

UAB Modus Energija
INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED
ANNUAL REPORT
31 DECEMBER 2014

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Independent Auditor's Report

To the Shareholder of UAB Modus Energija

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (hereinafter "the financial statements") of UAB Modus Energija (hereinafter "the Company") and its subsidiaries (hereinafter "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statements of income, changes in equity and cash flows for the year then ended, and consolidated notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 5–27.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Business Accounting Standards of the Republic of Lithuania, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the consolidated financial position of UAB Modus Energija and its subsidiaries as at 31 December 2014, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Business Accounting Standards of the Republic of Lithuania.

Other Matter

The financial statements of the Group for the year ended 31 December 2013 were audited by another auditor who expressed a qualified opinion on those financial statements on 24 April 2014.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated annual report for the year ended 31 December 2014, set out on pages 28–32 of the financial statements, and have not identified any material inconsistencies between the financial information included in the consolidated annual report and the financial statements for the year ended 31 December 2014.

On behalf of KPMG Baltics, UAB

A handwritten signature in blue ink, appearing to read 'V. Karalius'.

Vilmantas Karalius
Certified Auditor

Vilnius, the Republic of Lithuania
20 March 2015

UAB Modus Energija

Company code: 302693613, Ozo g. 10A, LT-08200, Vilnius

APPROVED ON
_____ 2015
Minutes No _____

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2014

(LTL)

| Row No | Items | Note No | Financial year | Previous financial year |
|--------|--|---------|----------------|-------------------------|
| I. | SALES | 1 | 26 853 469 | 26 203 733 |
| II. | COST OF SALES * | 2 | 19 019 912 | 20 527 525 |
| III. | GROSS PROFIT (LOSS) | | 7 833 557 | 5 676 208 |
| IV. | OPERATING EXPENSES | 3 | 4 013 892 | 4 084 882 |
| IV.1. | Selling | | 332 655 | 464 035 |
| IV.2. | General and administrative * | | 3 681 237 | 3 620 847 |
| V. | OPERATING PROFIT (LOSS) | | 3 819 665 | 1 591 327 |
| VI. | OTHER ACTIVITIES | 4 | 46 282 | (1 058) |
| VI.1. | Income | | 46 282 | 4 973 |
| VI.2. | Expenses | | - | 6 031 |
| VII. | FINANCING AND INVESTING ACTIVITIES | 5 | (1 301 457) | 171 033 |
| VII.1. | Income | | 990 244 | 1 608 837 |
| VII.2. | Expenses | | 2 291 701 | 1 437 805 |
| VIII. | PROFIT (LOSS) FROM ORDINARY ACTIVITIES | | 2 564 490 | 1 761 301 |
| IX. | EXTRAORDINARY GAINS | | - | - |
| X. | EXTRAORDINARY LOSSES | | - | - |
| XII. | INCOME TAX | 6 | 1 201 528 | (633 923) |
| XIII. | NET PROFIT (LOSS) BEFORE MINORITY INTEREST | | 1 362 962 | 2 395 224 |
| XIV. | MINORITY INTEREST | | (26 680) | 219 689 |
| XV. | NET PROFIT (LOSS) | | 1 389 642 | 2 175 535 |

* Depreciation expenses

4 232 507 2 995 743

Nikolaj Martyniuk
Director

Neringa Glodenytė
UAB IMG Numeri accountant-consultant

These financial statements were approved by the Director and Chief Accountant on 20 March 2015

The explanatory notes on pages 10–27 are an integral part of these financial statements

UAB Modus Energija

Company code: 302693613, Ozo g. 10A, LT-08200, Vilnius

APPROVED ON
_____ 2015
Minutes No _____

CONSOLIDATED BALANCE SHEET

31 December 2014

(LTL)

| Row No | Items | Note No | Financial year | Previous financial year |
|-----------|--|---------|-------------------|-------------------------|
| A. | NON-CURRENT ASSETS | | 44 835 913 | 42 165 226 |
| I. | INTANGIBLE ASSETS | 7 | 5 222 544 | 6 786 213 |
| I.1. | Development work | | - | - |
| I.2. | Goodwill | | 5 207 803 | 6 773 561 |
| I.3. | Patents, licenses | | - | - |
| I.4. | Software | | 226 | 765 |
| I.5. | Other intangible assets | | 14 515 | 11 887 |
| II. | TANGIBLE ASSETS | 8 | 34 692 784 | 29 447 428 |
| II.1. | Land | | 40 000 | 40 000 |
| II.2. | Buildings and construction | | - | - |
| II.3. | Plant and machinery | | 308 333 | - |
| II.4. | Vehicles | | 2 | 2 |
| II.5. | Other fixtures, fittings, tools and equipment | | 30 414 157 | 20 757 501 |
| II.6. | Construction in progress | | 3 924 473 | 8 645 004 |
| II.7. | Other tangible assets | | 5 819 | 4 921 |
| II.8. | Investment property | | - | - |
| III. | FINANCIAL ASSETS | | 3 551 980 | 3 549 258 |
| III.1. | Investments in associates | 9 | 3 280 712 | 2 703 358 |
| III.2. | Loans to related parties | 16 | 271 268 | 845 900 |
| III.3. | Amounts receivable after one year | | - | - |
| III.4. | Other financial assets | | - | - |
| IV. | OTHER NON-CURRENT ASSETS | | 1 368 605 | 2 382 327 |
| IV.1. | Deferred tax assets | 6 | 1 368 605 | 2 382 327 |
| IV.2. | Other non-current assets | | - | - |
| B. | CURRENT ASSETS | | 13 236 223 | 19 590 600 |
| I. | INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS | | 2 718 176 | 3 655 595 |
| I.1. | Inventories | 10 | 1 882 849 | 1 448 512 |
| I.1.1. | Raw materials and consumables | | - | - |
| I.1.2. | Work in progress | | 84 606 | 24 418 |
| I.1.3. | Finished goods | | - | - |
| I.1.4. | Goods for resale | | 1 798 243 | 1 424 094 |
| I.2. | Prepayments | | 530 300 | 2 207 083 |
| I.3. | Income tax paid in advance | | 305 027 | - |
| II. | AMOUNTS RECEIVABLE WITHIN ONE YEAR | 11 | 9 437 082 | 15 129 658 |
| II.1. | Trade debtors | | 2 736 646 | 2 513 899 |
| II.2. | Trade receivables from related companies | | 264 808 | 735 432 |
| II.3. | Other amounts receivable | | 6 435 628 | 11 880 327 |
| III. | OTHER CURRENT ASSETS | | 1 779 | 345 441 |
| III.1. | Current investments | | - | - |
| III.2. | Time deposits | | - | 345 280 |
| III.3. | Other current assets | | 1 779 | 161 |
| IV. | CASH AND CASH EQUIVALENTS | | 1 079 186 | 459 906 |
| | TOTAL ASSETS: | | 58 072 136 | 61 755 827 |

The explanatory notes on pages 10–27 are an integral part of these financial statements

CONSOLIDATED BALANCE SHEET (continued)

