

2015

“LIETUVOS ENERGIJOS GAMYBA”, AB CONSOLIDATED INTERIM REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015
(unaudited)



**Lietuvos
energija**

GAMYBA



**Lietuvos
energija**

STATEMENT OF CONTENTS

CONSOLIDATED INTERIM REPORT

Key Indicators of “Lietuvos energijos gamyba” group	4
Comment from CEO	5
Most-significant events in the reporting period	6
Analysis of financial indicators of the Company and the Group	7
Analysis of operating indicators	9
Other factors determining financial indicators	12
Information about authorized capital and securities of the Company	15
Corporate social responsibility	18
<i>Environmental protection</i>	18
The Company and its management bodies	19
<i>Information about the Company</i>	19
<i>Employees of the Company</i>	24
Important events in the Company’s activities	27
Other important information	30

Reporting period for which the Consolidated Interim Report has been prepared

The Consolidated Interim Report provides information to shareholders, creditors and other stakeholders of "Lietuvos energijos gamyba", AB ("the Company") about the Company's and the Group's operations for the three-month period ended 31 March 2015.

Legal basis for the preparation of the Consolidated Interim Report

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

Persons responsible for the information provided in the Consolidated Interim Report

Title	Name	Telephone
Chief Executive Officer of "Lietuvos energijos gamyba", AB	Juozas Bartlingas	+370 5 278 2900
Director of Finance and Administration Department of "Lietuvos energijos gamyba", AB	Eglė Čiužaitė	+370 5 278 2910

KEY INDICATORS OF "LIETUVOS ENERGIJOS GAMYBA" GROUP

		3 months of 2015	3 months of 2014	Change	
				+/-	%
KEY OPERATING INDICATORS					
Electricity generation volume	TWh	0.248	0.245	0.003	1.2
Electricity sales in free market	TWh	0.307	0.414	-0.107	-25.9
KEY FINANCIAL INDICATORS					
Revenues	EUR'000	48,321	56,554	-8,233	-14.6
Costs of purchase of electricity, fuel and related services	EUR'000	17,819	21,186	3,367	-15.9
Operating expenses ¹	EUR'000	13,421	11,568	-1,853	16.0
EBITDA ²	EUR'000	20,357	16,902	3,455	20.4
EBITDA margin ³	%	42.1	29.9		
Net profit	EUR'000	7,595	16,642	-9,047	-54.4
		31/03/2015	31/03/2015	Change	
				+/-	%
Assets total	EUR'000	905,594	954,863	-49,269	-5.2
Equity	EUR'000	381,276	413,224	-31,948	-7.7
Financial debts	EUR'000	158,584	163,251	-4,667	-2.9
Net financial debts ⁴	EUR'000	91,27	88,654	3,273	3.7
Return on equity (ROE) ⁵	%	8.0	16.1		
Equity level ⁶	%	42.1	43.3		
Net financial debts / 12-month EBITDA	%	112.9	131.1		
Net financial debts / Equity	%	24.1	21.5		

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

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

³ EBITDA margin = EBITDA / Revenues.

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

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

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

COMMENT FROM CEO

The most prominent highlights of the first quarter of 2015 on which we were and are continuing to work hard were ensuring reliable production of electricity and heat power in power plants controlled by "Lietuvos energijos gamyba" and striving to remain among the most competitive players of electricity market under conditions of growing competition. Our power plants were operating based on planned schedules and without any incidents since we used modern equipment and discontinued using the inefficient one. Successful trade in electricity was an important contributing factor in achieving good results.

Based on unaudited financial statements, the Company's sales revenue for January-March 2015 decreased by 10.9% in comparison with the results of January-March 2014, i.e. from EUR 41.79 million to EUR 37.23 million. The Group's sales revenue amounted to EUR 42.8 million in January-March 2015 and was 1.6% lower than in January-March 2014 (EUR 42.1 million).

One of the main reasons for the decrease in the sales revenue was structural changes in the electricity trading portfolio. After the Company joined NASDAQ OMX Commodities derivatives exchange, trading in power derivatives (mainly contracts for price difference) rather than trading in physical electricity has had an increasing share of the Company's electricity trading portfolio.

The Company's sales revenue was also negatively affected by a decrease in the electricity generation volume at the Kaunas Algirdas Brazauskas' Hydroelectric Power Plant due to comparatively low flow rate of Nemunas river. In January-March 2015 this power plant produced 0.096 TWh of electricity, i.e. 14.8% less than during the same period last year (0.113 TWh).

Despite the decrease in production in Kaunas, total amount of electricity generated in three months of 2015 by all power plants of the Company only slightly differed from the last year's -0.247 TWh in total (0.245 TWh at the same time in 2014). The largest contribution was by Kruonis Pumped Storage Hydroelectric Plant. Due to an efficient use of the advantage of this power plant which allowed to sell cheaper electricity generated during the night for a higher day time rate since the very beginning of the year, its production volume increased by 14.5% (from 0.132 to 0.151 TWh). No subsidized electricity was generated in January-March 2015 at the Elektrėnai Complex, just as in the same period last year: according to a plan agreed with the transmission system operator, in order to ensure an efficient use of allocated public interest service funds, the combined cycle unit of the Elektrėnai Complex operates since the middle of April and only during the warm period of the year.

The Company's sales in the free market dropped by 25.9%: they made 0.414 TWh in January-March 2014 and only 0.307 TWh in the same period this year. Nevertheless, good results of trading in power derivatives have made a considerable contribution to the increase in the Company's EBITDA from EUR 16.1 million in January-March 2014 to EUR 18.4 million in the same period this year (14.2% growth). The Group's EBITDA grew even more, i.e. by 20.4% (from EUR 16.9 million to EUR 20.4 million). In comparison to the results of January-March 2014, the

Group's EBITDA margin increased by 12.2 percentage points - from 29.9% to 42.1%.

The Company's net profit indicators in January-March 2015 were also much better than in the same period last year: the Company's net profit has increased more than one and a half times and was EUR 14.82 million or 59.5% bigger than in January-March 2014 (EUR 9.29 million). The growth in the net profit was largely influenced by the overall result of sale of the Company's shareholding in Energijos tiekimas UAB (ET) and UAB "Kauno energetikos remontas" (KER) of 31 March 2015.

