33	0.32		

AB LESTO group key financial indicators					
		2014	2015	Change	
		3 months	3 months	+/-	%
Sales revenue	thousand EUR	177,081	159,243	-17,838	-10.1
Purchases of electricity and other related services	thousand EUR	114,709	95,231	-19,478	-17.0
Operating expenses (1)	thousand EUR	(21,911)	(21,644)	267	-1.2
EBITDA (2)	thousand EUR	40,499	42,347	1,848	4.6
EBITDA margin (3)	%	22.87	26.59		
Net profit (loss)	thousand EUR	11,639	27,933	16,294	140.0
		2014 m. 3 months	2015 m. 3 months		
Total assets	thousand EUR	1,458,838	860,515	-598,323	-41.0
Equity	thousand EUR	987,398	457,131	-530,267	-53.7
Financial debt	thousand EUR	182,144	221,023	38,879	21.3
Net financial debt (4)	thousand EUR	172,616	212,741	-40,125	-18.9
Return on equity (ROE) (5)	%	2.15	-32.27		
Equity capital level (6)	%	67.68	53.12		
Net financial debt / EBITDA of 12 months	%	125.72	155.45		
Net financial debt / Equity	%	17.48	46.54		

(1) Operating expenses (OPEX) = operating expenses, excluding the costs of purchase of electricity and related services, costs of depreciation, amortisation and value impairment and costs write-offs of tangible fixed assets;

(2) EBITDA (earnings before interest, taxes, depreciation and amortisation) = pre-tax profit (loss) + finance costs – finance income – received dividends + costs of depreciation and amortisation + value impairment costs + write-offs of tangible fixed assets (3) EBITDA margin = EBITDA / revenue;

(3) EBITDA margin = EBITDA / revenue;

(4) Net financial debts = financial debts – cash and cash equivalents – short-term investments and time deposits – share of other non-current financial assets comprising investments in debt securities;

(5) Return on equity (ROE) = net profit (loss), restated annual expression / equity capital at the end of period;

(6) Equity capital level = equity capital at the end of period / total assets at the end of period.

CEO LETTER

Dear investors,

It has become a tradition to start the year with new electricity prices. Since January 1st, electricity prices decreased more than 6 percent on average. We are delighted that the lower prices were partly determined by our increasing efficiency. We endeavour to save both: the company's and electricity consumers finances. Due to lower electricity prices statistical household in Lithuania will save EUR 14 per year compared with last year.

We seek favourable prices by not only increasing operational efficiency. First and foremost, we seek to make our customers satisfied by offering them even more convenient service that creates added value.

For instance, earlier this year we have streamlined power connection process for new customers. From now on, all documents required to establish a power connection can be issued in one visit. This can be done without leaving home on self-service website www.manoelektra.lt. During the first quarter of this year we have connected more than 5 thousand new customers – 36% more than in the same period of 2014.

Moreover, seeking to become a trustworthy and valuable partner to investors we have launched a new interactive map showing electrical network capacity throughout Lithuania. We hope that our new tool will help attract even more investors to Lithuania.

Whilst seeking a better customer service, LESTO together with the natural gas supply company „Lietuvos dujų tiekimas“ and natural gas distribution network operator „Lietuvos dujos“ opened joint client service centres in Kaunas, Klaipėda, Šiauliai, Panevėžys, Alytus and Utena. This allows offering more convenient service in one place to electricity and gas customers.

We pay a great attention to the needs and expectations of our customers. Safe, reliable and smartly controlled electricity supply and distribution – this is a fundamental message in our 2015-2025 investment plan. In the first quarter of 2015 we reached a record investment. During the three months of 2015 we have invested EUR 17.3 million in the distribution network upgrade. This is an increase of or 44% compared to the same period of 2014.

10 years investment plan includes not only the network upgrade, but also investment in advanced and smartly managed technologies. In January we initiated public procurement procedures of the installation of smart meters for residents. During this pilot project we plan to install 3 thousand smart meters for our customers in the beginning of 2016. It will encourage rational use of electricity and will save household expenses.

Our operational efficiency reflects in the financial results: group operating expenses in the first quarter of 2015 reduced by 1.2% to EUR 21.64 million. Due to better management of premises rent utility costs have reduced almost by a quarter.

During the first quarter of 2015 LESTO group earned EUR 42.3 million profit before interest, taxes, depreciation and amortization (EBITDA) - 4.6% more than in the same period of 2014. EBITDA margin reached 26.59% - an increase of 3.72% points.

All of these processes, projects, financial figures are just a small part of our diligent and coherent work. We are open, rational and responsible professionals whose main goal is higher customer satisfaction.

Respectfully,

Aidas Ignatavičius

Chief Executive Officer of LESTO AB



MATERIAL EVENTS FOR THE COMPANY IN THE REPORTING PERIOD

Regarding LESTO investment plan for 2015-2025

On 3 February 2015 LESTO announced the investment plan for the period 2015-2025: over the coming decade LESTO plans to carry out substantial modernization of its distribution network. Seeking to ensure reliable, safe and smartly managed services, the company intends to invest 1.7 billion euros into the modernization and renewal of the network by 2025. LESTO aims to make the investments gradually, so as to minimize the effect on electricity rates. Investments will have a positive impact on the national economy. The company plans to finance the investments using funds collected from power distribution activities and long term credits.

Regarding a planned merger of LESTO and Lietuvos Dujos AB

On 3 of March, 2015, LESTO received a letter from the Company's shareholder - Lietuvos Energija, UAB - containing information about expected changes. The letter informs that the Board of Lietuvos Energija approved the concept of activity chain purifying programme for Lietuvos Energija group, foreseeing the merger of LESTO and Lietuvos Dujos AB to the joint venture distribution network company.

Regarding the Transfer of Shares of UAB "ELEKTROS TINKLO PASLAUGOS"

Following the decision of the Board of LESTO, LESTO and "Lietuvos energija", UAB concluded a Share purchase – sale Agreement on 31 March 2015. Under the Share purchase – sale Agreement, LESTO transferred shares of UAB "ELEKTROS TINKLO PASLAUGOS" owned by LESTO and equal to 100 percent of authorised capital of UAB "ELEKTROS TINKLO PASLAUGOS" to "Lietuvos energija", UAB. Shares of UAB "ELEKTROS TINKLO PASLAUGOS" was sold for share market value – 7 695 493, 51 EUR, set by the independent property appraisers.

ANALYSIS OF PERFORMANCE RESULTS

Sales, EBITDA, EBITDA margin

During the three months of 2015 LESTO group earned EUR 159.2 million, Company's income share made up 97.8 % of group income i.e. EUR 155.8 million. Comparing with the three months of 2014 LESTO group income decreased by 10.1 %, comparing with the same period of 2013 declined by 15.1 %, comparing with the same period of 2012 decreased by 12.1 % and comparing with the same period of 2011 decreased by 10.7 % (during the three months of 2014 LESTO group earned EUR 177.1 million, during the same period of 2013 – EUR 187.5 million, during the three months of 2012 – EUR 181.2 million and during the same period of 2011 – EUR 178.4 million).

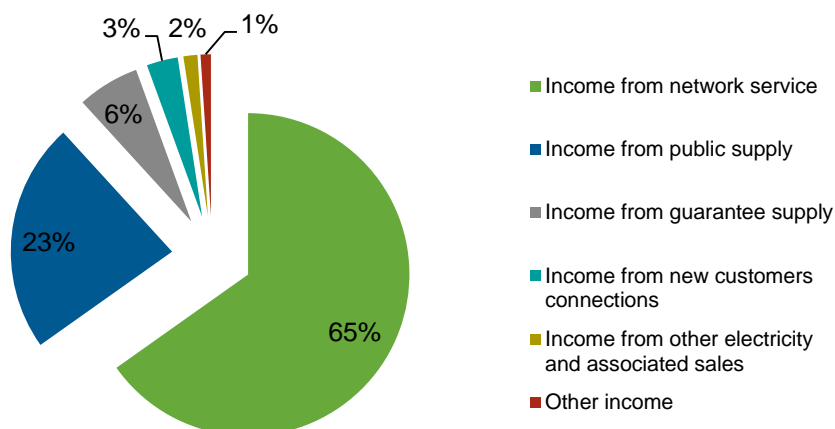
LESTO group EBITDA ratios

	2015 January - March	2014 January - March	2013 January - March
EBITDA, LTL thousand	42,347	40,499	36,009
EBITDA margin, %	26.59	22.87	19.21

* EBITDA (earnings before interest, taxes, depreciation and amortisation) = pre-tax profit (loss) + finance costs – finance income – received dividends + costs of depreciation and amortisation + value impairment costs + write-offs of tangible fixed assets

EBITDA of LESTO group during the three months of 2015 was EUR 42.3 million – 4.6 % more than during the same period in 2014.

LESTO income structure



The main source of Company's income is income from network service. During the three months of 2015 income from network service made up 65 % of total Company's income. Income from public supply service consisted 23 %, income from guarantee supply for the customers that have not chosen independent supplier amounted to 6 % of Company's income. Income from connection of new customers, other electricity and associated services and income from other sources made up 6 %.