31 December 2014

| Row No | Items | Note No | Financial year | Previous financial year |
|-----------|--|---------|-------------------|-------------------------|
| C. | EQUITY | | 12 419 563 | 11 048 504 |
| I. | CAPITAL | 12 | 3 300 002 | 3 300 002 |
| I.1. | Authorised (subscribed) | | 3 300 002 | 3 300 002 |
| I.2. | Subscribed unpaid authorised capital (-) | | - | - |
| I.3. | Share premium | | - | - |
| I.4. | Own shares (-) | | - | - |
| II. | REVALUATION RESERVE (RESULTS) | | - | - |
| III. | RESERVES | 13 | - | - |
| III.1. | Legal reserve | | - | - |
| III.2. | Reserve for acquiring own shares | | - | - |
| III.3. | Other reserves | | - | - |
| IV. | RETAINED EARNINGS (LOSSES) | 14 | 7 952 124 | 6 562 482 |
| IV.1. | Profit (loss) of the reporting year | | 1 389 642 | 2 175 535 |
| IV.2. | Profit (loss) of the previous years | | 6 562 482 | 4 386 947 |
| V. | MINORITY INTEREST | | 1 167 437 | 1 186 020 |
| D. | GRANTS AND SUBSIDIES | | - | - |
| E. | AMOUNTS PAYABLE AND LIABILITIES | | 45 652 573 | 50 707 323 |
| I. | AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES | | 29 923 652 | 34 918 891 |
| I.1. | Financial debts | 15 | 29 878 687 | 34 918 891 |
| I.1.1. | Leases and similar liabilities | | 180 687 | 145 460 |
| I.1.2. | To credit institutions | | 19 158 530 | 23 837 317 |
| I.1.3. | Other financial debts | | 10 539 470 | 10 936 114 |
| I.2. | Debts to suppliers | | - | - |
| I.3. | Received prepayments | | - | - |
| I.4. | Provisions | | - | - |
| I.4.1. | For covering liabilities and claims | | - | - |
| I.4.2. | For pensions and similar obligations | | - | - |
| I.4.3. | Other provisions | | - | - |
| I.5. | Deferred tax liabilities | | 44 965 | - |
| I.6. | Other amounts payable and non-current liabilities | | - | - |
| II. | AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES | 15 | 15 728 921 | 15 788 432 |
| II.1. | Current portion of long-term debts | | 4 075 226 | 3 298 016 |
| II.2. | Financial debts | | 613 194 | 2 384 921 |
| II.2.1. | To credit institutions | | 51 | - |
| II.2.2. | Other debts | | 613 143 | 2 384 921 |
| II.3. | Trade amounts payable | | 5 165 538 | 6 052 181 |
| II.4. | Received prepayments | | 4 895 838 | 2 060 595 |
| II.5. | Income tax liabilities | | 289 313 | 624 511 |
| II.6. | Liabilities related to employment relations | | 163 711 | 189 842 |
| II.7. | Provisions | | - | - |
| II.8. | Other amounts payable and current liabilities | | 526 101 | 1 178 365 |
| | TOTAL EQUITY AND LIABILITIES: | | 58 072 136 | 61 755 827 |

Nikolaj Martyniuk
Director

Neringa Glodenytė
UAB/IMG Numeri accountant-consultant

The explanatory notes on pages 10–27 are an integral part of these financial statements

UAB Modus Energija

Company code: 302693613, Ozo g. 10A, LT-08200, Vilnius

APPROVED ON
 _____ 2015
 Minutes No _____

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2014

(LTL)

| Row No | Items | Note No | Financial year | Previous financial year |
|------------|---|---------|---------------------|-------------------------|
| I. | Cash flows from operating activities | | | - |
| I.1. | Net profit (loss) | | 1 389 642 | 2 175 535 |
| I.1.1. | Minority interest | | (26 680) | 914 582 |
| I.2. | Depreciation and amortisation expenses | 7.8 | 4 232 507 | 2 995 743 |
| I.3. | Decrease (increase) in amounts receivable after one year | | - | - |
| I.4. | Decrease (increase) in inventories | | (374 149) | (1 248 727) |
| I.5. | Decrease (increase) in prepayments | | 1 676 783 | (1 847 284) |
| I.6. | Decrease (increase) in work in progress | | (60 188) | (24 418) |
| I.7. | Decrease (increase) in trade debtors | | (222 747) | (1 781 217) |
| I.8. | Decrease (increase) in debts of related companies | | 470 624 | 374 700 |
| I.9. | Decrease (increase) in other amounts receivable | | 4 416 200 | 509 226 |
| I.10. | Decrease (increase) in other current assets | | 343 662 | 2 510 |
| I.11. | Increase (decrease) in non-current debts to suppliers and received prepayments | | - | - |
| I.12. | Increase (decrease) in current debts to suppliers and received prepayments | | 1 948 600 | 5 884 255 |
| I.13. | Increase (decrease) in income tax liabilities or (increase) decrease in overpaid income tax | | (640 225) | (345 501) |
| I.14. | Increase (decrease) in liabilities related to employment relations | | (26 131) | 68 979 |
| I.15. | Increase (decrease) in provisions | | - | 3 948 |
| I.16. | Increase (decrease) in other amounts payable and liabilities | | (652 264) | 429 337 |
| I.17. | Elimination of results of financing and investing activities | | 820 582 | (4 068) |
| I.18. | Decrease (increase) in deferred tax assets | | 1 058 687 | (1 504 885) |
| | Net cash flows from operating activities | | 14 354 903 | 6 602 715 |
| II. | Cash flows from investing activities | | | |
| II.1. | Acquisition of non-current assets (excluding investments) | 7.8 | (4 927 191) | (15 060 880) |
| II.2. | Disposal of non-current assets (excluding investments) | | - | - |
| II.3. | Acquisition of non-current investments | | 0 | (68 828) |
| II.4. | Disposal of non-current investments | | - | - |
| II.5. | Loans granted | | - | (7 256 282) |
| II.6. | Loans recovered | | 1 603 131 | 520 523 |
| II.7. | Dividends and interest received | | 108 271 | 406 331 |
| II.8. | Other increases in cash flows from investing activities | | - | - |
| II.9. | Other decreases in cash flows from investing activities | | - | - |
| | Net cash flows from investing activities | | (3 215 789) | (21 459 136) |
| III. | Cash flows from financing activities | | | |
| III.1. | Cash flows related to entity's owners | | - | - |
| III.1.1. | Issue of shares | | - | - |
| III.1.2. | Owners' contributions against losses | | - | - |
| III.1.3. | Purchase of own shares | | - | - |
| III.1.4. | Payment of dividends | | - | - |
| III.2. | Cash flows related to other financing sources | | (10 519 834) | 14 211 778 |
| III.2.1. | Increase in financial debts | | - | 34 631 954 |
| III.2.1.1. | Loans received | | - | 34 631 954 |
| III.2.1.2. | Issue of bonds | | - | - |
| III.2.2. | Decrease in financial debts | | (10 519 834) | (20 420 175) |
| III.2.2.1. | Loans repaid | | (8 308 407) | (18 460 131) |
| III.2.2.2. | Redemption of bonds | | - | - |
| III.2.2.3. | Interest paid | | (1 498 111) | (414 078) |
| III.2.2.4. | Payments of liabilities related to finance leases | | (713 316) | (1 545 967) |
| III.2.3. | Increase in other liabilities of the entity | | - | - |
| III.2.4. | Decrease in other liabilities of the entity | | - | - |
| III.2.5. | Other increases in cash flows from financing activities | | - | - |
| III.2.6. | Other decreases in cash flows from financing activities | | - | - |
| | Net cash flows from financing activities | | (10 519 834) | 14 211 778 |
| IV. | Cash flows from extraordinary items | | | |
| IV.1. | Increase in cash flows from extraordinary items | | - | - |
| IV.2. | Decrease in cash flows from extraordinary items | | - | - |
| V. | Effect of changes in exchange rates on the balance of cash and cash equivalents | | - | - |
| VI. | Net increase (decrease) in cash flows | | 619 280 | (644 642) |
| VII. | Cash and cash equivalents at the beginning of the period | | 459 906 | 1 104 548 |
| VIII. | Cash and cash equivalents at the end of the period | | 1 079 186 | 459 906 |

Nikolaj Martyniuk
 Director

Neringa Glodenytė

UAB IMG Numeri accountant-consultant

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UAB Modus Energija

Company code: 302693613, Ozo g. 10A, LT-08200, Vilnius

APPROVED ON

_____, 2015

Minutes No _____


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

(LTL)

| | Note No | Paid up authorised capital | Retained earnings (losses) | Minority interest | Total |
|--|---------|----------------------------|----------------------------|-------------------|------------|
| 1. Balance as at 31 December 2012 | | 10 000 | 4 386 947 | - | 4 396 947 |
| 2. Acquisition of minority interest | | - | - | 966 331 | 966 331 |
| 3. Increase of authorised capital | | 3 290 002 | - | - | 3 290 002 |
| 4. Net profit (loss) of the reporting period | | - | 2 175 535 | 219 689 | 2 395 224 |
| 5. Balance as at 31 December 2013 | | 3 300 002 | 6 562 482 | 1 186 020 | 11 048 504 |
| 6. Acquisition of minority interest | | - | - | 8 097 | 8 097 |
| 7. Net profit (loss) of the reporting period | | - | 1 389 642 | (26 680) | 1 362 962 |
| 8. Balance as at 31 December 2014 | | 3 300 002 | 7 952 124 | 1 167 437 | 12 419 563 |

Nikolaj Martyniuk
Director


UAB IMG Numeri accountant-consultant

The explanatory notes on pages 10–27 are an integral part of these financial statements

UAB Modus Energija

Company code: 302693613, Ozo g. 10A, LT-08200, Vilnius

Consolidated explanatory notes

(all amounts are in LTL unless otherwise stated)

GENERAL INFORMATION

UAB Modus Energija (hereinafter "the Company") is a limited liability joint stock company registered with the Register of Legal Entities on 1 December 2011 under the Law on Register of Companies of the Republic of Lithuania, company code 302693613, legal address: Ozo g. 10A, LT-08200 Vilnius.