It should be noted, when evaluating the changes in the Group's consolidated net profit indicators from quarter to quarter, that intermediate unaudited Group's statements for January-March 2015 contained recalculated data of the same period in 2014.

The sale of subsidiary company UAB Duomenų logistikos centras ("DLC") of 31 March 2014 is no longer accounted for as a discontinued operation, therefore DLC's results (profit) accumulated until the day of sale is reflected in recalculated Group's results of January-March 2014 and increased net profit for that period amounts to EUR 16.6 million.

On 31 March 2015, the Group sold the shares of subsidiary companies KER and ET, therefore the Group's results for January-March 2015 reflects the loss of KER and profit of ET accumulated until the day of sale. The Group's net profit in January-March 2015 constituted EUR 7.6 million.

Good financial results demonstrate our continuing efforts in increasing value and ensuring proper return to our shareholders. The processes that have been implemented and newly started in the first quarter of this year show that "Lietuvos energijos gamyba" is closely following activities provided for in its long-term strategy. To utilize the most efficient equipment in our possession, we worked hard at Kruonis PSHP, set up the combined cycle unit to ensure reliable generation of electricity during the warm period of the year, discontinued the use of inefficient units 1 and 2 at the stand-by power plant and started their disassembly, launched a new steam boiler plant and came near the end of construction works of a biofuel boiler plant in Elektrėnai.

All this lets the Company cut down the use of public interest service funds and ensure that all electricity consumers in the country pay less for electricity. The Company also tries to ensure that its community members such as Elektrėnai residents and businesses pay for heat energy at competitive rates.

Juozas Bartlingas
Chairman of the Board and CEO
"Lietuvos energijos gamyba", AB

MOST-SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The Company appeals against the regulator's decisions

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

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

More information is provided in the Section "Important events in the Company's activities" of this Report.

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

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

More information is provided in the Section "Important events in the Company's activities" of this Report.

The Company transfers subsidiaries' shares

Pursuant to a decision of the Company's board, on 31 May 2015 the Company concluded an agreement on the purchase and sale of all the shares of its fully controlled subsidiaries UAB "Kauno energetikos remontas" and Energijos tiekimas UAB with its parent company "Lietuvos energija", UAB.

More information is provided in the Section "Important events in the Company's activities" of this Report.

ANALYSIS OF FINANCIAL INDICATORS OF THE COMPANY AND THE GROUP

		Company				Group	
		3 months of 2015	3 months of 2014	3 months of 2013	3 months of 2015	3 months of 2014	3 months of 2013
FINANCIAL INDICATORS							
Sales revenue	EUR'000	37,233	41,793	61,476	42,834	42,112	62,239
Other operating income	EUR'000	6,931	439	644	5,487	14,442	2,026
EBITDA (earnings before tax + interest costs – interest income – dividend received + depreciation & amortisation + non-current & current asset impairment losses)	EUR'000	18,407	16,116	16,816	20,357	16,902	17,037
Operating profit	EUR'000	17,828	10,247	3,544	10,737	17,720	3,983
Net profit	EUR'000	14,822	9,293	2,023	7,595	16,642	2,013
Profit before tax	EUR'000	17,190	10,586	2,990	10,209	17,965	3,046
Cash flows from operations	EUR'000	2,269	20,020	3,544	2,128	19,614	8,914
Liabilities to financial institutions	EUR'000	158,584	160,590	188,251	158,584	163,251	191,355
RATIOS							
Liabilities / equity		1.37	1.31	1.36	1.38	1.31	1.34
Financial liabilities / equity		0.41	0.39	0.40	0.42	0.40	0.40
Financial liabilities / assets		0.17	0.17	0.17	0.18	0.17	0.17
LOAN COVERAGE RATIO							
Loan coverage ratio (EBITDA / (interest costs + loans repaid in the reporting period)) ¹		3.77	8.57	10.82	4.08	8.99	7.23
PROFITABILITY RATIOS							
Operating profit margin	%	40.37	24.26	5.71	22.22	31.33	6.20
Profit before tax margin	%	38.92	25.07	4.81	21.13	31.77	4.74
Net profit margin	%	33.56	22.00	3.26	15.72	29.43	3.13
Return on equity ²	%	3.88	2.28	0.51	1.99	4.03	0.49
Return on assets ²	%	1.63	0.99	0.22	0.84	1.74	0.21
Earnings per share, LTL ²	EUR	0.02	0.01	0.00	0.01	0.03	0.00
P/E ³ (share price / earnings)		39.08	42.37	125.55	76.26	23.66	126.19

¹ Refinanced loans have not been included in the calculations of the indicator.

² The calculations of the indicator are based on the net profit of reporting period only.

³ The indicator has been calculated as a ratio between the share price at the end of the reporting period and the earnings per share in the reporting period.

The Company's profitability ratios for the three months of 2015 are remarkably better than those for the respective period of 2014.

It should be noted, when evaluating the changes in the Group's consolidated net profit indicators from quarter to quarter, that intermediate unaudited Group's statements for

January-March 2015 contained recalculated data of the same period in 2014. The sale of subsidiary company UAB Duomenų logistikos centras ("DLC") of 31 March 2014 is no longer accounted for as a discontinued operation, therefore DLC's results (profit) accumulated until the day of sale is reflected in recalculated Group's results of January-March

2014 and increased net profit for that period amounts to EUR 16.6 million.

On 31 March 2015, the Group sold the shares of subsidiary companies UAB "Kauno energetikos remontas" (KER) and Energijos tiekimas UAB (ET), therefore the Group's results for January-March 2015 reflects the loss of KER and profit of ET accumulated until the day of sale. The Group's net profit in January-March 2015 constituted EUR 7.6 million. More detailed information is available in the Notes to condensed interim financial information in Note 3.

The Group's income from regulated activities, i.e. electricity and heat generation at Elektrėnai Complex and the power reserving services provided by Elektrėnai Complex and Kruonis PSHP, accounted for about 36% of the total income of the Group (in January – March 2014, for 30%).

Statement of Financial Position

As of 31 March 2015, the Company's and Group's liabilities to financial institutions totalled EUR 158.6 million, consisting of liabilities under long-term loan agreements.

Changes in both Company's and Group's asset structure in January-March 2015 compared with January-March 2014 were insignificant.