Costs

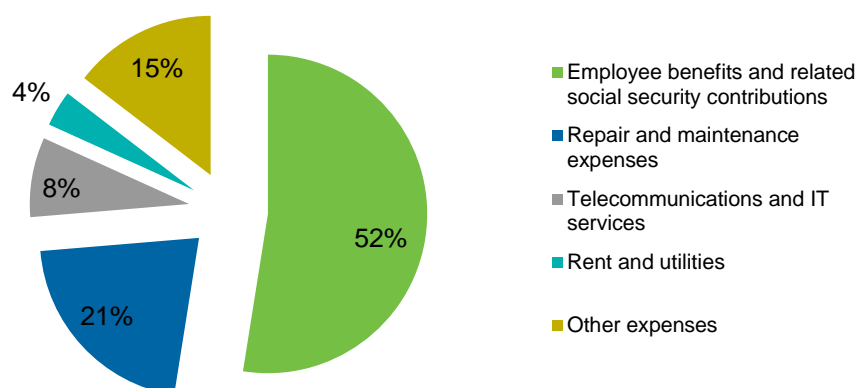
During the three months of 2015, electricity purchase and related services costs made up EUR 95.2 million and, compared with the same period of 2014, decreased by 17.0 %. During the reporting period electricity purchase and related services costs made up 74.6 % of total costs, depreciation and amortization accounted to 7.9 % of total costs. Operating expenses¹ accounted to 17.0 % of total costs, the remaining share of costs (0.5 %) consisted of revaluation and write-offs of fixed

¹ Operating expenses (OPEX) = operating expenses, excluding the costs of purchase of electricity and related services, costs of depreciation, amortisation and value impairment and costs write-offs of tangible fixed assets

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

tangible assets expenses. During the three months of 2015, employee benefits and related social security contributions made up 52 % of total operating expenses, repair and maintenance accounted to 21 % of total operating expenses.

LESTO operating expenses structure



The results of the three months of 2015 shows that LESTO group's operating expenses decreased by 1.2 % compared with the same period of 2014. During the reporting period repair and maintenance expenses declined by 3.6 % compared with the same period of 2014 and amounted to EUR 4.6 million, while rent and utilities costs decreased by 22.8 % compared with the same period of 2014 and were equal to EUR 0.8 million. LESTO group's telecommunications and IT services increased by 7.9 % and amounted to EUR 1.8 million. During the three months of 2015, employee benefits and related social security contributions declined by 2.9 % compared with the same period of last year and amounted to EUR 11.4 million.

Profit, loss and profitability ratios

LESTO group results for the three months of 2015 is a net profit of EUR 27.9 million, while LESTO group's net profit amounted to EUR 11.6 million in the same period of 2014 and a net profit of EUR 4.2 million in the same period of 2013. During the three months of 2012, LESTO group's net loss amounted to EUR 1.9 million and a net loss of the three months of 2011 was equal to EUR 2.3 million.

LESTO group profitability ratios

	2015	2014	2013
	January - March	January - March	January - March
Net profit margin, %	17.54	6.57	2.23
Operating profit margin, %	19.88	8.02	2.55
ROA*, %	-17.14	1.46	-0.48
ROE**, %	-32.27	2.15	-0.72

* ROA = net profit (loss), restated annual expression / total assets at the end of period;

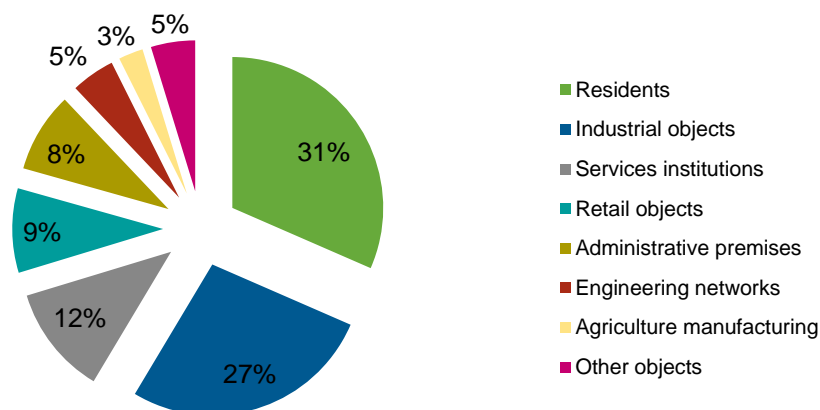
** ROE = net profit (loss), restated annual expression / equity capital at the end of period.

Activity indicators

	2015 January - March	2014 January - March
Amount of electricity received to the distribution network, million kWh	2,406	2,402
Technological losses in the distribution network, million kWh	174	196
Volume of network service, million kWh	2,231	2,206
Amount of electricity sold, million kWh	845	908
Electricity quality indicators:		
SAIDI, minutes (with "force majeure")	37.65	51.07
SAIFI, times (with "force majeure")	0.32	0.33

During the three months of 2015 the amount of LESTO network service reached 2,231 million kWh. Electricity sales made up 37.9 % of this amount, to the rest customers LESTO granted only network service. Comparing with the same period of 2014, the amount of electricity sold decreased by 6.9 %, while the volume of network service increased by 1.1 %. Technological losses experienced by the Company during the three months of 2015 amounted to 174 million kWh and this totalled to 7.2 % from the amount of electricity received while during the same period of 2014 technological losses totalled to 8.2 % from the amount of electricity received.

Structure of network service volumes by objects



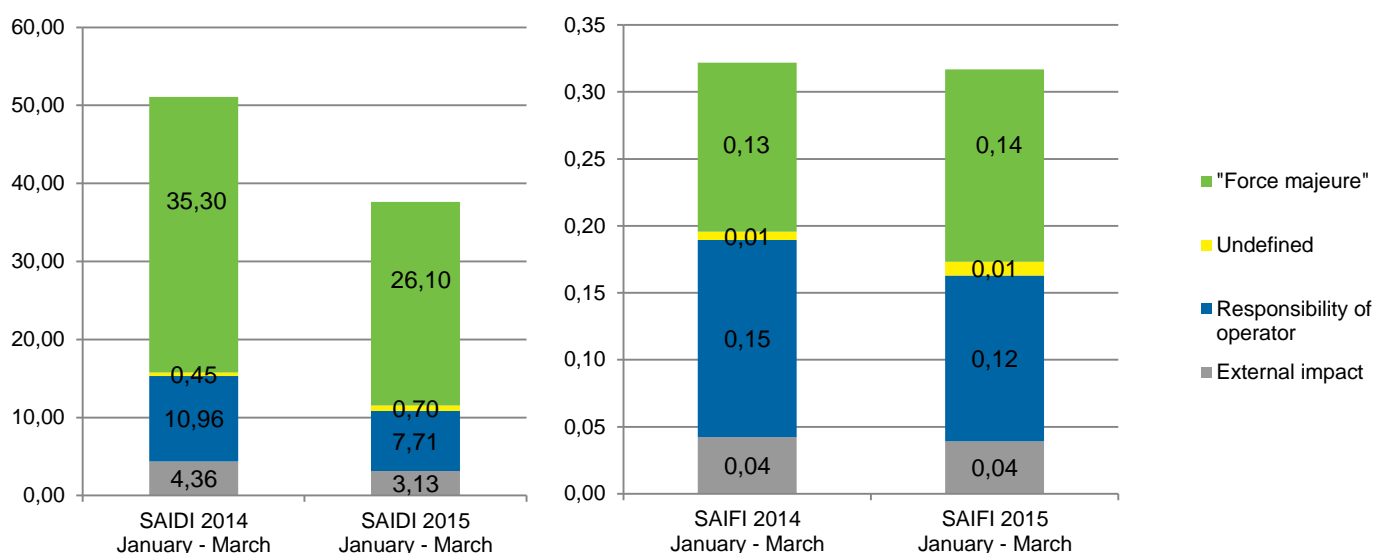
31 % of electricity network service volume was allocated to residents. Industrial and service institutions consumed 27 % and 12 % respectively. In comparison with the three months of 2015 data, the structure of electricity network service has not changed.

Distribution network reliability indexes

In the three months of 2015, with the influence of natural disasters ("force majeure") the system average interruption duration index (SAIDI) per customer amounted to 37.65 minutes and, compared with the same period of 2014, it has decreased by 13.42 minutes (SAIDI for the three months of 2014 was equal to 51.07 minutes). Natural phenomena omitted, SAIDI index declined during the three months of 2015 and amounted to 11.54 minutes (SAIFI for the three months of 2014 was equal to 15.77 minutes). The system average interruption frequency index (SAIFI) per customer reached 0.17 times and, compared with the same period of 2014, it has slightly decreased (SAIFI for the three months of 2014 amounted to 0.20 times).

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

Quality of electricity supply (SAIDI, SAIFI) 2014 January – March and 2015 January – March



Investments

LESTO pays much attention to the development and maintenance of the electricity network. This guarantees that society is provided with economic and social benefits, that the reliability and the quality of the electricity supply are increased, that the more rational use of energy is facilitated, all of which contributes to the Company's environmental policy.

In the three months of 2015, LESTO investments in electricity network expansion and modernization reached EUR 17.3 million. This is 44.2 % more compared to the investment during the same period of 2014.

During the three months of 2015, compared with the same period of 2014, the biggest increase was in the low voltage electricity grid (4.2 times), while investment in the medium voltage electricity grid increased by 2.9 times compared with the same period of 2014. Investment in the buyout of electricity objects decreased by 15.7 %, while investment in the connection of new objects decreased by 12.3 %.

LESTO investment, EUR thousand

	2015	2014	Change, %	Structure, %	
	January - March	January - March		2015	2014
Investments in expansion	8,529	9,732	-12.4	49.2	80.9
Connection of new customers	8,470	9,662	-12.3	48.8	80.3
Buyout of electricity objects	59	70	-15.7	0.4	0.6
Investments in maintenance	8,817	2,294	284.4	50.8	19.1
Low voltage electricity grid	7,313	1,725	323.9	42.2	14.4
Medium voltage electricity grid	1,173	407	188.2	6.7	3.4
Other investments	331	162	104.3	1.9	1.3
Total	17,346	12,026	44.2	100.0	100.0

During the three months of 2015, LESTO has connected 5,364 new customers, 35.8 % more than in the same period of 2014 when it had 3,951 new customers connected. The permissible power for new customers was equal to 84,112 kW, which is 51.8 % more than in the three months of 2014, when the permissible power was 55,420 kW.