All the shares of the Company are owned by the parent company UAB Modus Grupė, legal address is Ozo g. 10A, Vilnius, company code 302719143.

The ultimate parent company is MG NL Holding B.V., legal address Naritaweg 165, Telestone 8, Teleport, 1043BW Amsterdam, the Netherlands, company code 853264363.

Activities of the Company – consulting on business management and other issues.

The Group consists of the Company and its 63 subsidiaries (31 December 2013: 176), 3 associated companies (31 December 2013: 3), 2 secondary subsidiaries (31 December 2013: 1), 2 associated companies controlled through subsidiaries (31 December 2013: 2).

Subsidiaries directly controlled by the Company, controlled share 100%:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|---|
| 42 subsidiaries, which carried out no activities | 385 075 | 30 991 | 420 000 | 379 311 | (5 618) | 420 000 | Civil engineering construction |
| UAB Tiekesta; Vilniaus m. Ozo g.10A; 302784148 | (1 164) | (11 148) | 10 000 | (119 461) | (118 297) | 10 000 | Civil engineering construction |
| UAB Adorada; Vilniaus m. Ozo g.10A; 302735731 | (60 407) | 98 688 | 10 000 | (141 013) | (80 606) | 10 000 | Consulting on business management and other issues |
| UAB ViaModus; Vilniaus m. Ozo g.10A; 302751041 | 212 | (6 725) | 10 000 | (9 598) | (9 810) | 10 000 | Consulting on business management and other issues |
| UAB Investiciniai energetikos projektai; Vilniaus m. Ozo g.10A; 302470304 | 1 776 078 | 875 705 | 1 273 200 | 2 374 835 | 598 757 | 1 273 200 | Power generation, transmission and distribution |
| UAB Renvia; Vilniaus m. Ozo g.10A; 301557546 | 8 119 438 | 2 668 134 | 1 000 | 8 192 254 | 72 816 | 1 000 | Solar power plant, biopower plant construction organization |
| UAB Autoidėja; Vilniaus m. Ozo g.10A; 125028784 | (3 300 603) | 810 203 | 3 290 000 | (2 204 548) | 1 096 053 | 3 290 000 | Gas station equipment, gas sale for vehicles |
| UAB Tvari energija; Vilniaus m. Ozo g.10A; 302508769 | (100 911) | (34 549) | 1 | (135 934) | (35 005) | 1 | Power generation, transmission and distribution |
| UAB Erengie Group; Vilniaus m. Ozo g.10A; 302491056 | (41 439) | 95 246 | 1 | 6 332 | 47 770 | 1 | Power generation, transmission and distribution |
| UAB Intergates; Vilniaus m. Ozo g.10A; 302481546 | 418 460 | 486 013 | 10 000 | 1 399 291 | 980 830 | 10 000 | Power generation, transmission and distribution |

Subsidiaries directly controlled by the Company, controlled share in 2013 – 82,5%, in 2014 – 100%:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|--------------------------------------|
| UAB Menergija; Vilniaus m. Ozo g.10A; 302850267 | 3 795 | (3 902) | 8 250 | (74 389) | (79 817) | 10 000 | Civil engineering construction n.e.c |
| UAB Nenergija; Vilniaus m. Ozo g.10A; 302850064 | 4 319 | (3 391) | 8 250 | (2 641) | (8 598) | 10 000 | Civil engineering construction n.e.c |
| UAB Venergija; Vilniaus m. Ozo g.10A; 302850089 | 4 176 | (3 530) | 8 250 | (2 866) | (8 677) | 10 000 | Civil engineering construction n.e.c |
| UAB Zenergija; Vilniaus m. Ozo g.10A; 302850121 | 4 535 | (3 160) | 8 250 | (102 927) | (109 094) | 10 000 | Civil engineering construction n.e.c |
| UAB Jenergija; Vilniaus m. Ozo g.10A; 302850299 | 4 060 | (3 646) | 8 250 | (4 616) | (10 310) | 10 000 | Civil engineering construction n.e.c |
| UAB Kennergija; Vilniaus m. Ozo g.10A; 302850274 | 6 010 | (1 694) | 8 250 | 5 849 | (1 795) | 10 000 | Civil engineering construction n.e.c |

Subsidiary directly controlled by the Company, acquired in 2014, controlled share – 100%:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|----------------------------------|
| UAB Fotona; Vilniaus m. Filaretų g. 99A; 302841720 | - | - | - | (126 409) | (125 940) | 10 000 | Civil engineering construction |

Subsidiary directly controlled by the Company, controlled share – over 50%:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|---|----------------------|------------------------------------|--|----------------------|------------------------------------|--|----------------------------------|
| UAB Sigvilta; Vilniaus m. Žemynos g. 31-50; 302841574 | 1 815 266 | 4 123 | 1 121 200 | 1 829 522 | 14 685 | 1 121 200 | Civil engineering construction |

Subsidiaries directly controlled by the Company, acquired in 2014, controlled share – over 50%:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|------------------------------|----------------------|------------------------------------|--|----------------------|------------------------------------|--|----------------------------------|
| ZAO Modus Projekts; Belarus; | - | - | - | not formed | (845 207) | 51 399 | |
| ZAO San Investment; Belarus; | - | - | - | not formed | (1 361 840) | 52 767 | |
| ZAO Unimodus Solar; Belarus; | - | - | - | not formed | (383 214) | 50 480 | |

Associates directly controlled by the Company, controlled share – 50% or less:

| Associated company | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|--------------------------------------|
| Ausieniškių ŽŪB; Vilniaus m. Ozo g.10A; 302751326 | (239 923) | (111 377) | - | (321 963) | (82 040) | - | Agriculture, alternative energy |
| Mockėnų ŽŪB; Vilniaus m. Ozo g.10A; 302794217 | (25 466) | 2 719 | - | (1 587) | 23 842 | - | Agriculture, production of silage |
| UAB Lepita; Vilniaus m. Pamėnkalnio g. 25; 302854931 | 913 558 | (701) | 310 500 | 891 409 | (22 149) | 310 500 | Civil engineering construction |

Subsidiary directly and indirectly controlled by the Company, directly controlled share – 38,6%, indirectly controlled share – 30,7%:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|---|----------------------|------------------------------------|--|----------------------|------------------------------------|--|---|
| UAB Baltic sun energy; Vilniaus m. Ozo g.10A; 302444569 | 1 919 293 | 1 035 621 | 1 090 600 | 2 491 037 | 571 744 | 1 090 600 | Power generation, transmission and distribution |

Subsidiaries directly controlled by the Company sold in 2014:

| Subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|---|
| 116 subsidiaries, which carried out no activities | 1 146 648 | (5 609) | 1 160 000 | - | - | - | Civil engineering construction n.e.c |

Subsidiary indirectly controlled by the Company, controlled share – over 50%:

| Secondary subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|---|----------------------|------------------------------------|--|----------------------|------------------------------------|--|---|
| UAB Psenergija; Vilniaus m. Ozo g. 10A; 302850071 | (181 014) | (190 343) | 8 250 | (605 907) | (424 893) | 8 250 | Power generation, transmission and distribution |

The subsidiary directly controlled by the Company until 30/05/2014, controlled share – over 50%. From 1 June 2014 until 30 December 2014 the company was not controlled by UAB Modus Energija. Starting on 31/12/2014, indirectly controlled subsidiary, controlled share – over 50%.

| Secondary subsidiary | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|---|
| UAB Lennergija; Vilniaus m. Ozo g.10A; 302850203 | 4 457 | (3 249) | 8 250 | 6 396 | 305 | 8 250 | Civil engineering construction n.e.c |

Associated companies indirectly controlled by the Company, controlled share – 50% or less:

| Associated company | Equity 31/12/2013 | Net profit (loss) 31/12/2013 | Carrying amount of investments 31/12/2013 | Equity 31/12/2014 | Net profit (loss) 31/12/2014 | Carrying amount of investments 31/12/2014 | Short description of activity |
|--|----------------------|------------------------------------|--|----------------------|------------------------------------|--|---|
| UAB Saulės energijos projektai; Vilniaus m. Ozo g.10A; 302477633 | 4 280 646 | 1 545 186 | 2 392 858 | 5 442 085 | 1 161 439 | 2 970 212 | Power generation, transmission and distribution |
| UAB Sennergija; Vilniaus m. Ozo g.10A; 302850317 | (116 212) | (125 552) | - | (574 573) | (458 361) | - | Power generation, transmission and distribution |

As at 31 December 2014 and 2013, the Group had no branches or representative offices.