Comprehensive Income Statement

Income

In January-March 2015, the Company's sales revenue totalled EUR 37.2 million. Income from the electricity trading, balancing power, power reserving and PSO services, together with income from sale of heat energy, accounted for the largest part of this amount. Compared with January-March 2014, the Company's sales revenue decreased 11% including a drop in income from electricity trading, power reserving services and from PSO services.

The Group's sales revenue in January-March 2015 totalled EUR 42.8 million, which shows a 1.7% increase compared with January-March 2014.

Costs

The Company incurred costs of EUR 26.3 million and the Group incurred costs of EUR 37.6 million in January-March 2015. The majority of these costs (54%, or EUR 14.1 million in the case of the Company, and 47%, or EUR 17.8

million in the case of the Group) are the costs of purchase of electricity and the related services as well as costs of fuel needed for generation of electricity. Depreciation and amortisation costs amounted to EUR 5.6 million and EUR 5.8 million for the Company and the Group respectively.

The operating expenses of the Group excluding purchases related to electricity and its generation, depreciation and amortisation costs, tradable pollution allowances' revaluation costs and impairment losses amounted to EUR 13.4 million in January-March 2015, which means an increase by EUR 1.9 million compared with January-March 2014.

Profit

The Company's EBITDA for January-March 2015 exceeds the same indicator for January-March 2014 by EUR 2.3 million, whereas the Group's EBITDA increased by EUR 3.5 million. The EBITDA margin of the Group increased 12.2 p. p. and was 42.1% in January-March 2015. The Company's EBITDA margin was 41.7% in January-March 2015.

In January-June 2015 profit before tax of the Group amounted to EUR 10.2 million and net profit to EUR 7.6 million. The Company earned profit before tax of EUR 17.2 million and net profit of EUR 14.8 million. Its net profit margin increased from 22.0 % in January-March 2014 to 33.6 % (January-March 2015).

Cash Flow Statement

In January-March 2015, net cash flows from operations of the Company amounted to EUR 2.3 million and those of the Group to EUR 2.1 million, compared with EUR 20.0 million for the Company and EUR 19.6 million for the Group in January-March 2014.

In January-March 2015, the Group's net cash flows from investments were negative and amounted to EUR -9.9 million (January-March 2014: EUR -6.8 million). The Group's cash flows from financial activities were negative and amounted to EUR -5 million (January-March 2014: EUR -1.9 million).

Investments in non-current assets

The Company's investments in non-current tangible and intangible assets totalled EUR 1.8 million in January-March 2015, Groups' – EUR 1,9 million.

ANALYSIS OF OPERATING INDICATORS

Performance and Prospects





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

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

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

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

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

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

Key Performance Indicators

Electricity generation indicators for January–March 2015

The Company holds electricity generation permits of unlimited duration. In January–March 2015, the total sales of electricity generated at the power plants controlled by the Company amounted to almost 0.25 TWh. Compared with the same period of last year, the amount of electricity produced at all the power plants of the Company in January–March 2015 remained similar (see Fig. 2).

Comparison of electricity generation quantities of separate power plants shows that in January–March 2015, electricity production at Kaunas Algirdas Brazauskas HPP decreased compared with the same period of the previous year but production at Kruonis PSHP increased to the same extent.

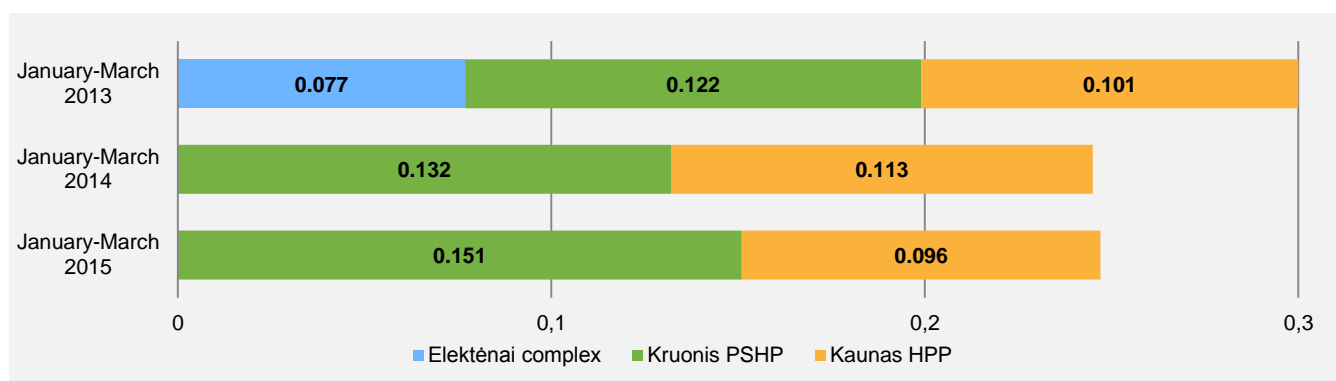
Kaunas Algirdas Brazauskas HPP uses hydro power – an inexhaustible, flexible, and clean energy source. In January–March 2015, this power plant generated and sold nearly 0.1 TWh of electricity, which is around 15% less

than during the same period in 2014. This power plant operated at a lower-than-normal capacity due to a relatively low water discharge of the Nemunas River.

The production volumes of Kruonis PSHP increased compared with those of the previous year: during January–March 2015, the power plant produced and sold 0.15 TWh of electricity, i.e. around 15% more than during the same period of 2014 (0.13 TWh).

In January–March 2015, just as in the same period of last year, supported electricity was not generated at Elektrėnai Complex – following the plan agreed upon with the - transmission system operator and seeking to effectively use the funds of the public service obligation (PSO), the units of Elektrėnai Complex operate only during the warm season.