On 13 December 2013, the Company signed the contract for administration and funding of the Project "Replacement of unit transformer substations of LESTO AB by pole transformer stations" with the Ministry of Economy of the Republic of Lithuania and the Lithuanian Business Support Agency (LBSA). According to this contract, the sum allocated for funding of this Project from the EU Structural Funds amounts to EUR 2.25 million. The total value of the Project to be completed by 28 August 2015

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

amounts to EUR 5.57 million. The Project provides for modernization of the distribution networks, involving the replacement of 724 worn-out and obsolete unit transformer substations by modern pole transformer stations. It aims to satisfy the increased loads, as well as the requirements of electricity supply reliability and quality. The works will be carried out throughout the entire Lithuania. The target project will also contribute to the regional development. The procurement procedures have been completed by April 2015, the works have begun, 507 transformer substations have been replaced.

In the course of the contract for administration and funding of the Project "Modernization and development of AB LESTO electricity distributing networks in gardeners' partnerships" signed on 29 March 2012 between the Ministry of Economy of the Republic of Lithuania, LBSA and LESTO for modernization and development of electricity networks in 76 gardeners' partnerships located in the territory of Lithuania and served by LESTO until the end of March, 2015, modernization and development works on electricity networks were completed in 76 gardeners' partnerships. The sum allocated for funding of this Project from the EU Structural Funds amounts to EUR 2.65 million.

In the course of the contract for administration and funding of the Project "Replacement of AB LESTO overhead lines by cable lines" (36 objects) signed on 28 December 2012 between the Ministry of Economy of the Republic of Lithuania, LBSA and LESTO, modernization and development works have been completed in full in 36 objects until the end of March, 2015. The sum allocated for funding of this Project from the EU Structural Funds amounts to EUR 1.57 million.

In the course of the contract for administration and funding of the Project "Modernization and Development of AB LESTO Electricity Distribution Networks in Gardeners' Partnerships" (17 gardeners' partnerships) signed on 28 December 2012 between the Ministry of Economy of the Republic of Lithuania, LBSA and LESTO, modernization and development works have been completed in full in 16 objects until the end of March, 2015. The sum allocated for funding of this Project from the EU Structural Funds amounts to EUR 1.01 million.

In the course of the contract for administration and funding of the Project "Modernization of AB LESTO transformer substations" (7 transformer substations) signed on 28 December 2012 between the Ministry of Economy of the Republic of Lithuania, LBSA and LESTO, modernization of 5 transformer substations have been completed until March 2015. The sum allocated for funding of this Project from the EU Structural Funds amounts to EUR 2.73 million.

Financial ratio analysis

The value of LESTO group assets at the end of the reporting period made up EUR 860.5 million. Non-current assets share in total assets was equal to 91.0 %. From the beginning of the year till 31 March, 2015, the value of LESTO group non-current assets shrank by 1.1 %. Cash with cash equivalents accounted to EUR 8.3 million i.e. 10.7 % of total current assets.

LESTO group liquidity ratios

	31.03.2015	31.12.2014
Current liquidity ratio	0.36	0.34
Acid test ratio	0.35	0.33
Cash liquidity ratio	0.04	0.05
Working capital, EUR thousand	-139,814	-150,038
Working capital to total assets ratio	-0.16	-0.18

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

LESTO group financial leverage ratios

	31.03.2015	31.12.2014
Total liabilities to total assets ratio	0.47	0.50
Debt to assets ratio	0.26	0.26
Total liabilities to equity ratio	0.88	0.99
Debt to equity ratio	0.48	0.52
Net financial debt, EUR thousand	212,741	211,677
Net financial debt to equity ratio	0.47	0.49
Long-term debt to equity ratio	0.20	0.23
Equity to total liabilities ratio	1.13	1.01
Equity to total assets ratio	0.53	0.50

Equity of LESTO group exceeded liabilities 1.13 fold. At the end of reporting period, financial debts made up EUR 221.0 million or 54.8 % of total liabilities. Non-current borrowings were EUR 92.0 million and made up 41.6 % of all borrowings. At the end of reporting period LESTO amounts payable within one year and current liabilities made up EUR 217.1 million. Current liabilities exceeded current assets by EUR 139.8 million. Current liquidity ratio stood at 0.36. Inventories made up only 3.0 % of current assets, consequently acid test ratio do not differ significantly from current liquidity ratio. Financial debt reduced by the amount of the most liquid assets (short-term deposits and cash with cash equivalents) indicates net financial debt. Net financial debt of the LESTO group amounted to EUR 212.7 million and consisted only 46.5 % of equity.

References and additional explanations of disclosures in the annual financial statements

Other information is presented in LESTO AB consolidated and Company's financial statements: condensed interim financial information for the three-month period ended 31 March 2015.

FACTORS, AFFECTING THE COMPANY'S FINANCIAL RESULTS

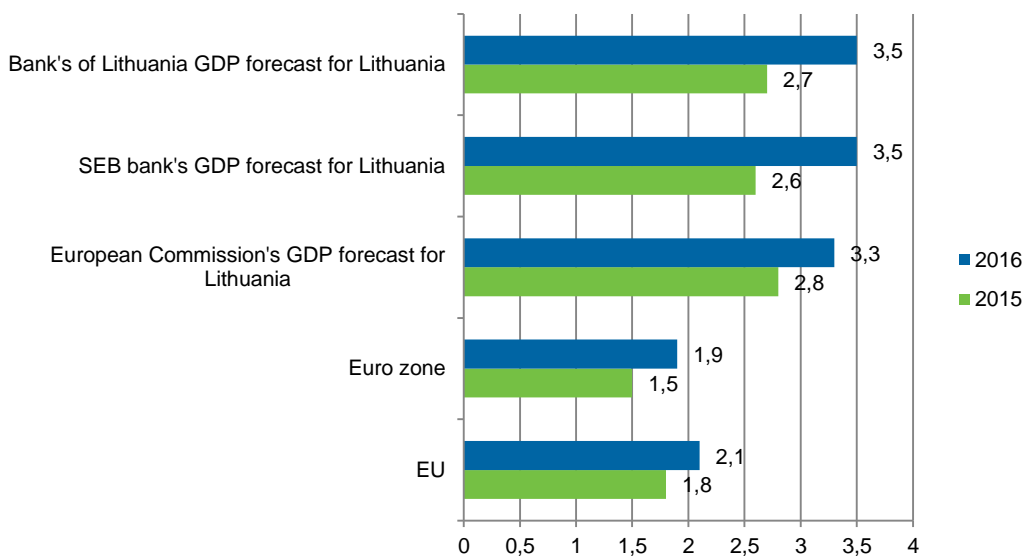
Business environment

The European Union's growth prospects for the next period has significantly improved. Latest figures show that economic growth has gained momentum as a result of three factors: the significantly lower oil prices, growth-oriented macroeconomic policies and the depreciation of the euro against the US dollar. In the beginning of May, 2015, the European Commission has improved the forecast for 2015 and 2016. It is forecasted that the European Union's gross domestic product growth will reach 1.8 %, while the euro zone's – 1.5 % in 2015. Meanwhile, in 2016 it is expected the economic growth of 2.1 % and 1.9 % respectively².

The European Commission forecasts that Lithuania's economy will maintain growth of 2.8 % in 2015, despite a fall in exports to Russia. Domestic demand is set to remain the main growth engine, as well as employment and real disposable incomes. The European Commission forecasts that Lithuania's real GDP will grow by 3.3 % in 2016.

Meanwhile, forecasts of economists from Lithuania's banks are more cautious. In April, 2015 economists updated their previous Lithuania's macroeconomic forecast and has not changed the growth prospects. It is expected that the growth of Lithuania's gross domestic product will reach 2.6 % in 2015 and 3.5³ % in 2016. While Bank of Lithuania forecasts that Lithuania's gross domestic product will grow by 2.7 % in 2015 and 3.5⁴ % in 2016.

The gross domestic product growth forecast for Lithuania, European Union and euro zone in 2015 and 2016, %



Since electricity consumption is closely related to the gross domestic product growth, the economic growth will affect the results of LESTO. According to the economists' macroeconomic forecasts and the results of the first quarter, it is planned that the volume of network service will increase in 2015.

Situation in electricity market

During the period from January to March of 2015, the average price of electricity in Nord Pool Spot Exchange Lithuanian trade zone was lower than in the same period last year. The average price of electricity in Nord Pool Spot Exchange Lithuanian trade zone was 39.78 EUR/MWh in January of 2015 (7 % lower than in January of 2014), in February – 39.44 EUR/MWh (8 % lower than in February of 2014) and in March – 32.22 EUR/MWh (23 % lower than in March of 2014).

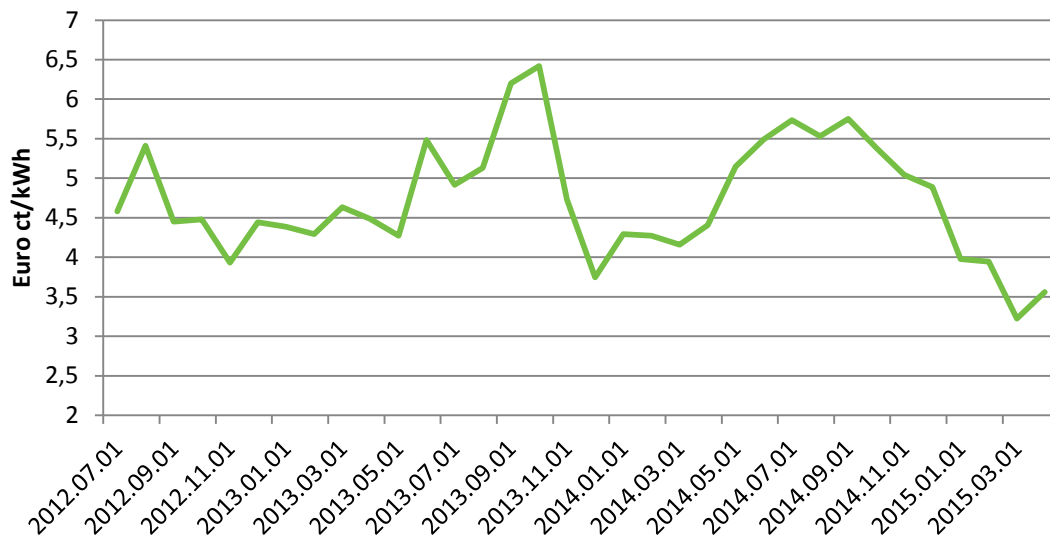
² Data source: European Commission. European Economic Forecast Spring 2015: European Economy 2/2015.