The average number of employees at the Group was 36 in 2014 (2013: 24 employees).

UAB Modus Energija

Company code: 302693613, Ozo g. 10A, LT-08200, Vilnius

Consolidated explanatory notes

(all amounts are in LTL unless otherwise stated)

ACCOUNTING PRINCIPLES

The Group prepares its financial statements in accordance with the Lithuanian regulatory legislation on accounting and financial reporting, and Business Accounting Standards.

The financial statements have been prepared on an assumption that the Group will be able to continue its operations in the foreseeable future.

The financial year of the Group coincides with the calendar year.

All amounts in these financial statements are presented in a local currency, the litas (LTL) (unless otherwise stated). With effect from 2 February 2002, the litas has been pegged with the euro at an exchange rate of LTL 3,4528 to EUR 1.

The principal accounting policies adopted in the preparation of the Group's financial statements are summarised below.

(a) Accounting principles of the Group

The subsidiaries, i.e. companies, in which the Group has more than half of voting shares or is able to control their activity and financial policy, are consolidated. The subsidiaries are consolidated from the date the Group acquires actual rights of control and they are no longer consolidated from the date these rights are transferred.

Investments in associated companies are presented using the equity method. Under the equity method, a part of operating result of the associated companies attributed to the parent company is accounted for in the income statement of the parent company. After the acquisition, the acquisition cost of investment is adjusted by the accumulated result. If a part of losses of the associated company attributed to the parent company is equal to or exceeds the acquisition cost of the investment, the parent company discontinues the recognition of losses, except when the parent company undertook to partially cover losses of the associated company or made other commitments. In this case, the commitment is registered in the balance sheet under provisions. The unrealised gains arising from transactions with associated companies are eliminated; the unrealised loss is also eliminated, except when it indicates an impairment of assets.

Transactions between the Group companies, residues and unrealised gains arising from transactions between the Group companies are eliminated; the unrealised loss is also eliminated, except when it indicates an impairment of assets.

Goodwill shows the amount by which the acquisition cost of net assets of the acquired associated or subsidiary company exceeds its fair value on the day of acquisition. The goodwill is amortised using the straight-line method during the economically beneficial period. Goodwill is amortised over a period of 5 years.

Negative goodwill shows the amount by which the fair value of net assets of the acquired associated or subsidiary company exceeded its acquisition cost on the day of acquisition. When negative goodwill is related to the losses and expenses of the future periods estimated at the time of acquisition, which can be reliably measured, this negative part of goodwill is accounted for in the income statement, when the aforementioned losses and expenses are recognised. The remaining part of negative goodwill, not exceeding the fair value of non-current non-monetary assets, is accounted for in the income statement during the remaining period of the useful life of assets. The part of negative goodwill exceeding the fair value of these assets is immediately recognised as income.

At each reporting date, the Group assesses, whether there are any indications of impairment of goodwill. If any such indication exists, the analysis is performed in order to assess the recoverable amount of goodwill. If the carrying amount exceeds the recoverable amount, the carrying amount of this asset is reduced to recoverable amount.

Consolidated explanatory notes

(all amounts are in LTL unless otherwise stated)

(b) Business combinations

Purchase method is applied for the accounting of acquirees. On the date of acquisition, the Group measures the acquired identified assets of another company and liabilities at fair value. On the date of acquisition, the difference between the acquisition cost and fair value of acquired net assets is considered as goodwill (negative goodwill). In the financial statements, goodwill (negative goodwill) is presented at its carrying amount, after the assessment of its amortisation and impairment losses. The goodwill (negative goodwill), related to consolidated subsidiaries in the consolidated financial statements is shown under intangible assets.

(c) Intangible assets

Intangible assets are stated at acquisition cost, less subsequent accumulated amortisation and impairment. Amortisation is calculated on a straight-line basis over the useful life of 3 years established for intangible assets. For the purpose of the income statement, amortisation expenses are included in operating expenses.

Items of assets with acquisition cost not lower than LTL 1 000 are classified as non-current intangible assets.

Costs associated with renewal and development of intangible assets incurred following the acquisition, are recognised as expenses as incurred, except for the cases when these costs can be measured reliably, they can be attributed to specific assets and the Group is able to determine reliably that these assets will generate higher economic benefits in the future. When all these criteria are met, these costs are added to the acquisition cost of intangible assets.

(d) Non-current tangible assets

Non-current tangible assets are stated at acquisition cost less subsequent accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over the useful lives established for non-current tangible assets. For the purpose of the income statement, depreciation expenses of non-current tangible assets are included in cost of sales and operating expenses.

The Group applies the following useful lives to its non-current tangible assets:

| | Year |
|---|-------------|
| Buildings and constructions | 35 |
| Plant and machinery | 5 |
| Vehicles | 6 |
| Other fixtures, fittings, tools and equipment | 3-12 |
| Other tangible assets | 4 |

Items of assets with an estimated useful life over 1 year and acquisition cost not lower than that specified below are recognised as non-current tangible assets:

| | Acquisition cost |
|---|-------------------------|
| Buildings and constructions | LTL 1 000 |
| Plant and machinery | LTL 500 |
| Vehicles | LTL 500 |
| Other fixtures, fittings, tools and equipment | LTL 250 |
| Other tangible assets | LTL 250 |

Other tangible assets include repair or reconstruction costs of leased assets, which improve the standard performance of these assets. These costs are recognised as expenses over the remaining lease term.

Consolidated explanatory notes

(all amounts are in LTL unless otherwise stated)

Current repair costs are expensed during the reporting period when expenditure is incurred. Repair costs are capitalised when the works performed improve the standard performance and extend the useful life of non-current tangible assets.

Gains or losses on disposal of non-current tangible assets are determined by reference to the proceeds from disposal less the carrying amount of the asset concerned and all the expenses related to such disposal. Upon the disposal of non-current tangible assets the result of the transaction is reported in the income statement.

(e) Impairment of non-financial assets

Assets that are subject to amortisation or depreciation (including goodwill) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and the value in use. For the purpose of assessing impairment, assets are grouped to the smallest groups for which largely independent cash inflows (cash generating units) can be identified.

(f) Finance lease – the Group as a lessee

Leases of non-current assets where the lessee takes over substantially all the risks and rewards of ownership are classified as finance leases. Non-current assets under finance lease are accounted for at an estimated present value of minimum lease payments. Lease payments, i.e. all minimum contractual lease payments net of interest charges, are included in liabilities. Each lease payment is allocated between the liability and interest charges so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. The interest element of the lease payment is charged to the income statement over the lease period. The non-current tangible assets acquired under finance leases are depreciated over the useful life of the asset.

(g) Inventories

Inventories are stated at the lower of acquisition (production) cost or net realisable value. The cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and possible selling expenses. The cost of inventories comprises purchase price, customs duties, transportation costs and other costs attributable to the acquisition of inventories.

(h) Financial assets and financial liabilities

Financial assets include cash and cash equivalents, amounts receivable and investments in associates. Financial assets are recorded when the Group receives or obtains a contractual right to receive cash or any other financial assets. Amounts receivable are stated at acquisition cost, less impairment loss. Cash and cash equivalents are stated at acquisition cost. When it is probable that the Group will not be able to recover the amounts receivable, the impairment loss is recognised, which is determined as the difference between the carrying amount of the assets and the present value of future cash flows discounted using the effective interest rate.