Figure 2
Electricity generated in the Company's controlled power plants and traded (TWh)



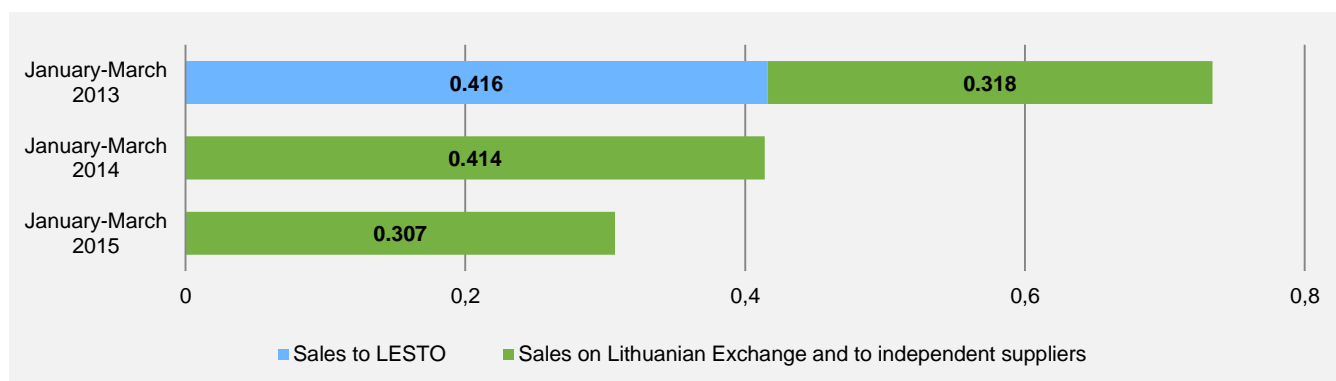
Electricity trade indicators for January–March 2015

In January–March 2015, the Company sold to the market nearly 0.31 TWh of electricity. This is almost 26% less than during the same period in 2014, when the sales amounted to just above 0.41 TWh (see Fig. 3).

The main cause of this decrease is that trade in derivatives (mostly, contracts for price difference) take an increasingly greater portion in the Company's electricity trade portfolio, replacing trade in physical electricity.

Since 8 January 2013, the Company has been performing the functions of a designated company, i.e. it buys all the electricity produced at wind farms according to forecasts and sells it in the Lithuanian bidding area of Nord Pool Spot (NPS). During January–March 2015, 0.17 TWh of electricity produced at wind farms was sold at the exchange.

Figure 3
Company's electricity sales on the domestic market (TWh)



System services

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

The power reserving service is a means to ensure the reliable operations of the energy system when, in unforeseen (emergency) situations, power generation volumes drop or consumption increases suddenly. Power generating companies provide the service of maintaining the secondary and tertiary reserves. The secondary active power reserve is the power of the installations or hydroelectric units in operation maintained by the generating company and activated within 15 minutes. The tertiary reserve is the power of the generating sources maintained by the generating company and activated within 12 hours. All the three power plants managed by the Company provide the secondary and tertiary power reserve services. The secondary power reserve is ensured by Kaunas Algirdas Brazauskas HPP, Kruonis PSHP and, Elektrėnai Complex; the tertiary power reserve is ensured by Elektrėnai Complex. During January–March 2015, the Company sold around 0.43 TWh of electricity as secondary power reserve and 0.58 TWh of electricity as tertiary power reserve. Sales of power reserves remained the same as in the respective period of 2014.

The regulation power service is required to balance the surplus and shortage of power in the energy system. Trading in the regulation power is carried out in real time and ensures the reliable operation of the energy system every hour. When the amount of electricity in the system is

not sufficient and the TSO gives an instruction to increase production, the Company increases generation volumes and sells the necessary amount of regulation power to the TSO. When there is a surplus of power in the energy system and the TSO gives instruction to reduce production, the Company reduces electricity generation volumes and purchases the surplus regulation power from the TSO. During January–March 2015, the Company sold 0.002 TWh and purchased 0.004 TWh of regulation power (during the same period of 2014, 0.009 TWh and 0.011 TWh, respectively).

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

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

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

OTHER FACTORS DETERMINING FINANCIAL INDICATORS

Business Strategy of the Company

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

The Strategy envisages that in 2014–2020:

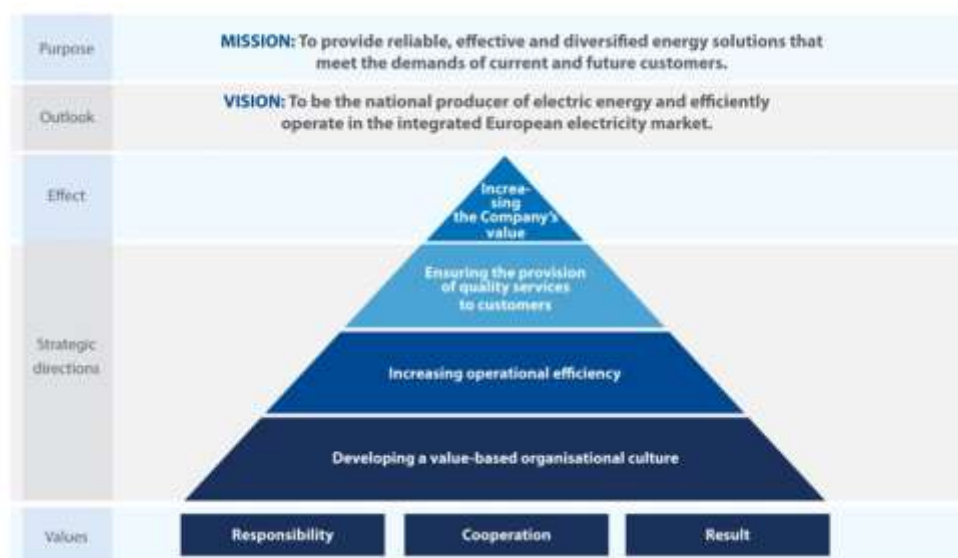
- profitability of the Company will increase in accordance with the general objectives of the Group provided for in the strategy of „Lietuvos energija“, UAB, the main shareholder of the Company;
- until 2019, revenues of the Company will decrease due to stronger competition on the exchange and shrinking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

Strategic Directions

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

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

Figure 4
Strategic Directions of the Company 2014–2020



Innovative activities

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

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

Research and development projects

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

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

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

The following research and development projects were underway in January–March 2015:

Syderiai Underground Gas Storage Project

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

The Company's main risks and contingencies

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

Since 2012, the Company's employees proposed 114 innovative ideas, 39 of which have been implemented.

At the beginning of 2015, all units of the Company began the practice of day-to-day operations visual management with integrated performance indicators and cascaded meetings system, which was launched in the Company in 2014. On the basis of the LEAN culture and tools, wastages that do not create value are eliminated, problems are addressed more efficiently and quickly, and processes and their individual steps are improved according to the Company's priorities.