³ Data source: Lithuanian Macroeconomic Overview No. 59, April, 2015

⁴ Data source: Lietuvos bankas. Economic Outlook for Lithuania, 11 December, 2015.

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

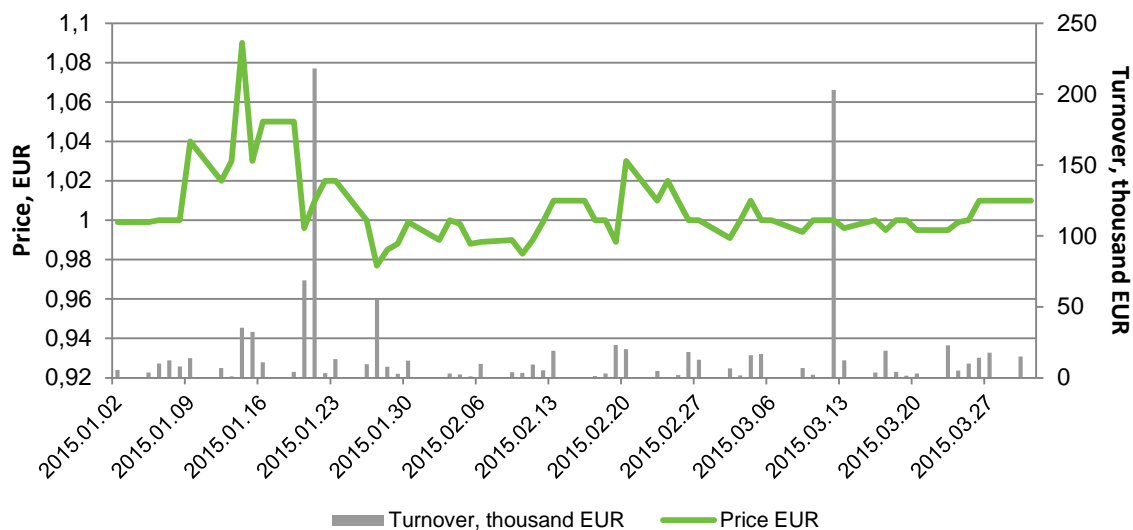
The average monthly prices in the electricity market



INFORMATION ON THE ISSUER'S SECURITIES AND AUTHORISED CAPITAL

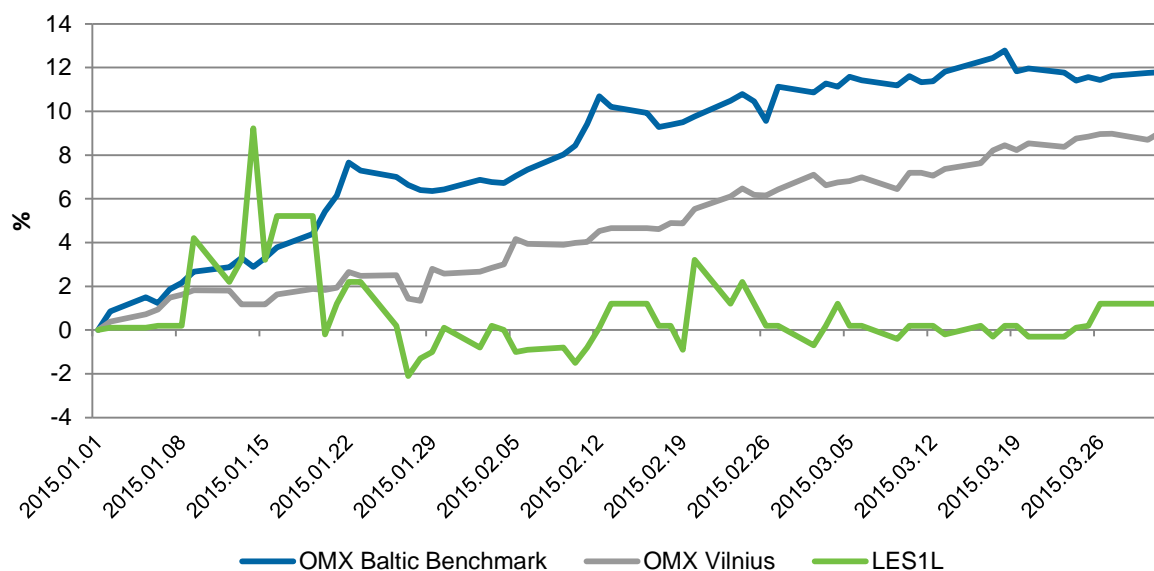
LESTO share price dynamics and turnover

LESTO share price dynamics and turnover, 01-01-2015 - 31-03-2015



LESTO is one of the biggest companies by market capitalization in OMX Baltic securities exchange market. During the three months of 2015 LESTO share price increased by 1.10 %. The lowest LESTO share price was recorded on 27 January, 2015, the price of LESTO share was EUR 0.977. The highest point (EUR 1.09) during the reporting period was reached on 14 January, 2015. The weighted average price of LESTO share during the reporting period was EUR 1.00.

Dynamics of LESTO share price, OMX Vilnius and OMX Baltic Benchmark indexes, 01-01-2015 - 31-03-2015



Since the beginning of the year until 31 March, 2015, index OMX Vilnius increased by 9.02 %, OMX Baltic Benchmark increased by 11.79 %, while the price of LESTO share increased by 1.10 % during the three months of 2015.

Authorised capital structure

Type of shares	Number of shares	Nominal value, EUR	Total nominal value, EUR	Share in authorized capital, %
Ordinary registered shares	603,944,593	0.29	175,143,931.97	100,00

On December 31, 2014 the Company's share capital amounted to LTL 603,944,593.

On April 27, 2015, the Ordinary General Meeting of Shareholders approved a new version of the Articles of the Association, in which, in addition to other changes, the nominal value of one ordinary registered share and the Company's authorized capital expression of litas was changed into expression of euros, i.e. it was determined that the nominal value of one ordinary registered share amounts to EUR 0.29 and the Company's authorized capital is equal to EUR 175,143,931.97.

All shares of the Company are fully paid.

Information on issuer's securities

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

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

Shareholders

On December 31, 2014 the number of LESTO shareholders totalled – 7,065.

On March 31, 2015 the number of LESTO shareholders amounted to 7,083.

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

LESTO number of shareholders according to countries, 31-03-2015

Country	Number of shareholders
Lithuania	6,880
Russia	49
Belarus	38
Estonia	33
United States	18
Latvia	16
Other countries	49
Total	7,083

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

Shareholders who owned more than 5 % of the issuer's authorized capital on 31 March, 2015

Full names of the shareholders (names of companies, types, headquarter addresses, company register code)	Number of ordinary registered shares	Share of authorized capital, %	Votes granted by shares owned, %
Lietuvos energija, UAB Žveju str.14, Vilnius, company reg. No. 301844044	570,066,682	94.39	94.39

Dividends

On 30 September, 2014, the Extraordinary General Meeting of Shareholders made a decision to pay out dividends for the period shorter than financial year. The Company's distributable profit for the six months period ended on 30 June, 2014 was EUR 19.2 million. Dividends for the six months period ended on 30 June, 2014, per share amounted to EUR 0.03.

On 27 April, 2015, the Ordinary General Meeting of Shareholders made a decision to pay out dividends for the period from 1 July to 31 December, 2014. The Company's distributable profit was EUR 12.1 million. Dividends for the period from 1 July to 31 December, 2014, per share amounted to EUR 0.02.

LESTO securities account manager

Bank SEB, AB is official manager of LESTO security account.

Contact details of SEB, AB:

Gediminas ave. 12, LT-01103 Vilnius

Tel. 1528 or +370 5 268 2800

CUSTOMER SERVICE, SERVICE ASSESSMENT

The Number of the Customers Served

On 31 March, 2015, LESTO had 1.565 million contracts with private clients and 66.9 thousand contracts with business clients (on 31 March, 2014, LESTO had 1.549 million contracts with private clients and 64.1 thousand contracts with business clients).

Service Channel Development

During the three months of 2015, the number of clients using remote service channels (self-service website www.manoelektra.lt and customer service 1802) continued to grow, while the flow of electrical energy users seeking help at LESTO customer service centres in smaller cities has decreased. At the beginning of 2015, self-service website was adopted to display electricity tariffs (prices) and payable amounts in euros.

On 31 March, 2015, there were 550 thousand of registered users in the self service website www.manoelektra.lt, out of which 502 thousand were domestic users. During the three months of 2015, the number of website www.manoelektra.lt visits, comparing to the same period in 2014, rose from 0.760 to 1.005 million.

During the three months of 2015, more than 295 thousand clients received information via the short client service telephone 1802 (during relevant period of the year 2014, 266 thousand clients were served), more than 119 thousand requests of clients on various questions were received and solved (during relevant period of 2014, 113 thousand requests of clients were received and solved).

During the three months of 2015, more than 62,801 clients were assisted by Customer Service Centres located in the seven largest Lithuanian cities (in the same period of 2014, 78,180 clients were assisted).