Financial liabilities include amounts payable for goods and services received and finance lease liabilities. Financial liabilities are recorded when the Group assumes a commitment to pay cash or any other financial assets. Amounts payable for goods and services received are stated at acquisition cost.

(i) Provisions

Provisions are recognised as liabilities when the Group has a legal obligation or irrevocable commitment as a result of past events, it is probable that an outflow of resources will be required to settle the obligation or irrevocable commitment, and a reliable estimate of the amount of liabilities can be made.

Consolidated explanatory notes
(all amounts are in LTL unless otherwise stated)

(j) Foreign currencies

All currency items in the balance sheet are estimated in the litas using the exchange rate prevailing at the balance sheet date. Assets purchased for foreign currency and accounted for in the balance sheet at the acquisition cost are estimated in the litas using the exchange rate prevailing at the date of the transaction. Foreign currency transactions are stated in the litas using the exchange rate prevailing at the date of the transaction. Differences resulting from the settlement of amounts recorded in foreign currencies at different exchange rates are recognised as income or expenses of the reporting period.

(k) Sales

Revenue from sales is recognised on an accrual basis. Revenue is measured at fair value, taking account of discounts granted and expected. Revenue from sale of services is recognised when services have been rendered and a reliable estimate of the amount of revenue can be made.

(l) Cost of sales and operating expenses

Expenses are recognised on an accrual basis and following the matching principle during the reporting period when income related to such expenses is earned. Expenses incurred during the reporting period, which cannot be attributed directly to specific income earned and which will not generate any income in subsequent reporting periods, are recognised as expenses during the period when incurred.

(m) Lease – the Group as a lessee

Lease payments are charged to the income statement on a straight-line basis over the period of the lease.

(n) Income tax

Profit is subject to income tax at a rate of 15 per cent in accordance with the tax laws of the Republic of Lithuania.

Deferred income tax is recognised using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised on all temporary differences to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

(o) Cash flow statement

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and at bank. Interest received on cash balances in current bank accounts is attributed to investing activities. Dividends paid are attributed to financing activities.

(p) Intercompany offsetting

Amounts receivable and amounts payable are offset with the same third party when there are sufficient legal grounds for that purpose.

Consolidated explanatory notes

(all amounts are in LTL unless otherwise stated)

FINANCIAL RISK MANAGEMENT

When performing its activities, the Group is exposed to a variety of financial risks. Risk management is conducted by the board. The principles for management of risks of general and specific nature, such as credit risk, foreign exchange risk, liquidity risk and interest rate risk, have not yet been prepared in writing.

The Group applies the following key financial risk management procedures in its activities:

Credit risk

The Group has no significant concentration of credit risk. Credit risks or the risks of counterparties defaulting, are controlled by the application of credit terms and monitoring procedures.

Foreign exchange risk

The Group has no significant concentration of foreign exchange risk, because the major portion of settlements are conducted in the litas (LTL).

Liquidity risk

A conservative approach to liquidity risk management allows maintaining sufficient amounts of cash and cash equivalents to cover planned expenses. The Group performs short-term cash flow forecasts.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. The distribution between fixed rate and variable rate instruments depends on actual situation in the market.

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 1: SALES INCOME

| Items | Financial year | Previous financial year |
|----------------|-------------------|-------------------------|
| Subcontracting | 5 895 465 | 11 068 819 |
| Energy | 20 285 569 | 13 309 461 |
| Sale of buses | - | 1 585 181 |
| Other | 672 435 | 240 272 |
| TOTAL: | 26 853 469 | 26 203 733 |

NOTE 2: COST OF SALES

| Items | Financial year | Previous financial year |
|--|-------------------|-------------------------|
| Cost of subcontracting | 4 582 799 | 9 090 018 |
| Cost of energy | 12 997 550 | 9 565 172 |
| Cost of sales of buses | - | 1 358 833 |
| Remuneration, social insurance contributions | 867 863 | 344 722 |
| Other | 571 700 | 168 780 |
| TOTAL: | 19 019 912 | 20 527 525 |

NOTE 3: OPERATING EXPENSES

| Items | Financial year | Previous financial year |
|--|------------------|-------------------------|
| Sales expenses: | 332 655 | 464 035 |
| Repairs of equipment and vehicles | 65 170 | 196 719 |
| Legal and other consultations | 16 825 | 180 204 |
| Other | 250 660 | 87 112 |
| General and administrative expenses: | 3 681 237 | 3 620 847 |
| Rent | 159 758 | 19 771 |
| Repair and maintenance | 67 171 | 3 300 |
| Insurance | 43 901 | 59 233 |
| Remuneration of employees and related expenses | 343 353 | 414 984 |
| Depreciation and amortisation | 1 716 203 | 1 720 279 |
| Audit | 70 000 | 50 000 |
| Legal consultations and management fees | 824 844 | 787 056 |
| Taxes | 118 | 4 504 |
| Other | 455 889 | 561 719 |
| TOTAL: | 4 013 892 | 4 084 882 |

NOTE 4: OTHER ACTIVITIES

| Items | Financial year | Previous financial year |
|--|----------------|-------------------------|
| a) INCOME FROM OTHER ACTIVITIES | 46 282 | 4 973 |
| Gain on disposal of non-current assets | - | - |
| Other income | 46 282 | 4 973 |
| b) EXPENSES OF OTHER ACTIVITIES | - | 6 031 |
| Loss on disposal of non-current assets | - | - |
| Other non-ordinary activities expenses | - | 6 031 |
| c) RESULT FROM OTHER ACTIVITIES (a - b) | 46 282 | (1 058) |

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 5: RESULTS FROM FINANCING AND INVESTING ACTIVITIES

| Items | Financial year | Previous financial year |
|--|--------------------|-------------------------|
| a) INCOME FROM FINANCING AND INVESTING ACTIVITIES | 990 244 | 1 608 837 |
| Income from currency exchange rate fluctuations | 4 204 | - |
| Interest income | 389 511 | 406 331 |
| Delinquency charges and fines received | - | 309 455 |
| Income of investment value increase | 580 603 | 883 673 |
| Other | 15 926 | 9 378 |
| b) EXPENSES OF FINANCING AND INVESTING ACTIVITIES | 2 291 701 | 1 437 805 |
| Expenses of currency exchange rate fluctuations | 66 | 3 799 |
| Interest expenses | 2 185 605 | 1 283 305 |
| Delinquency charges and fines paid | 28 282 | 96 595 |
| Other | 77 748 | 54 106 |
| c) RESULT FROM FINANCING AND INVESTING ACTIVITIES (a - b) | (1 301 457) | 171 033 |

NOTE 6: INCOME TAX AND DEFERRED INCOME TAX

The following items were used for calculation of deferred income tax:

| Items | Difference between tax base and carrying amount | | Deferred tax assets (liabilities) | |
|--|---|-------------------------|-----------------------------------|-------------------------|
| | Financial year | Previous financial year | Financial year | Previous financial year |
| Accumulated social insurance out of vacation reserve | 34 272 | 29 003 | 5 141 | 4 350 |
| Difference between tax base and carrying amount of non-current tangible assets | 1 461 173 | 3 782 589 | 219 176 | 567 388 |
| Incentive for investments into non-current tangible assets | 4 006 971 | 7 085 270 | 601 046 | 1 062 791 |
| Tax losses | 3 321 852 | 4 985 313 | 498 278 | 747 798 |
| TOTAL: | 8 824 268 | 15 882 176 | 1 323 640 | 2 382 327 |

Deferred income tax was calculated using income tax rate of 15%.