Heat production facilities expansion project in Elektrėnai

In 2015, the Company continued the construction of new heat production facilities – biofuel and steam boiler houses. In January, the tests of a part of the new heat production facilities in Elektrėnai – steam boiler house – were completed. This 49.8 MW steam boiler house was built for the purposes of maintaining heat reserves, securing heat energy production at the time of peak low temperatures, and starting up the units of the reserve power plant. Heat energy generated by the steam boiler house was also supplied to Elektrėnai.

Besides, the Company continued the construction of the biofuel boiler house. During the first three months of 2015, the main structures of the biofuel boiler house were constructed, process units were installed, and system tests were carried out. During the tests, already in March, the boiler house produced heat energy by burning biofuel. The procedures for the completion of the construction of the boiler house were performed in May.

Assessment of the wind power potential at Kruonis PSHP

Comprehensive measurements of wind speed and directions as well of other meteorological conditions were completed in the territory of Kruonis PSHP at the beginning of 2015 in order to perform a preliminary assessment of the potential for installing a wind farm. Based on the positive wind measurement results, the Company initiated preparatory works for the construction of a wind farm in the territory of Kruonis PSHP by carrying out a feasibility study of wind resources and electricity production volumes in Kruonis Wind Farm as well as obligatory environmental assessment impact and territorial planning procedures.

Risk of external regulation

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

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

Risk of market changes and competition

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

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

Risk of inaccurate trade forecast

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

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

Risk of technical fault

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

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

Risk of safety and health insecurity

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

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

Risk of information security

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

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

INFORMATION ABOUT AUTHORIZED CAPITAL AND SECURITIES OF THE COMPANY

Structure of Authorized Capital and Securities

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

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

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

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

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

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

ISIN code LT0000128571.

Abbreviation of securities – LNR1L.

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

Structure of Authorized Capital

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

Trading in the Company's Shares

Price and turnover of the Company's shares

		3 months of 2013	3 months of 2014	3 months of 2015
Last trading session price, EUR		0.400	0.620	0.912
Maximum price, EUR		0.411	0.630	0.930
Minimum price, EUR		0.380	0.395	0.783
Average price, EUR		0.389	0.528	0.853
Turnover, shares		153,932	743,765	167,086
Turnover, EUR MLN		0.06	0.39	0.14
Capitalisation, EUR MLN	Company	254.03	393.75	579.19
	Baltic Main List	5,035.93	4,608.38	4,914.94

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

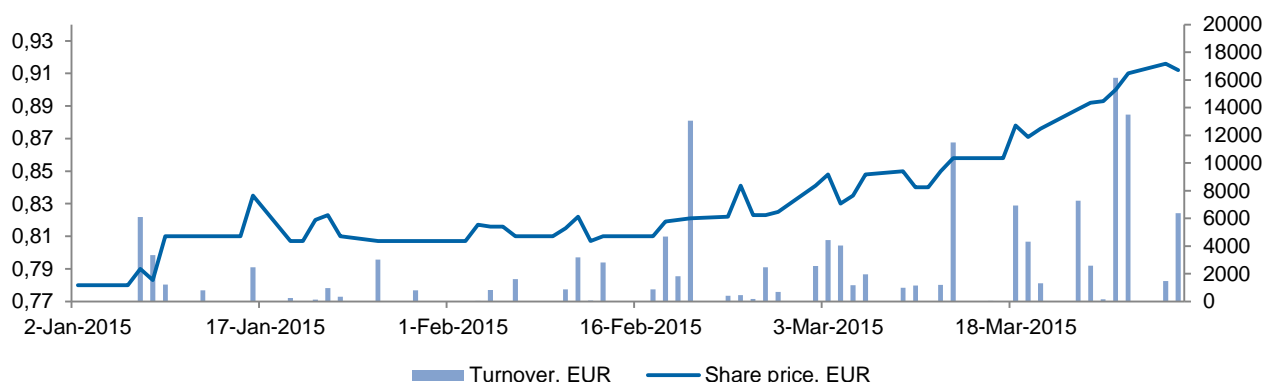


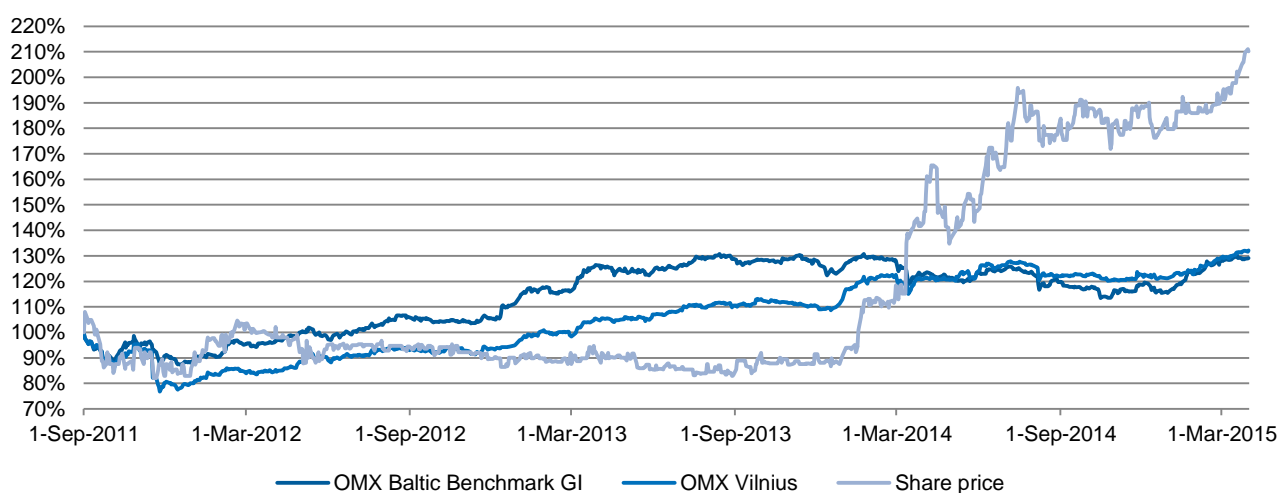
Figure 6

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



Figure 7

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



Information about shareholders of the Company

Total number of shareholders as of 31 March 2015: 6,145.