Maintenance and Development of Accounting for Electricity

During the three months of 2015, LESTO replaced 26,139 pieces of metrologically outdated electricity metering devices. 84% of them were used for electric energy metering in the single-phase alternating current systems and 16% in the three-phase systems. LESTO mounted 3,987 pieces of electricity metering devices for new clients. 22% of them were intended for recording power in the single-phase alternating current systems and 78% in the three-phase systems.

LESTO and its authorised persons are constantly working on maintaining electricity metering devices that are in use and provided maintenance services in 328 thousand cases, including electricity meter inspection, removal of any deficiencies and display function control checks.

By investing in modernisation and automation of electricity metering devices the Company connected 729 pieces of electricity metering devices to computer-assisted power recordings reading system, thus increasing the number of electricity metering devices with remote reading up to 25,839 units. Automation of power account equipment provides the possibility to automatically invoice clients for the amount of electricity consumed per period instead of clients having to declare the amount they consumed.

Customer Settlement Management

LESTO customers can pay for electricity in accordance with an average amount of electricity they used. Payments based on the average amount of electricity used help planning the expenditures evenly. Despite the seasonality and changes in the amount of electricity used, clients pay an equal sum each month. In addition, customers owning several properties can pay for the electricity used in a number of their owned apartments by one payment (one bill is available as an option). Customers' monthly electricity charges are calculated based on the average amount of electricity they previously consumed (in kilowatt hours, kWh), which is specified in accordance with readings sent in by a customer or data collected during periodic electricity meter checks. Users can check the average payment applied to them by logging into the self-service website "Mano elektra", which is periodically updated, calling the Customer Service Centre or upon their arrival at one of LESTO Customer Service

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

Centres. 16% of LESTO customers choose to pay for the Company's services on the basis of bills (VAT invoices) they receive. In 2015, the number of bill (VAT invoice) payments for electricity used, comparing with 2014 data, increased by 12%. Customers who select electricity accounting method based on their average consumption can additionally choose the Direct Debit payment option. In this case electricity payment is automatically taken from their bank account every month. 13% of LESTO customers use the Direct Debit option for their bill payments.

Market liberalization

On 31 March, 2015, independent suppliers delivered electricity to 60,169 objects. According to the Electricity Market Development Plan for Lithuania signed by the Government of the Republic of Lithuania on 8 July 2009, as of 31 March 2015, independent electricity supplier was chosen by the following:

About 94 % of objects with permissible power of 400 kW and more;

About 85 % of objects with permissible power of 100 kW and more;

About 72 % of objects with permissible power of 30 kW and more;

About 58 % of objects with permissible power less than 30 kW;

The remaining objects receive electricity from the warranted supplier (LESTO).

SOCIAL RESPONSIBILITY

The primary goal of LESTO organised socially responsible activities is the formation of safe and sustainable electricity consumption habit in the society, contribution to saving energy resources and reduction of the environmental impact they cause. Therefore, all socially responsible actions initiated by LESTO aim to contribute to the achievement of these goals.

Environmental Projects

Electric vehicle charging station. In July 2014, LESTO with its partners Nissan and NT Valdovas opened the first electric vehicle charging station in Lithuania, located at J. Lelevely St. in Vilnius. The station serves a constant stream of customers and each month 1000 kWh of energy is charged through its facilities (3,682 kWh in the first three months of 2015). It goes without saying that currently electric cars are not used very often, even in the biggest city in Lithuania. However, the first step was taken towards the development of electric vehicle infrastructure. At present, the largest independent Lithuanian capital electricity supplier Energijos tiekimas supplies the station with electricity free of charge.

andscape Protection. Under the implementation of the EU co-financed project, LESTO is replacing the old electricity overhead lines with new cables in regions, where overhead lines' wires became too thin, came dangerously close to green areas or worn-out infrastructure caused many malfunctions. Cable lines are safer, ensure reliable electricity supply and preserve the beauty of the landscape.

Paper saving and the use of advanced technology to provide information. The Company constantly encourages its customers to opt out of paper bills and billing books and choose remote customer service channels as well as Direct Debit for payments instead. More than 90% of LESTO business clients have already opted for electronic bills. Approximately 80% of the Company's customers are informed about power outages and expected duration of their repair by text message and email free of charge.

Waste sorting and management. According to the published statistics stating that one fourth of overall communal waste accounts for paper, cardboard and plastic, and that offices dispose of this type of waste the most, LESTO initiated a waste disposal programme in its central office, which has the largest number of employees, aimed at sorting plastic and paper waste. Contributing to safer environment, LESTO continues to facilitate its staff, operating in Customer Service Centres, with collection points for power saving bulbs, small-sized electronics and batteries.

Public initiatives

LESTO implements long-term social responsibility projects for children, youth and general public. All of them cover active involvement of target social groups as well as ideas concerning safe and sustainable use of energy and environmental protection.

Project Competition for Local Authorities and Communities Together with the Association of Local Authorities Heads of Lithuania, LESTO invited local authorities and their communities to submit applications for the competition of projects on the increase of safety near devices of the electric network and public responsibility. Communities were to suggest plans to solve the problems related to safe and sustainable use of electricity and involve as many residents into the project as possible. The aim of the projects was to increase the safety of residents. Projects aimed at encouraging education and raising the sense of public responsibility among locals, especially among youth, were particularly desirable. This year 30 applications were received from local authorities and communities. The representatives of LESTO, the Association of Local Authorities Heads of Lithuania, associations of Lithuanian municipalities and VšĮ Rūpi evaluated the submitted applications. Seven educational and practical projects were announced as winners. During the three months of 2015, first events were already held: local residents had an opportunity to attend interactive lectures and quizzes and find out more about the safe handling of electric equipment and people safety in the areas surrounding electric network equipment.

Loss reduction and educational initiative „Operation 2020“. “Operation 2020” programme aims to encourage responsible behaviour with electricity network equipment, increase public awareness on the safe handling of electric devices and reduce negative consequences resulting from irresponsible and malicious behaviour of local residents.

During the first three months of 2015, theft losses amounted to EUR 17,993.84. Unusually high number of thefts was registered in Pasvalys and Biržai regions. Therefore, LESTO strengthened its cooperation with police and security companies. During the three months of 2015, six statements regarding the start of an investigation were submitted. One of them was followed by a search warrant. A major case of electricity theft was recorded while further two individuals received allegations regarding electronic theft incidents. One of the cases was solved with the help of local residents. This year LESTO continues active cooperation with the Association of Local Authorities Heads of Lithuania, since significant support in combating theft comes from the members of local public. Almost half of all reported theft cases are solved when initially reported by local residents.

National Education Programme “Sustainable School”. In order to raise the awareness among school communities and contribute to the development of sustainable, energy-efficient and environmentally friendly Lithuanian society, LESTO and Lithuanian Youth Centre together with their partners invited Lithuanian educational institutions to participate in a yearlong educational programme “Sustainable School”. Seventy participants from educational institutions carried out the first task – an ecological footprint study, while throughout the year a total of 17 schools were implementing and monitoring changes aimed at reducing our ecological footprint. At the beginning of 2015, the organisers, including the Company's representative, analysed and selected the most creative institutions, who showed the best results.

"As much as needed" project enhancing electricity efficiency

Promotion of sustainable energy use is one of the underlying trends strengthening LESTO's sense of social responsibility, which contributes to environmental and energy resource conservation and Lithuania's obligation to implement the European Climate Change Programme. The project strives to develop sustainable living traditions within Lithuanian society through searching for ways to improve sustainable use of electricity in both daily life and business.

Conference on energy efficiency "Energy efficiency solutions – the way to business competitiveness“. On 12 February 2015, LESTO together with Lithuanian daily newspaper “Verslo žinios” organised a traditional annual business conference. Professionals from different sectors shared their insights with 300 conference participants. The conference discussed practical energy efficiency measures, concrete solutions developed by companies, energy efficiency financing, the European Union Energy Efficiency Directive and other relevant issues. A special prize was awarded to “Norfos mažmena” for the most efficient electrical energy use in 2014.

LESTO is encouraging other companies and organisations to look for rational business solutions and start by exploring more effective ways of electrical energy consumption. As a result, social responsibility developing projects “As much as needed” and “Green Protocol” were introduced. For the fifth year they are inviting everyone to express their desire and take steps towards a more rational energy consumption, protect the environment and encourage others to do so.

Market, customers and investors

In a business environment LESTO strives to maintain transparent relations with all market participants including clients, partners, contractors and investors. Striving to ensure the security of energy supply as well as economic and social benefits to the society, each year LESTO devotes a lot of efforts to the expansion and modernisation of the distribution network. An important environmental aspect of these efforts is that better conditions will be provided for energy conservation and it's rational use.

Collaboration with Lithuanian libraries. In March 2015 LESTO and Martynas Mažvydas National Library of Lithuania signed an agreement securing their cooperation in the implementation of "Libraries for Innovation 2" project. This will enable the development of joint education projects in the Martynas Mažvydas National Library of Lithuania and other public libraries. It will also ensure further development of self-service website www.manoelektra.lt. "Libraries for Innovation 2" project strives to expand cooperation between public libraries and businesses, local authorities and non-governmental organisations, and thus further strengthen the library network in Lithuania. LESTO self-service www.manoelektra.lt computer access places are installed and library staff trained on assisting people with their use in twenty public libraries across the country. LESTO self-

service www.manoelektra.lt computer access places are available in Anykščiai, Ignalina, Jonava, Joniškis, Kaišiadorys, Kelmė, Kretinga, Kupiškis, Lazdijai, Pasvalys, Rokiškis, Skuodas, Šakiai, Šalčininkai, Šilutė, Švenčionys, Telšiai, Ukmergė, Varėna and Visaginas. It is expected that in 2015 electricity consumers will be offered more self-access places in other public libraries.