Movement of deferred tax assets (liabilities):

| | |
|---|------------------|
| Deferred tax assets (liabilities) of the previous reporting period | 2 382 327 |
| Acquired deferred tax assets (UAB Lenergija) | 142 841 |
| Change in deferred tax | (1 201 528) |
| Deferred tax assets (liabilities) of the reporting period | 1 323 640 |

Income tax income / (expense) in the income statement comprises as follows:

| Items | Financial year | Previous financial year |
|--|--------------------|-------------------------|
| Income tax (expense) of the reporting period | - | (867 014) |
| Deferred tax income / (expenses) | (1 201 528) | 1 500 937 |
| TOTAL: | (1 201 528) | 633 923 |

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 7: INTANGIBLE ASSETS

| Items | Goodwill | Software | Other intangible assets | Total |
|---|------------------|--------------|-------------------------|------------------|
| Balance at the end of the previous financial year | 6 773 561 | 765 | 11 887 | 6 786 213 |
| a) Non-current intangible assets at acquisition cost | | | | |
| At the end of the previous financial year | 8 510 834 | 1 303 | 12 400 | 8 524 537 |
| Changes during the financial year: | | | | - |
| - acquisition of subsidiaries | 136 409 | - | - | 136 409 |
| - additions | - | - | 7 000 | 7 000 |
| - reversals (-) | - | - | - | - |
| - disposals to other persons and write-offs (-) | - | - | - | - |
| - reclassified from/to +/-(-) | - | - | - | - |
| At the end of the financial year | 8 647 243 | 1 303 | 19 400 | 8 667 946 |
| b) Amortisation | | | | |
| At the end of the previous financial year | 1 737 273 | 538 | 513 | 1 738 324 |
| Changes during the financial year: | | | | |
| - amortisation charge for the year | 1 702 167 | 539 | 4 372 | 1 707 078 |
| - reversals (-) | - | - | - | - |
| - amortisation of disposals to other persons and write-offs (-) | - | - | - | - |
| - reclassified from/to +/-(-) | - | - | - | - |
| At the end of the financial year | 3 439 440 | 1 077 | 4 885 | 3 445 402 |
| c) Impairment | | | | |
| At the end of the previous financial year | - | - | - | - |
| Changes during the financial year: | | | | |
| - impairment charge for the year | - | - | - | - |
| - reversals (-) | - | - | - | - |
| - disposals to other persons and write-offs (-) | - | - | - | - |
| - reclassified from/to +/-(-) | - | - | - | - |
| At the end of the financial year | - | - | - | - |
| d) Balance at the end of the financial year (a)-(b)-(c) | 5 207 803 | 226 | 14 515 | 5 222 544 |

As at 31 December 2014, the acquisition cost of fully amortised non-current intangible assets still in use amounted to LTL 2 070 (31 December 2013: LTL 2 070).

Increase of goodwill by LTL 136 thousand is related to acquisition of the shares of subsidiary UAB Fotona. The carrying amount of goodwill as at 31 December 2014 is related to the subsidiary UAB Autoidėja (LTL 4 440 thousand) and other subsidiaries (LTL 767 thousand).

The Group's management assessed the recoverable amount of the goodwill related to the subsidiary UAB Autoidėja applying the discount rate of 7,5%. Based on this assessment, no impairment was indicated. No impairment was identified for goodwill related to other subsidiaries.

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 8: NON-CURRENT TANGIBLE ASSETS

| Items | Land | Plant and machinery | Vehicles | Other fixtures, fittings, tools and equipment | Construction in progress | Other tangible assets | Total |
|--|---------------|---------------------|----------|---|--------------------------|-----------------------|-------------------|
| Balance at the end of the previous financial year | 40 000 | - | 2 | 20 757 501 | 8 645 004 | 4 921 | 29 447 428 |
| a) Acquisition cost | | | | | | | |
| At the end of the previous financial year | 40 000 | - | 2 | 22 163 186 | 8 645 004 | 8 427 | 30 856 619 |
| Changes during the financial year: | | | | | | | |
| - acquisition of subsidiaries | - | - | - | 2 247 | 2 614 755 | - | 2 617 002 |
| - additions | - | 370 000 | - | 876 876 | 3 901 926 | 4 981 | 5 153 783 |
| - reversals (-) | - | - | - | - | - | - | - |
| - disposals to other persons and write-offs (-) | - | - | - | - | - | - | - |
| - reclassified from/to +/- | - | - | - | 11 237 212 | (11 237 212) | - | - |
| At the end of the financial year | 40 000 | 370 000 | 2 | 34 279 521 | 3 924 473 | 13 408 | 38 627 404 |
| b) Revaluation | | | | | | | |
| At the end of the previous financial year | - | - | - | - | - | - | - |
| Changes during the financial year: | | | | | | | |
| - increase (decrease) in value +/- | - | - | - | - | - | - | - |
| - disposals to other persons and write-offs (-) | - | - | - | - | - | - | - |
| - reclassified from/to +/- | - | - | - | - | - | - | - |
| At the end of the financial year | - | - | - | - | - | - | - |
| c) Depreciation | | | | | | | |
| At the end of the previous financial year | - | - | - | 1 405 685 | - | 3 506 | 1 409 191 |
| Changes during the financial year: | | | | | | | |
| - depreciation charge for the year | - | 61 667 | - | 2 459 679 | - | 4 083 | 2 525 429 |
| - reversals (-) | - | - | - | - | - | - | - |
| - depreciation of disposals to other persons and write-offs (-) | - | - | - | - | - | - | - |
| - reclassified from/to +/- | - | - | - | - | - | - | - |
| At the end of the financial year | - | 61 667 | - | 3 865 364 | - | 7 589 | 3 934 620 |
| d) Impairment | | | | | | | |
| At the end of the previous financial year | - | - | - | - | - | - | - |
| Changes during the financial year: | | | | | | | |
| - disposals to other persons and write-offs (-) | - | - | - | - | - | - | - |
| - reclassified from/to +/- | - | - | - | - | - | - | - |
| At the end of the financial year | - | - | - | - | - | - | - |
| e) Balance at the end of the financial year (a)+(b)-(c)-(d) | 40 000 | 308 333 | 2 | 30 414 157 | 3 924 473 | 5 819 | 34 692 784 |

The Group's management assessed the recoverable amount of tangible assets applying an average discount rate of 7%. Based on this assessment, no impairment was identified.

As at 31 December 2014, the acquisition cost of fully depreciated non-current tangible assets still in use amounted to LTL 30 105 (31 December 2013: LTL 25 811). The specification of these assets is disclosed in the table below:

| Asset group name | Financial year | Previous financial year |
|---|----------------|-------------------------|
| Other fixtures, fittings, tools and equipment | 30 105 | 25 811 |
| TOTAL: | 30 105 | 25 811 |

The Group leases equipment. As at 31 December 2014, the carrying amount of leased assets was LTL 308 333 (31 December 2013: none).

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 9: INVESTMENTS IN ASSOCIATES

The list of associates is presented in the General Information part.

NOTE 10: INVENTORIES

| | Goods for resale | Work in progress | Total |
|---|------------------|------------------|-----------|
| a) Acquisition cost of inventories | | | |
| At the end of the previous financial year | 1 424 094 | 24 418 | 1 448 512 |
| At the end of the financial year | 1 798 243 | 84 606 | 1 882 849 |
| b) Write-down to net realisable value (reversal) | | | |
| At the end of the previous financial year | - | - | - |
| At the end of the financial year | - | - | - |

NOTE 11: AMOUNTS RECEIVABLE WITHIN ONE YEAR

| | Financial year | Previous financial year |
|--|------------------|-------------------------|
| Trade receivables (acquisition cost): | 2 736 646 | 2 513 899 |
| Impairment allowance for receivables | - | - |
| Trade receivables (net): | 2 736 646 | 2 513 899 |
| Amounts receivable from related companies | 264 808 | 735 432 |
| OTHER RECEIVABLES: | 6 435 628 | 11 880 327 |
| Receivable VAT | 168 099 | 2 148 113 |
| Budget debt | 567 388 | 640 252 |
| Loans granted, whereof: | 4 931 663 | 6 328 915 |
| <i>To related companies (Note 16)</i> | 4 931 663 | 5 678 915 |
| Amounts receivable from finance leases and other | 768 478 | 2 763 047 |
| TOTAL: | 9 437 082 | 15 129 658 |

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 12: STRUCTURE OF THE AUTHORISED CAPITAL

| Items | Number of shares | Amount |
|--|------------------|------------------|
| Structure of the authorised capital at the end of the financial year | | |
| 1. As to type of shares | | |
| 1.1. Ordinary shares | 3 300 002 | 3 300 002 |
| 1.2. Preferred shares | - | - |
| 1.3. Employees' shares | - | - |
| 1.4. Special shares | - | - |
| 1.5. Other shares | - | - |
| TOTAL: | 3 300 002 | 3 300 002 |
| 2. Capital owned by the state or municipalities | - | - |
| Shares owned by the company | - | - |
| Shares owned by subsidiaries | - | - |

All the shares issued by the Company are fully paid. The nominal value per share is LTL 1. In 2013, the Company's authorised capital was increased by issuing 3 290 002 ordinary uncertificated registered shares with the nominal value of LTL 1 each. The authorised share capital was increased by contributing 100% of UAB Tvari Energija, UAB Autoidėja, UAB Erengie Group shares. As at 31 December 2014 and 2013, the Company's authorised share capital amounted to LTL 3 300 002, divided into 3 300 002 ordinary registered shares with the nominal value of LTL 1 each.