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

List of shareholders whose shares account for more than 5% of the Company's authorised capital (as of 31 March 2015)

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

Structure of shareholders by country

Country	%
Lithuania	97.7
Russia	0.7
Belarus	0.6
USA	0.3
Latvia	0.2
Other	0.5

Information on agreements with intermediary of public trading in securities

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

Shareholders having special control rights and description of such rights

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

Restrictions on voting rights

There were no restrictions on voting rights in the Group.

Agreements between shareholders on restrictions of the transfer of securities

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

CORPORATE SOCIAL RESPONSIBILITY

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

Educational activities

The Company organises free excursions to its facilities for members of the public: the combined cycle unit, Kruonis PSHP, and Kaunas A. Brazauskas HPP. In this way the Company seeks to increase public awareness of the energy sector, focussing, in particular, on the younger generation.

In January-March 2015, more than 450 people from various organisations including schools were received; there were delegations from foreign countries as well. The biggest part of these excursions took place in Kruonis PSHP.

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

Environmental Protection

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

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

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

From January 2015 through March 2015 the Elektrėnai Complex transferred to waste management companies 178 t of liquid fuel ash, 2.765 t of rubber waste, 0.7 t of battery waste, 1.39 t of polluted packaging waste, 1.7 t of unusable absorbent waste, 0.4 t of tire scrap; and 44 t of electric engineering waste, 476 t of ferrous metal scrap were sold to metal collectors. Domestic waste collected on the facility's territory is removed by a specialized company under a contract. 68 t of water clarification sludge was generated at the chemical unit in operation and this amount of sludge was discharged into the Obenai lot.

Mounting works of the preparation department of the process water of the new Elektrėnai Complex were finalized during the first months of 2015, commissioning works were started. It is estimated that the new equipment will reduce the loss of water at the preparation of process water by 20%, starting with the third quarter of 2015.

Kruonis PSHP transferred 0.044 t of hazardous waste for processing and sold 12.66 t of ferrous metal scrap January through March of 2015. Domestic waste collected in the plant's territory is removed by a specialist company under a contract; 8.32 t of domestic waste was generated January through March of 2015.

January through March of 2015 the Kaunas A. Brazauskas HPP transferred 0.14 t of hazardous waste, 0.54 t of non-hazardous waste and 2.12 t of ferrous waste for processing. Domestic waste collected on the plant's territory is removed by a specialized company under a contract; approx. 1.62 t of domestic waste was generated within the quarter.

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

THE COMPANY AND ITS MANAGEMENT BODIES

Information about the Company and its contact details

Name	Lietuvos Energijos Gamyba, AB (until 5 August 2013: – „Lietuvos energija“, AB)
Legal form	Public company; private legal person with limited civil liability
Registration date and place	20 July 2011, Register of Legal Persons of the Republic of Lithuania
Company code	302648707
Registered office address	Elektrinės g. 21, LT-26108 Elektrėnai, Lithuania
Address for correspondence	A. Juozapavičiaus g. 13, LT-09311 Vilnius, Lithuania
Telephone	+370 5 278 2907
Fax	+370 5 278 2906
E-mail	info@le.lt
Website	www.gamyba.le.lt

Core activities of the Company

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

Information about branches and representative offices of the Company

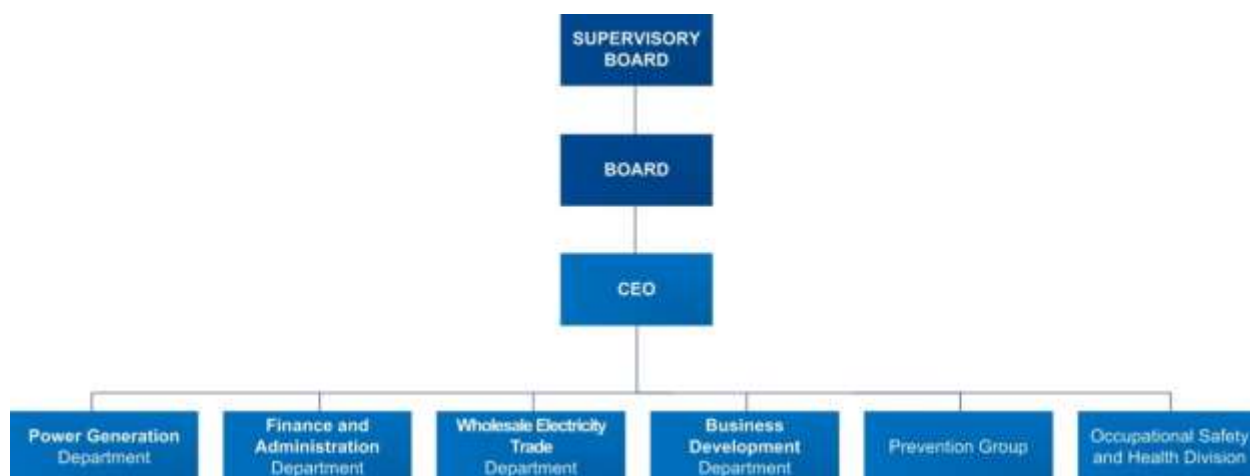
The Company has no branches or representative offices.

Divisions and organizational structure of the Company

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

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

Figure 8
Structure of the Company (as of 31 March 2015)



Information about the Group

On March 21, 2015 the Company sold all of its shares in UAB “Kauno energetikos remontas” and Energijos tiekimas UAB. Until then the Company had a direct control (100 percent of the shares) in these subsidiaries.

Main types of operations of **UAB “Kauno energetikos remontas”** include: electrical engineering and mechanical repairs and maintenance works, manufacture of steel

structures, management of investment projects, provision of the Training Centre's and laboratory services, and production of biofuel.

Energijos tiekimas UAB is the largest independent electricity supplier, a company with Lithuanian capital invested. Its core activity is the sale of electricity in the free market. The company has over 6,000 customers, which is

the largest customer base among the independent electricity suppliers operating in Lithuania. The company is the sole supplier of certified electricity produced in Lithuania from renewable energy resources, i. e. the 'green Lithuanian energy'.

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

For March 31 2015 the Company took part in the management of the following associated companies: NT Valdos, UAB (41.74 percent of the shares), UAB "Geoterma" (23.44 percent of the shares), UAB Technologijų ir inovacijų centras (20 percent) and UAB Verslo aptarnavimo centras (15 percent).