In 2014 LESTO organised events on rational and safe electricity use in fourteen public libraries across Lithuania, which proved very popular with the public. It is expected that similar events will be organised this year.

Strengthening LESTO's self-service website [manoelektra.lt](http://www.manoelektra.lt). Taking into account the growing internet penetration across Lithuania, LESTO is constantly expanding and improving the range of services offered to customers on its self-service website. Since the end of 2014, the website allows new electricity consumers to submit an application for the formation of electricity sale-purchase (for business customers – transfer) agreement as well as sign other documents. The fact that the Company is moving in the right direction is also illustrated by the numbers announced in the end of March, which confirm over half a million of registered private customers. Customer satisfaction survey also revealed that an increasing amount of private and business customers would seek necessary help or information on the www.manoelektra.lt website. A little more than one third of private and business customers would choose the website, while last year it was only one fourth.

Employees

Special attention is devoted to the promotion of employee engagement. At the beginning of 2015 a number of employee-suggested initiatives were brought to life. They attracted a lot of attention and the Company staff had a chance to act as lecturers and educate the public on energy saving practices during events for local communities and students. On 21 January a blood donation campaign was organised in Vilnius. As a result, 10 litres of blood were collected, which is enough to save 81 lives. Before Christmas, the Company's employees launched "We invite you to share books" campaign, which finished in the beginning of 2015. Over the course of the campaign over a 1,000 books were collected and delivered to public libraries that provide visitors with computerised access to the www.manoelektra.lt self-service website. During the "White cents for children's dreams" campaign, which was organised together with SOS Children's Village in Vilnius, LESTO staff donated over EUR 260.

Fighting corruption

LESTO does not tolerate any manifestations of corruption and supports fair business and transparent collaboration with state institutions. Complex internal control mechanisms are set in place in order to identify possible corruption risk factors and minimise the risk of corruption. Corruption prevention is one of the functions pursued by the Prevention and Control Department of the Company. LESTO regularly supervises its performance, improves operation practices, takes action to deal with any detected violations and removes any resulting hazards in order to maintain the good name of the Company.

COMPANY AND ITS MANAGEMENT BODIES

Company's organizational structure

Company name	AB LESTO
Company code	302577612
Authorised capital	EUR 175,143,931.97
Registered address	Aguonų str. 26, LT-03212 Vilnius
Telephone	+370 5 277 7524
Fax	+370 5 277 7514
E-mail	info@lesto.lt
Website	www.lesto.lt
Legal- organisational form	Joint-stock company
Date and place of registration	27 December 2011, Register of Legal Entities of the Republic of Lithuania
Register in which data on the company is collected and stored	Register of Legal Entities
Register manager	State Enterprise Centre of Registers

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

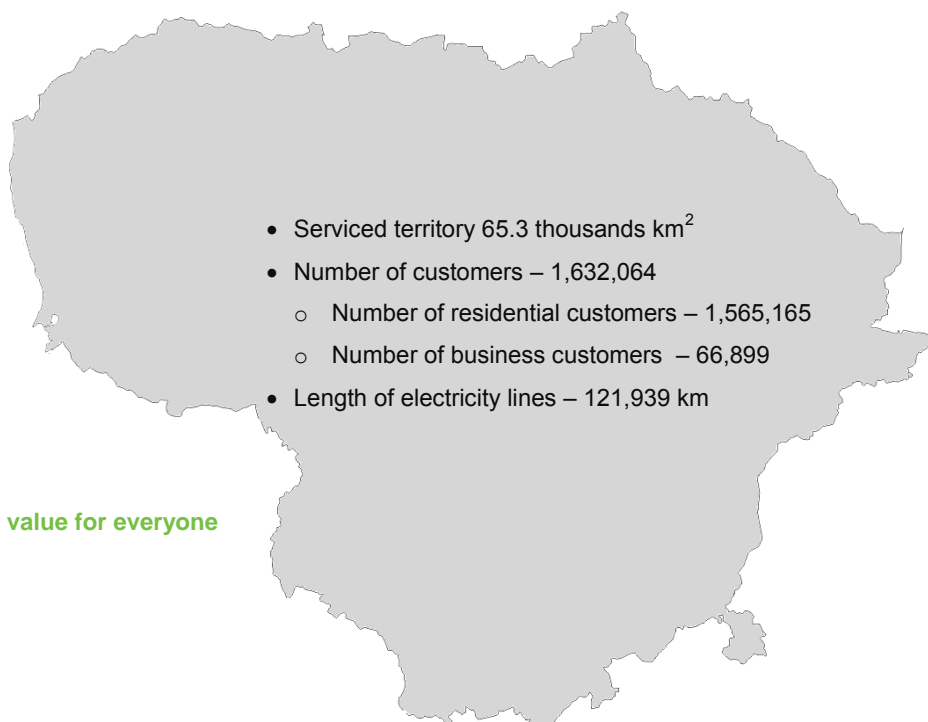
LESTO is Lithuanian distribution network operator. Company's main responsibilities include: provision of network service for customers; satisfaction of customers' needs; effective connection of new users; exploitation, maintenance, management and expansion of distributive network; assurance of network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

LESTO values

RESPONSIBILITY

COOPERATION

RESULT



LESTO mission

Reliable electricity energy creating value for everyone

LESTO vision

The company with high reputation that employees, shareholders and the public are proud of

LESTO company group

On the report signature date, LESTO with its associated companies Technologijų ir inovacijų centras UAB and Verslo aptarnavimo centras UAB, make up LESTO company group.



← Associated company

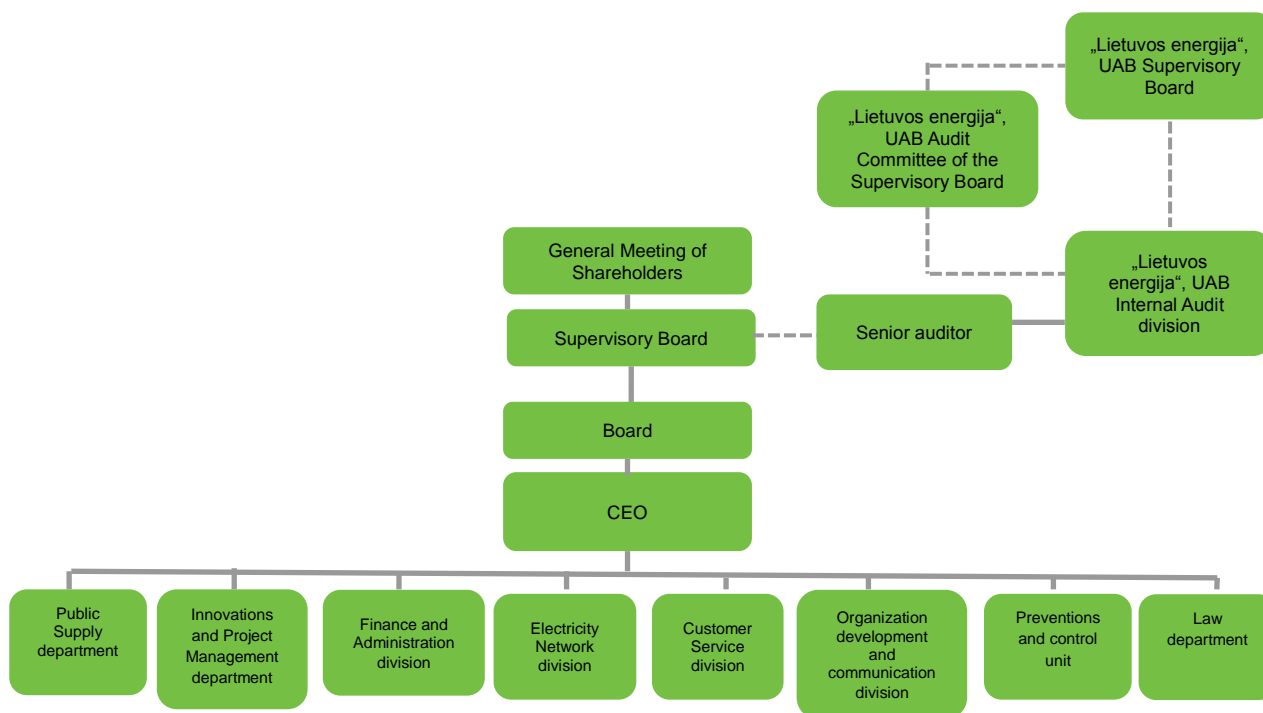
Pagrindinė informacija apie susijusias įmones

	Elektros tinklo paslaugos UAB *	NT Valdos UAB **	Technologijų ir inovacijų centras UAB	Verslo aptarnavimo centras UAB
Address	Motorų str. 2, Vilnius	Geologų str. 16, Vilnius	A. Juozapavičiaus str. 13, Vilnius	P. Lukšio str. 5B, Vilnius
Registration date	8 December 2004	18 January 2007	4 December 2013	30 July 2014
Company code	300072351	300634954	303200016	303359627
Telephone	+370 5 210 6809	+370 5 210 6539	+370 5 278 2272	+370 5 259 4400
Fax	+370 5 216 7875	+370 5 210 6543	+370 5 278 2299	+370 5 259 4401
E-mail	etp@etpa.lt	info@valdos.eu	info@etic.lt	vac@le.lt
Website	www.elektrostinklopaslaugos.lt	www.valdos.eu	www.etic.lt	http://vac.le.lt
LESTO ownership, %, on 1 January, 2015	100	57.30	20.02	15
LESTO ownership, %, on 31 March, 2015	0	57.30	20.02	15
LESTO ownership, %, the report signature date	0	0	20.02	15
Profile of activities	Power network engineering, construction, repair, maintenance and customer connection to the grid services.	Real estate and transport rental and administration services.	IT services and maintenance for the companies operating in the sector of electric energy.	Procurement organization and execution, accounting and personnel administration services.