NOTE 13: RESERVES

Legal reserve

The legal reserve is formed from profit for appropriation in accordance with the Law on Companies of the Republic of Lithuania. Annual transfers of 5 per cent of net profit are required until the reserve reaches 10 per cent of the authorised share capital. The legal reserve may be used to cover the Company's losses only. A part of the legal reserve in excess of 10 per cent of the authorised share capital may be redistributed when appropriation of profit for the next financial year is performed.

NOTE 14: DRAFT APPROPRIATION OF PROFIT

| Items | Amount |
|--|------------------|
| Retained earnings (losses) of the previous financial year at the end of the financial year | 6 562 482 |
| Net result – profit (loss) – for the financial year | 1 389 642 |
| Profit (loss) not recognised in the income statement | - |
| Result – profit (loss) – to be distributed at the end of the financial year | 7 952 124 |
| Shareholders' contributions against losses | - |
| Transfers from reserves | - |
| Total profit (loss) for distribution | 7 952 124 |
| Profit distribution: | |
| - to legal reserves | - |
| - to other reserves | - |
| - dividends | - |
| - other | - |
| Retained earnings – profit (loss) – at the end of the financial year | 7 952 124 |

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 15: STATE OF LIABILITIES OF THE GROUP
31 December 2014

| Items | Amounts or parts of amounts payable | | |
|--|-------------------------------------|---|------------------|
| | During the financial year | After one year but not more than five years | After five years |
| Financial debts: | 4 688 420 | 29 878 687 | - |
| 1. The present value of minimum lease payments | 197 616 | 180 687 | - |
| 2. To credit institutions | 3 877 661 | 19 158 530 | - |
| 3. Other financial debts, whereof: | 613 143 | 10 539 470 | - |
| <i>To related companies (Note 16)</i> | <i>613 143</i> | <i>7 817 959</i> | |
| Other debts: | 11 040 501 | - | - |
| 1. Trade payables, whereof: | 5 165 538 | - | - |
| <i>To related companies (Note 16)</i> | <i>1 862 181</i> | - | - |
| 2. Received prepayments, whereof: | 4 895 838 | - | - |
| <i>Related companies (Note 16)</i> | <i>4 880 637</i> | | |
| 3. Income tax liabilities | 289 313 | - | - |
| 4. Employment-related liabilities | 163 711 | - | - |
| 5. Other amounts payable, whereof: | 526 101 | - | - |
| 5.1 Accrued costs | 52 597 | - | - |
| 5.2 VAT payable | 410 439 | - | - |
| 5.5 Other | 63 065 | - | - |
| TOTAL: | 15 728 921 | 29 878 687 | - |

Financial debts

In 2014 and 2013 the Group companies have loan agreements with the banks Swedbank, AB and AB DNB Bankas, and with other related parties (Note 16). Debt liabilities fulfilment was ensured by mortgaging current and future funds in bank accounts, biogas plant with the carrying amount of LTL 2 637 812 (31 December 2013: LTL 2 868 923), solar power plants with the carrying amount of LTL 11 060 158 (31 December 2013: LTL 12 182 852), lease rights of part of lands.

Also, the Group has three convertible bond issues. The first emission of convertible bonds was purchased by KÜB Verslo Angelų Fondas I, maturity date – 30 September 2016. The second emission of convertible bonds was purchased by KÜB Verslo Angelų Fondas I and UAB Statybiniai Projektai, bond redemption term from 01/01/2016 to 01/01/2019. The third emission was acquired by KÜB Practica Venture Capital, maturity – 2019.

In 2014 and 2013 the Group has lease agreements with UAB Swedbank Lizingas for acquisition of non-current assets. The carrying amount of leased assets as at 31 December 2014 was LTL 308 333.

31 December 2013

| Items | Amounts or parts of amounts payable | | |
|--|-------------------------------------|---|------------------|
| | During the financial year | After one year but not more than five years | After five years |
| Financial debts: | 5 682 937 | 34 918 891 | - |
| 1. The present value of minimum lease payments | 650 458 | 145 460 | - |
| 2. To credit institutions | 2 647 558 | 23 837 317 | - |
| 3. Other financial debts, whereof: | 2 384 921 | 10 936 114 | - |
| <i>To related companies (Note 16)</i> | <i>2 384 921</i> | <i>10 586 114</i> | - |
| Other debts: | 11 415 412 | - | - |
| 1. Trade payables | 6 052 181 | - | - |
| <i>To related companies (Note 16)</i> | <i>2 051 223</i> | - | - |
| 2. Received prepayments, whereof: | 2 060 595 | - | - |
| <i>Related companies (Note 16)</i> | <i>2 026 687</i> | - | - |
| 3. Income tax liabilities | 624 511 | - | - |
| 4. Employment-related liabilities | 189 842 | - | - |
| 5. Other amounts payable, whereof: | 1 178 365 | - | - |
| 5.1 Accrued costs | 261 061 | - | - |
| 5.2 VAT payable | 903 918 | - | - |
| 5.5 Other | 13 386 | - | - |
| TOTAL: | 15 788 432 | 34 918 891 | - |

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 16: FINANCIAL RELATIONS WITH THE GROUP MANAGEMENT AND OTHER RELATED PARTIES

The related parties of the Group include:

Board members and management;

The ultimate parent company MG NL Holding B.V.;

Parent company UAB Modus Grupė;

Other related parties include other group companies of UAB Modus Grupė, MG NL Holding BV shareholder, his family members and companies controlled by them.

Other related natural persons are MG NL Holding BV shareholder and his family members.

Financial relations with the Company's management

| Items | Financial year | Previous financial year |
|---|----------------|-------------------------|
| Work payments paid to the related natural persons, including social insurance | - | - |
| Value of assets transferred or services provided to the related natural persons at no consideration | - | - |
| Balance of advances paid and loans granted to management | - | - |
| Guarantees issued on behalf of management and other contingent liabilities | - | - |
| Average number of the management members per year | 4 | 4 |

Directors comprise the management of the Company.

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

**NOTE 16: FINANCIAL RELATIONS WITH THE GROUP MANAGEMENT AND OTHER RELATED PARTIES
(CONTINUED)**

Financial relations with other related parties

| Items | Financial year | Previous financial year | Financial year | Previous financial year |
|-------|----------------|-------------------------|----------------|-------------------------|
|-------|----------------|-------------------------|----------------|-------------------------|

| Sales and amounts receivable | <i>Sales</i> | | <i>Amounts receivable and prepayments made</i> | |
|------------------------------|------------------|------------------|--|----------------|
| Associated companies | 3 251 797 | 4 481 519 | - | - |
| Other related parties | 54 284 | 3 086 060 | 201 427 | 735 432 |
| TOTAL: | 3 306 081 | 7 567 579 | 201 427 | 735 432 |

| Purchases and amounts payable | <i>Purchases</i> | | <i>Amounts payable and received prepayments</i> | |
|-------------------------------|------------------|------------------|---|------------------|
| Associated companies | 171 290 | 994 005 | 1 167 146 | 3 333 485 |
| Other related parties | 1 062 149 | 798 453 | 5 575 665 | 744 424 |
| Other related natural persons | - | - | - | - |
| TOTAL: | 1 233 439 | 1 792 458 | 6 742 818 | 4 077 917 |

| Interest income and loans granted | <i>Interest income</i> | | <i>Receivable loans and interest</i> | |
|-----------------------------------|------------------------|----------------|--------------------------------------|------------------|
| Associated companies | 142 813 | 28 628 | 1 978 394 | 2 041 361 |
| Other related parties | 138 427 | 84 410 | 3 224 530 | 4 483 454 |
| TOTAL: | 281 240 | 113 038 | 5 202 931 | 6 524 822 |

| Interest expenses and received loans | <i>Interest expenses</i> | | <i>Payable loans and interest</i> | |
|--------------------------------------|--------------------------|----------------|-----------------------------------|-------------------|
| Parent company | 424 000 | - | 7 087 999 | - |
| Associated companies | - | 238 | - | - |
| Other related parties | 253 121 | 651 911 | 1 112 945 | 12 754 031 |
| Other related natural persons | 10 373 | - | 230 158 | 217 004 |
| TOTAL: | 687 494 | 652 149 | 8 431 102 | 12 971 039 |

Change in loans granted during 2014: granted loans – LTL 0, recovered loans – LTL 1 603 131.
Change in loans granted during 2013: granted loans – LTL 7 137 985, recovered loans – LTL 517 424.
The maturity of loans granted: 2015–2016.