Figure 9

Shares of other companies owned by the Group (as of 31 March 2015)



Information about Management Bodies of the Company

According to the Articles of Association valid as of 31 March 2015, management bodies of the Company include:

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

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

General Meeting of Shareholders

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

The Articles of Association of the Company may be amended according to the procedure established in the Republic of Lithuania Law on Companies, by the decision of the general meeting of shareholders adopted by at least 2/3

(two-thirds) majority vote of the shares of the shareholders attending the meeting.

No general meetings of shareholders were held in January–March 2015.

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

Supervisory Board

As stated in the Articles of Association of the Company, the Supervisory Board is a collegiate body exercising supervision over operations of the Company. It consists of three members – natural persons. At least one-third of the Supervisory Board's members are independent members. The Supervisory Board is elected for the period of four years by the general meeting of shareholders. The Chairman of the Supervisory Board is elected by the members of the Supervisory Board from among themselves. The Supervisory Board and its members start and terminate their activities according to the procedures established in legal acts.

The person that puts up a candidate for the position of the member of the Supervisory Board must submit to the general meeting of shareholders a written statement about the candidate's qualifications, experience in managing positions, and fitness for the position of the member of the Supervisory

Board. The following persons may not be elected as Members of the Supervisory Board: the Chief Executive Officer, a member of the Board, a person occupying a position of a member of a supervisory body, management body or the administration in an energy company engaged in the electricity or gas transmission operations, and any person who is not entitled to occupy such position on other grounds established in legal acts.

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

such members may only be elected for the period remaining

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

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

until the end of the term of the current Supervisory Board.

and on preparing interim financial statements and interim report for this purpose;

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

Members of the Supervisory Board (during the reporting period)

Name	Term of office	Shareholding in the Company	Participation in other companies and organisations	Interests in other companies (if over 5%)
Dalius Misiūnas Chairman	5 August 2013 – to date	–	<ul style="list-style-type: none"> - „Lietuvos energija“, UAB – Chief Executive Officer and Chairman of the Board. - National Electricity Association – President. - EURELECTRIC – Member of Council of Directors. - Association of KTU Alumni – President. 	–
Mindaugas Keizeris Member	20 November 2014 – to date	–	<ul style="list-style-type: none"> - „Lietuvos energija“, UAB Director for Strategy and Development, Member of the Board. - UAB „Elektros tinklo paslaugos“ Member of the Board. - UAB „Lietuvos dujų tiekimas“ Member of the Board - Energijos tiekimas UAB Chairman of the Board. - UAB „LITGAS“ Chairman of the Board. - UAB „Kauno energetikos remontas“ Chairman of the Board. 	–
Pranas Vilkas Independent members	5 August 2013 – to date	–	–	–

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

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

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

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

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

	Pay in January–March 2015, EUR	Other payments in January–March 2015, EUR	Total, EUR
All members of the Supervisory Board collectively	–	1,224	1,224
Per member of the Supervisory Board on average *	–	1,224	1,224

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

Audit Committee

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

Main functions of the Audit Committee:

- oversee the process of drawing up of the financial statements of „Lietuvos energija“, UAB and the Group's companies, with a focus on the appropriateness and consistency of accounting policies applied;
- oversee the effectiveness of the internal control system and risk management systems in place at „Lietuvos energija“, UAB and the Group's companies; perform analyses and reviews of the need for and appropriateness of such systems; conduct reviews of existing internal control systems;
- oversee the adherence to the principles of independence and objectivity by the certified auditor and the audit firm and make relevant recommendations; make recommendations for the selection of auditor;
- oversee the conduct of audits of „Lietuvos energija“, UAB and the Group's companies, evaluate the effectiveness of the audits and management's

response to the recommendations made by the auditors in the management letter;

- oversee the effectiveness of the internal audit function of „Lietuvos energija“, UAB and the Group's companies, analyse the need for and appropriateness of such function, make recommendations on matters related to the internal audit and take action as required;
- make proposals for the internal audit plans of „Lietuvos energija“, UAB and the Group's companies, make recommendations for the regulations of internal audit units of „Lietuvos energija“, UAB and the Group's companies, for the appointment and dismissal of the head of the internal audit unit, approval of his/her job regulations, and incentives/sanctions upon him/her;
- monitor compliance of the activities of „Lietuvos energija“, UAB and the Group's companies with the Lithuanian laws and regulations and the Articles of Association and operating strategies;
- assess and analyse other matters falling within the scope of the Audit Committee as decided by the Supervisory Board;
- perform other relevant functions identified in the, Lithuanian laws and regulations and the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius.

Members of the Audit Committee (as of 31 March 2015)

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

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

The Board

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

The Board consisting of 5 (five) members is recalled and elected by the Supervisory Board for 4 (four) years according to the procedure established by the Articles of Association of the Company and the legal acts. The Board

reports to the Supervisory Board and the general meeting of shareholders. The Board elects its Chairman from among its members.

The person that puts up a candidate for the position of the Member of the Board must submit to the Supervisory Board a written statement about qualifications of the candidate, his/her experience in managing positions, and fitness for the position of the Member of the Board. The following

persons may not be elected as Members of the Board: a person occupying a position of a member of a supervisory body, management body or the administration in an energy company engaged in the electricity or gas transmission operations, member of the Supervisory Board of the Board, and any person who is not entitled to occupy such position on other grounds established in legal acts.

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

The Board has the right to adopt decisions on:

- the Company's acting as a founder or a member of a legal person;
- any transfer to third parties or encumbrance of the shares/interests held by the Company, or of rights attached thereto;
- formation or termination of branches and representatives offices of the Company;

- bond emissions;
- disposal of facilities which are owned by the Company and which are specified in the Republic of Lithuania Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises Important to Ensuring National Security;
- transactions the value of which exceeds 10,000,000 (ten million Litass);
- other decisions provided for in the Articles of Association of the Company.

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

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

Members of the Board (during the reporting period)

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

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

In January–March 2015, the Board met for 8 times. All meetings were attended by all five Board members.

Further information on the members of the Company's Board is available on the Company's website, under the section [Company Management](#).