* Following the decision of the Board of LESTO, LESTO and "Lietuvos energija", UAB (legal entity code 301844044) concluded a Share purchase – sale Agreement on 31 March 2015. Under the Share purchase – sale Agreement, LESTO transferred shares of UAB "ELEKTROS TINKLO PASLAUGOS" owned by LESTO and equal to 100 percent of authorised capital of UAB "ELEKTROS TINKLO PASLAUGOS" to "Lietuvos energija", UAB.

** Following the decision of the Board of LESTO, LESTO and "Lietuvos energija", UAB concluded a Share purchase – sale Agreement on 27 April 2015. Under the Share purchase – sale Agreement, LESTO transferred shares of NT Valdos, UAB owned by LESTO and equal to 57.30 percent of authorized capital of NT Valdos, UAB to "Lietuvos energija", UAB.

LESTO management structure



LESTO management

On the report signature date according to the Articles of Association LESTO management bodies include the General Meeting of Shareholders, a collegiate supervisory body – Supervisory Board, a collegiate managing body – Board, and one-person managing body – Chief Executive Officer.

General Meeting of Shareholders

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

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

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

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

One General Meeting of Shareholders took place till the report signature date. Director of Finance and Administration division (CFO) and member of the Board Andrius Bendikas and LESTO chairman of the Supervisory Board Darius Kašauskas participated in the Ordinary General Meeting of Shareholders which took place on 27 April, 2015.

Supervisory Board

LESTO Supervisory Board is a collegiate supervisory body.

The competence of the Supervisory Board, the procedure for adoption of decisions, election and recall of members are governed by the law, other legal acts and Articles of Association. LESTO Supervisory Board consists of three members who are elected by the General Meeting of Shareholders for the term of four years. At least one-third of LESTO Supervisory Board composes of independent members. The Supervisory Board members elect the chairman of the Supervisory Board out of its members.

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

There were no changes in the composition of the Supervisory Board in 2015. On the report signature date the Supervisory Board consists of the chairman of the Supervisory Board Darius Kašauskas and the Supervisory Board members Ilona Daugėlaitė and Petras Povilas Čėsna (independent Supervisory Board member).

Ending of term of the Supervisory Board is 31 July, 2017.

During the three months of 2015 four meetings of the Supervisory Board took place which were attended by all the members of the Supervisory Board.



Darius Kašauskas (born in 1972)
Chairman of the Supervisory Board

In this position:
 Since 31 July, 2013
Ending of term:
 31 July, 2017



Ilona Daugėlaitė (born in 1970)
Member of the Supervisory Board

In this position:
 Since 31 July, 2013
Ending of term:
 31 July, 2017



Petras Povilas Čėsna (born in 1945)
Independent member of the Supervisory Board

In this position:
 Since 30 September 2013
Ending of term:
 31 July, 2017

Education		
ISM University of Management and Economics, BI Norwegian Business school, Master in Management Vilniaus university, Master in Economics.	Vilnius university, Master in Hydrogeology and Engineering Geology.	Vilnius university , Qualification of Economist
Main occupation		
UAB „Lietuvos energija“, Director of Finance and Treasury division	UAB „Lietuvos energija“, Director of Organizational Development division	Lithuanian centre of Exhibition and Congress LITEXPO, chairman of the Board
Information on payments* to LESTO Supervisory Board members during the three months of 2015, EUR		
-	-	130
Information on LESTO Supervisory Board members participation in the activities of companies and organisations; shareholding in other companies exceeding 5% of capital/votes		

Name of organisation, position	Capital held and share of votes, %	Name of organisation, position	Capital held and share of votes, %	Name of organisation, position	Capital held and share of votes, %
LESTO, chairman of the Supervisory Board	-	LESTO, member of the Supervisory Board	-	LESTO, independent member of the Supervisory Board	-
Lietuvos dujos, UAB, chairman of the Supervisory Board	-	Lietuvos dujos, UAB, member of the Supervisory Board	-	Lietuvos dujos, UAB, independent member of the Supervisory Board	-
„Lietuvos energija“, UAB, member of the Board, Director of Finance and Treasury division	-	„Lietuvos energija“, UAB, member of the Board, Director of Organizational Development division	-	Lithuanian centre of Exhibition and Congress LITEXPO, chairman of the Board	-
NT valdos, UAB, chairman of the Board	-	Technologijų ir inovacijų centras, UAB, chairman of the Board	-	Republic of Lithuania Seimas, public assistant of parliamentary I. Šiaulienė	-
Kauno energetikos remontas, UAB, member of the Board	-	ELEKTROS TINKLO PASLAUGOS, UAB, member of the Board	-		
Verslo aptarnavimo centras, UAB, chairman of the Board	-	Duomenų logistikos centras, UAB, chairman of the Board	-		
		Spouse has 3,150 ordinary registered shares of UAB SOLUTIONLAB PRODUCTION (company code 300629188)	63		

* LESTO Articles of Association indicates: „Agreements with members of the Supervisory Board can be signed for factual work in the Supervisory Board; rights, duties and responsibilities are set out in such agreements. Independent members of the Board can get remuneration for their work in the Supervisory Board by the decision of the General Meeting of Shareholders. The terms of the Supervisory Board members' agreements and the criteria of independence are determined by the General Meeting of Shareholders in accordance with requirements of legal acts and good corporate governance practices“. On 2 August, 2013 the agreements of the Supervisory Board member's factual work were signed with Darius Kašauskas and Ilona Daugėlaitė. On 30 September, 2013 the agreement of the Supervisory Board independent member's factual work was signed with Petras Povilas Čėsna.

LESTO has not transferred any assets to members of management bodies. There were no loans, guarantees and sponsorship granted to the management bodies by the Company during the three months of 2015.

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

Board

LESTO Board is a collegiate managing body of the Company.

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

On 1 January, 2015 the Board of the Company consisted of the chairman of the Board Aidas Ignatavičius and the Board members: Virgilijus Žukauskas, Andrius Bendikas, Sergejus Ignatjevas and Dalia Andrulionienė. On 25 February, 2015, the Supervisory board of LESTO decided to recall Dalia Andrulionienė from the Board of LESTO from February 27, 2015.

On the report signature date the Board of the Company consists of the chairman of the Board Aidas Ignatavičius and the Board members: Virgilijus Žukauskas, Andrius Bendikas and Sergejus Ignatjevas. Ending of term of the Board is 17 September, 2017.

During the three months of 2015 seven meetings of the Board took place which were attended by all the members of the Board.



Aidas Ignatavičius
(born in 1974)
Chairman of the Board
CEO

In the position of Chairman:
Since 17 September, 2013
Ending of term:
17 September, 2017
In the position of CEO:
Since 23 September, 2013



Andrius Bendikas
(born in 1973)
Member of the Board

In this position:
Since 17 September, 2013
Ending of term:
17 September, 2017



Virgilijus Žukauskas
(born in 1961)
Member of the Board

In this position:
Since 17 September, 2013
Ending of term:
17 September, 2017



Sergejus Ignatjevas
(born in 1965)
Member of the Board

In this position:
Since 17 September, 2013
Ending of term:
17 September, 2017

Education					
Vilnius university, Master in Business Administration and Management	Baltic Management Institute (BMI), Master in Business Administration	Kaunas University of Technology, Master in Electricity Supply for Industry, Cities and Agriculture.	Vilnius university, Master in Finance and Credit		
Main occupation					
LESTO, CEO	LESTO, Director of Finance and Administration division	LESTO, Director of Electricity Network division-vice CEO	LESTO, Director of Customer Service division		
Information on payments* to LESTO Board members during the three months of 2015**, EUR					
4,344	2,607	2,607	2,607		
Information on LESTO Board members participation in the activities of companies and organisations; shareholding in other companies exceeding 5% of capital/votes					
Name of organisation, position	Capital held and share of votes, %	Name of organisation, position	Capital held and share of votes, %	Name of organisation, position	Capital held and share of votes, %
LESTO, chairman of the Board, CEO	-	LESTO, member of the Board, Director of Finance and Administration division	-	LESTO, member of the Board, Director of Electricity Network division- vice CEO	0,000012
Technologijų ir inovacijų centras, UAB, member of the Board	-	Verslo aptarnavimo centras, UAB, member of the Board	-	LESTO, member of the Board, Director of Customer Service division	-
Support fund of Lietuvos energija, member of the Board	-			Pylimo str. 36 Association of the First block of flats owners, chairman	-
National Lithuanian Association of electricity, council member	-				

* During the reporting period EUR 1,738 was counted for Dalia Andrulionienė, who was recalled from the Board of LESTO from February 27, 2015.

** LESTO Articles of Association indicates: „Agreements with members of the Board can be signed for factual work in the Board before taking up the position; rights (including the right to get remuneration for the work in the Board, if there is a decision to remunerate), duties and responsibilities are set out in such agreements. The Supervisory Board determines the conditions of agreements with the members of the Board“. On 17 September, 2013 the agreements of the Board members' factual work were signed with Andrius Bendikas, Sergejus Ignatjevas, Virgilijus Žukauskas and Dalia Andrulionienė. On 17 September, 2013 the agreement of the Board chairman's factual work was signed with Aidas Ignatavičius. LESTO has not transferred any assets to members of management bodies. There were no loans, guarantees and sponsorship granted to the management bodies by the Company during the three months of 2015.

37

AB LESTO GROUP INTERIM REPORT
Report for the three-month period ended 31 March, 2015

Chief Executive Officer

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

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

Since 23 September, 2013, Aidas Ignatavičius acts as CEO of LESTO by the decision of the Board.

Information on payments to LESTO CEO over reporting period*

	Salaries, EUR
CEO Aidas Ignatavičius	11,335

* LESTO has not transferred any assets to members of management bodies. There were no loans, guarantees and sponsorship granted to the management bodies by the Company in 2014.