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

	Pay in January-March 2015, EUR	Other payments in January-March 2015, EUR	Total, EUR
All members of the Board collectively	55,648	14,771	70,419
Per member of the Board on average	11,130	2,954	14,084

Management Bodies

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

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

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

	Pay in January-March 2015, EUR	Other payments in January-March 2015, EUR	Total, EUR
Chief Executive Officer Juozas Bartlingas	13,399	4,344	17,743
Chief Financier*	-	-	-

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

Employees of the Company

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

The Company continues the process of formation of its organisational culture, implementing the Human Resources Management Policy of the „Lietuvos energija“, Group approved at the end of 2013. The policy establishes the general principles and provisions of human resources management in the implementation of strategic corporate objectives.

Based on the Company's reward system, pay received by all employees of the Company, including management, consists of the fixed part, the variable part, and fringe benefits.

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

Pecuniary fringe benefits include benefits, financial assistance, additional paid leave, and one-off payments for additional workload, extraordinary performance, proposals for and implementation of innovations. Non-pecuniary fringe benefits include training financed by the Company,

events organised by the Company for employees and their children, services of an in-house medical station, and vaccination against seasonal diseases.

The performance evaluation process starts from a '360° assessment' whereby management and general competences of managers and specialists are assessed. The competences are assessed by the employees themselves and their supervisors and colleagues. According to the procedure of the employees' performance management in the Company the manager and the employee holds a performance assessment interview. During annual interviews, the employee and his/her manager discuss the results of the review, assess the level of achievement of last year's targets, plan objectives and, based on the competence assessment, outline tasks and specific employee development measures for next year.

When a need for a new employee arises, an internal selection process is organised in the first place. In case if there are no suitable candidates among the present employees of the Company, the search is continued outside the Company. During the search process due to the internal rotation at the beginning of 2015 after structural changes 16 employees of the Company were promoted (vertical career), 10 employees were transferred to similar positions in other units (horizontal career). While expanding career opportunities and encouraging intra-Group mobility of employees among „Lietuvos energija“, companies, 8 employees moved to other companies of the group.

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

As of 31 March 2015, the Company employed 454 people (including employees on child care leave) including specialists and line managers 59%, blue-collar workers 40%, and top management 1%. As of the end of 2014 the Company had 474 employees.

The main reason for the change in the number of employees is that the employees of the internal audit department moved to work to UAB „Lietuvos energija“,

tenured employees have retired and some employees left the Company due to structural changes.

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

In the first quarter of 2015, most employees of the Company were people aged from 35 to 54, having a 10-

year or longer record of service with the Company. These are highly qualified and experienced specialists forming the core of the organisation, in particular in production units where knowhow and experience are of vital importance. Employees in this age group accounted for 44% of all of the employees in the Company.

Employees, aged from 25 to 34, accounted for 16% of the Company's employees.

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

Number of the Company's employees and average pay (as of 31 March 2015)

	CEO	Top management	Line management	Experts, specialists and workers
Numbers of employees by position levels	1	4	33	416
Average pay, EUR	4 466	3 521	1 814	9 97

Collective agreement and trade unions

There are four trade unions in the Company.

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

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

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

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

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

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

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

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

January through March 2015, 90 employees of the Company took part in technical training and 99 employees took part in management training courses. The total number of employees, taking part in training January through March 2015, amounts to 189. Excursions for employees to other production enterprises are also organised in order to get the employees acquainted with the organisation of work, innovations, production equipment, problem resolution etc.

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

Information on other Committees

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

Risk Management Supervision Committee

Main functions of the Committee:

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

Members of the Risk Management Supervision Committee (as of 31 March 2015)

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

Nomination and Remuneration Committee

Main functions of the Committee:

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

Members of the Nomination and Remuneration Committee (as of 31 December 2014)

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

IMPORTANT EVENTS IN THE COMPANY'S ACTIVITIES

Significant agreements

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

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

Information on related party transactions

Information on significant related party transactions is disclosed in the Notes forming part of interim financial information for the three-month period ended 31 March 2015.

Detrimental transactions

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

Material events during the reporting period

The Court accepted the Company's complaint

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

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

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

The Court accepted the Company's complaint

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

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

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

The Company will publish preliminary unaudited indicators

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

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

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

The Company has transferred shares of the subsidiaries

In accordance with the decision of the Board of the Company, on 31 March, 2015 the Company has signed an agreement to sell 100% of shares of Energijos tiekimas UAB and 100% of shares of UAB „Kauno energetikos remontas“ to its parent company „Lietuvos energija“, UAB.

Under this agreement the Company sold to „Lietuvos energija“, UAB 15,244,112 ordinary registered shares with par value 0.29 EUR each, which is 100% of authorised capital of UAB „Kauno energetikos remontas“, and 750,000 ordinary registered shares with par value 0.29 EUR each, which is 100% of authorised capital of Energijos tiekimas UAB.

Energijos tiekimas UAB shares sold in accordance with valuation of the independent advisors for 6,883,398.98 EUR.

UAB "Kauno energetikos remontas" shares sold in accordance with valuation of the independent advisors for 4,778,151.07 EUR.

Other events during the reporting period

Decommissioning of units 1 and 2 in Elektrėnai

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

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

The Company became a Market Maker for EPAD RIGA

The Company is the first among Lithuanian electricity market players to become a Market Maker and to begin offering derivatives pegged to the price differential between the price that forms in the Latvian bidding area and the

Link to the notification on material event: [Regarding the sale of shares of Energijos tiekimas UAB and UAB "Kauno energetikos remontas"](#).

overall Nord Pool Spot system price EPAD RIGA (Electricity Price Area Differential, EPAD).

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

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

Please find more information on Companys' website.

Material events after the end of the reporting period

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

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

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

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

Sold shares of NT Valdos UAB

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

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

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

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

The Court rejected the company's complaint

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

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

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

Development of production activities is estimated

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

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

The separation of the part of the wholesale energy trading activity will lead to increasing efficiency of the "Lietuvos

energija" group activities, to reducing expenses of the operations of Company and to develop activity of the Company.

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

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

The Company pledged steam boiler facilities

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

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

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

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

The company announced preliminary indicators

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

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

The Court accepted the Company's appeal

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

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

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

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

The Court closed the case

On 25 May, 2015 Vilnius Regional Administrative Court decided to dismiss the legal proceedings initiated by the Company on 28 November, 2014, in regards to the appeal of the resolutions of the National Commission for Energy Control and Prices „On the approval of the recount of the components of the price on the production of the heat of "Lietuvos energijos gamyba", AB", dated 30 October, 2014, No. O3-875.

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

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

OTHER IMPORTANT INFORMATION

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

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

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

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