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

Name, surname	Name of organisation, position	Capital held, %	Share of votes, %
Aidas Ignatavičius	Look for the information above	-	-

LESTO personnel

The main asset of the Company is its employees, the most important link when pursuing the set objectives. The Company's personnel policy is oriented towards training of employees' professional abilities and formation of organization's culture, which ensures creating value for clients, partners and the society.

During the first quarter of 2015, the Internal Audit Department was centralised and moved to UAB „Lietuvos energija“. As a result, its total number of employees decreased by three. Services and Debt Management Department was dissolved within the Customer Service Division, which led to Director General directly assuming the debt management function while services development responsibilities were transferred to the Customer Services Management Department. Information technology and communication department moved to the Finance and Administration Division. All these changes did not affect the total number of employees.

At the beginning of 2015 2,229 of employees were working in the Company. During the three months of 2015 the total number of LESTO employees decreased by 21 or 0.9 %, and it was equal to 2,208 by the end of March, 2015. At the end of March 2015, 3,010 employees were working in LESTO Group. From the beginning of the year the number of employees increased by 6 employees (on 1 January, 2015, LESTO Group had 3,004employees).

LESTO employees by categories

Category	Number of employees
	31 03 2015
CEO	1
Top-level managers	5
Mid-level managers	145
Experts, specialist, workers	2,057
Total	2,208

Remuneration system

Remuneration policy introduced by LESTO and its implementation put the Company alongside the most progressive companies of the country, which remunerate their employees for the work performed according to the results achieved and value created for the organisation and the team. The remuneration system was developed on the basis of "Hay Group" methodology ensuring objective evaluation of an employee's post according to a range of factors including required education, complexity of problems and responsibility level of a specific post. This system supports efficient management of the Company's expenses and ensures that strategic goals and business management logic would be reflected in the payroll system.

The Company's employee remuneration package consists of financial, non-financial and emotional rewards. Financial reward system includes a monthly paid fixed salary indicated in the employment contract, as well as a variable part of the salary paid for the achievement of set performance results and other premiums (for overtime, night work, etc.) paid according to the collective agreement and other internal legal acts. Non-financial rewards are an indirect form of remuneration of employees, which the Company uses to reward its staff's efforts, encourage their involvement and loyalty, promote employees' welfare and enrich activities of the Company. This comes in the form of Company events, greetings on special occasions, recognition and evaluation through awarding employees, who achieved especially good performance results, health promotion and employee development and training. Emotional rewards are difficult to measure, but have great importance to the involvement of employees in the Company's operations, a factor that includes the Company's reputation, organisational culture, values and career options provided. By getting involved in various internal communication programs employees gain an opportunity to share their ideas, ask questions and get acquainted with colleagues with the support of an internal website.

Average wages of LESTO employees

Category	Average gross wage, EUR
	2015 January - March
CEO	4,380
Top-level managers	4,082
Mid-level managers	1,748
Experts, specialist, workers	922
Total	986

Collective agreement

On 7 March 2014, a new collective agreement was approved at the staff conference of electricity distribution network operator LESTO, which ensures higher level of protection for LESTO employees and more additional benefits not currently specified in the Labour Code of the Republic of Lithuania.

The goal of the collective agreement is to ensure efficient operation of the Company and represent the rights and legitimate interests of the Company's employees. The agreement sets forth working, remuneration, social, economic and professional conditions and guarantees that are not regulated by laws or other legislative acts. Employees receive additional benefits (payments in the event of an accident, illness or death of a relative, birth of a child, extra days of paid leave after the birth of a child, marriage, death of a relative and other cases).

Since 1 January, 2015, after the introduction of the euro, on 29 January an agreement due to Collective Agreement replacement of 7 March, 2014 was signed.

Trade Unions

The Company supports the employees in voluntary grouping into trade unions and closely cooperates with them. Quarterly meetings are organized where strategic projects of the Company are discussed. The representatives of the trade unions take part in working groups when the issues on employees (occupation, re-skilling, remuneration and social matters) are under discussion.

Training

LESTO organises different types of training for the Company's employees. The Company invests in training of its employees in order to ensure efficient and high-quality maintenance of power distribution network, effective customer service and occupational safety. During the three months of 2015, the Company organised a mandatory training for 328 members of staff aimed at raising their qualification. By the end of the training they obtained certificates allowing them to perform tasks, requiring special skills. The Company employees participated in trainings for emergency power station diesel operators, workers operating in high-altitude conditions, performing insulation, electrical grounding, resistance measurements, management of high-scaler and logging operations, first aid and hygiene skills, and in other types of trainings.

During the three months of 2015, a total of 307 employees participated in general training sessions aiming to improve their general competencies. Such trainings are organised for groups formed within the Company as well as for individual employees, who are sent to seminars and conferences organised by external suppliers (in Lithuania and abroad). The Company pays considerable attention to the development of leadership competences of its top management and therefore launched a long-term management programme, in which some of the Company's employees participate. This year the studies of 13 LESTO employees in Lithuanian higher education institutions were partially or fully funded by the Company.

The Company seeks to engage skilled and knowledgeable staff in competency development programmes, so to enable them to share their specific knowledge and skills with others. 2,942 participants attended internal training courses in the three months of 2015, which were led by LESTO internal lecturers. The major part of the training was designed to develop the skills of electrotechnical staff and aimed at providing better occupational safety and improving customer service. Trying to increase the scale of staff performance evaluation, 656 employees took part in the employee performance evaluation and management training courses conducted by the Company's internal lecturers.

In order to ensure the quality of organised trainings, training programmes are prepared in cooperation with training suppliers. Also, ongoing training evaluation surveys are carried out.

Internship

LESTO actively collaborates with educational institutions and creates conditions for university or college students to put their theoretical knowledge into practice and acquire professional skills. During the first three months of 2015, LESTO facilitated internships for 49 students across Lithuania. The Company not only offered internship places for students, who must do an internship as a part of their degree, but also looked for and selected motivated and enthusiastic students giving them an opportunity to do an internship with the Company on a voluntary basis. Given the demand for new employees, the Company remembers the most enthusiastic interns and invites the best ones to join LESTO team.

ESSENTIAL EVENTS

Essential events during the reported period

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

LESTO essential events from 2015-01-01:

Date	Essential event
13-01-2015	Regarding new service pricing methodology of electricity sector
19-01-2015	Regarding the electricity distribution price caps for 2016 and asset valuation
23-01-2015	Regarding the initiated legal proceedings by LESTO AB
03-02-2015	Regarding LESTO investment plan for 2015-2025
10-02-2015	Due to the frequency of the publication of preliminary financial results
13-02-2015	Preliminary unaudited 2014 LESTO AB company financial results: twice – up to 24 million EUR increased net profit and growth of EBIDTA margin
18-02-2015	LESTO performed a valuation of tangible fixed assets as of 31 December 2014
25-02-2015	Recall of the Member of the Board of LESTO AB
27-02-2015	LESTO group unaudited financial results 2014: due to increased operational efficiency EBITDA up by 1.5% to LTL 468 million
03-03-2015	Regarding a planned merger of LESTO AB and Lietuvos Dujos AB
10-03-2015	Regarding the initiated legal proceedings by LESTO AB
31-03-2015	Regarding the Transfer of Shares of UAB “ELEKTROS TINKLO PASLAUGOS”
03-04-2015	Regarding of the Ordinary General Meeting of Shareholders of LESTO AB
15-04-2015	Due to public procurement of a long-term loan
24-04-2015	Regarding the intention to sign long-term loan agreement
27-04-2015	Decisions adopted in Ordinary General Meeting of Shareholders of LESTO AB on 27 April 2015
27-04-2015	Shareholders approved LESTO group's audited financial results 2014
27-04-2015	Regarding the Transfer of Shares of NT Valdos, UAB
04-05-2015	Regarding of the Extraordinary General Meeting of Shareholders of LESTO AB
15-05-2015	Preliminary unaudited 1Q 2015 LESTO AB results: net profit increased more than twice to EUR 27.6 million

15-05-2015 Due to long-term loan agreement

Essential events after the reporting period

On 15 April, 2015 LESTO informed that it intended to begin a public procurement for a long-term loan. The loan amount shall be EUR 70 m., loan term – five years. The funds will be used to refinance the Company's financial liabilities and also, for the working capital needs. The base interest rate shall be 1 month EURIBOR.

Following the decision of the Board of LESTO, LESTO AB and “Lietuvos energija”, UAB concluded a Share purchase – sale Agreement on 27 April 2015. Under the Share purchase – sale Agreement, LESTO transferred shares of NT Valdos, UAB owned by LESTO and equal to 57.30 percent of authorized capital of NT Valdos, UAB to “Lietuvos energija”, UAB. Shares of NT Valdos, UAB was sold for share market value – EUR 41,176,000, set by the independent property appraisers.

Following the end of purchase procedures mandatory 15-day postponement, on 15 May, 2015 LESTO and Pohjola Bank Plc. signed a long-term loan agreement according to which LESTO will be granted a loan of EUR 75 million. The Commission of the tender has decided that Pohjola Bank Plc. has offered the best bid. Maturity of the loan will be 5 years. The base interest rate - 1 month EURIBOR.



Lietuvos bankas
Žirmūnų street 151,
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29-05-2015

Nr. 30200

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Aidas Ignatavičius, Chief Executive Officer of LESTO AB, and, Andrius Bendikas, director of Finance and Administration division of LESTO AB, hereby do confirm that, to the best of our knowledge, unaudited LESTO AB and consolidated unaudited LESTO AB group financial statements of the three months of the year 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flow of LESTO AB and its consolidated enterprises.

Chief Executive Officer

Aidas Ignatavičius

Director of Finance and
Administration division

Andrius Bendikas

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