Change in loans received during 2014: received loans – LTL 0, repaid loans – LTL 5 227 431.
Change in loans received during 2013: received loans – LTL 11 151 153, repaid loans – LTL 14 442 598.
The maturity of loans received: 2015–2016.

The Group guarantees for the bank loans of related parties, the balance of which amounted to LTL 5 165 thousand as at 31 December 2014 (31 December 2013: LTL 5 699 thousand).

Explanatory notes (continued)
(all amounts are in LTL unless otherwise stated)

NOTE 17: BUSINESS ACQUISITIONS

In 2014 UAB Modus Energija acquired 100% of UAB Fotona shares. The net asset value as at the date of acquisition was LTL (126 409), resulting goodwill – LTL 136 409. The initial date of accounting of UAB Fotona in the Company's consolidated financial statements is 31 December 2014. As UAB Fotona controls UAB Lenergija, as of 31 December 2014 UAB Lenergija is a secondary subsidiary of UAB Modus Energija.

Companies acquired by UAB Modus Energija in 2013:

| Acquired subsidiary | Controlled share | Net asset value at the acquisition date | Acquisition cost | Resulting goodwill |
|-----------------------|------------------|---|------------------|--------------------|
| UAB Autoidėja | 100% | (4 110 806) | 3 290 000 | 7 400 806 |
| UAB Intergates | 100% | (67 553) | 10 000 | 77 553 |
| UAB Tvari Energija | 100% | (66 362) | 1 | 66 363 |
| UAB Erengie Group | 100% | (136 685) | 1 | 136 686 |
| UAB Baltic Sun Energy | 69% | 612 234 | 1 090 600 | 478 366 |
| TOTAL: | | (3 769 172) | 4 390 602 | 8 159 774 |

In 2013, UAB Modus Energija acquired 100% of UAB Intergates shares, which controlled 30,7% of UAB Baltic Sun Energy shares. In 2012 UAB Modus Energija acquired 38,6% of UAB Baltic Sun Energy shares and became the controlling company of UAB Baltic Sun Energy.

The goodwill resulting from business combinations in 2012 amounted to LTL 351 060.

NOTE 18: SUBSEQUENT EVENTS

On 1 January 2015 the Republic of Lithuania joined the euro zone and the Lithuanian national currency litas was replaced by the euro. As a result, Group companies converted their financial accounting to euros as from 1 January 2015 and the financial statements for subsequent years will be prepared and presented in euros. Future comparative information of financial statements will be translated into euros using the official exchange rate of LTL 3,4528 to EUR 1.

There were no other events subsequent to the balance sheet date, the non-disclosure of which might have significant impact on the ability of users of the Group's financial statements to take decisions.

NOTE 19: GOING CONCERN

As at 31 December 2014 the current liabilities of the Group exceeded the current assets by LTL 2 493 thousand. The financial statements of the Group were prepared under the going concern basis because the management of the Group plans to earn enough profit to cover the current liabilities during 2015.

Nikolaj Martyniuk
Director

Neringa Glodenyte
UAB IMG Numeri accountant-consultant

Approved on _____ 2015
At the Board meeting

UAB MODUS ENERGIJA
CONSOLIDATED ANNUAL REPORT
FOR THE YEAR 2014

GENERAL INFORMATION ABOUT THE COMPANY:

| | |
|---|--|
| Name | UAB Modus Energija |
| Legal form | Limited liability joint stock company |
| Code | 302693613 |
| VAT payer's code | LT100007287817 |
| Authorised capital | LTL 3 300 002, divided into 3 300 002 ordinary registered shares with the par value of LTL 1 |
| Registered address | Ozo g. 10 a, LT-08200 Vilnius |
| Telephone | (8 5) 2356080 |
| Fax | (8 5) 2356089 |
| E-mail | info@modusgroup.lt |
| Website | www.modusgroup.lt |
| Date and place of registration | 1 December 2011, State Enterprise Centre of Registers, Vilnius branch |
| Register where the data about the company is collected and stored | Register of Legal Entities |
| Type of main activities | Consulting on business management and financial advisory |

1. OBJECTIVE OVERVIEW OF THE COMPANY GROUP'S POSITION, ACTIVITY AND DEVELOPMENT, CHARACTERISATION OF THE MAIN TYPES OF RISKS AND UNCERTAINTIES FACED BY THE COMPANY

Priority fields of activity of the company group:

The Group consists of the Company and its 63 subsidiaries (31 December 2013: 176), 3 associated companies (31 December 2013: 3), 2 secondary subsidiaries (31 December 2013: 1), 2 associated companies controlled through secondary subsidiaries (31 December 2013: 2).

Activities of UAB Modus Energija – consulting on business management and other issues.

UAB Autoidėja is engaged in wholesale and retail trade of natural gas, power and heating generation.

The priorities of UAB Renvia are organization of construction of solar power plants and biogas power plants, supply of various equipment for solar and biogas power plants.

53 Group companies are engaged in civil engineering construction, 2 companies provide business and other advisory services, 8 are engaged in power generation, transmission and distribution, 2 are engaged in agricultural activities, 3 Group companies specialise in other activities.

In 2014, revenue from sales of the company group amounted to LTL 26 853 469. Revenue from sales comprises the following:

1. 75,54% energy sales;
2. 21,95% subcontracting and intermediation sales;
3. 2,5% other sales.

Main risks faced by the company:

1. Introduction of new taxes related to activities of the companies, or increase in effective tax rates.
2. Certain risks is faced due to skilled labour shortages.
3. Decisions of state authorities related to restrictions on the development of alternative energy.
4. Potential sudden inflation or general deterioration of the country's economic conditions, which might have an impact on the demand and price of cars.
5. Main operational risks include amendments to legislation related to advisory and accounting services.

2. THE ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS, INFORMATION RELATED TO THE ENVIRONMENTAL AND PERSONNEL MATTERS

Indicators characterising the operation of the company group

| Indicator | 2014 | 2013 |
|--|--------|--------|
| Gross profitability = gross profit/sales | 29,17% | 21,66% |
| Net profitability = net profit/sales | 5,17% | 8,30% |
| Debt ratio = liabilities/total assets | 0,79 | 0,82 |
| Asset's turnover = sales/total assets | 0,46 | 0,42 |
| Current ratio = current assets/current liabilities | 0,84 | 1,24 |

EMPLOYEES

In 2014, the Group had 36 employees on average (2013: 24 employees).

ENVIRONMENTAL PROTECTION

The activities of the Group companies are not subject to any specific environmental requirements.

3. REFERENCES AND ADDITIONAL EXPLANATIONS ABOUT THE INFORMATION PRESENTED IN THE ANNUAL FINANCIAL STATEMENTS

The information presented in the annual financial statements and explanatory notes is adequate, complete and does not require additional explanations.

4. IMPORTANT EVENTS AFTER THE END OF THE PREVIOUS FINANCIAL YEAR

After the end of the financial year until the date of approval of the annual report, there were no material events at the Company.

5. OPERATING PLANS AND FORECASTS OF THE COMPANY GROUP'S ACTIVITY

Sales of consolidated companies are expected to reach LTL 25 million in 2015.

In 2015, revenue from solar power is expected to be around LTL 5 million, revenue from sales of biogas is forecasted to reach LTL 17 million, and CNG gas project will generate LTL 3 million.

6. INFORMATION ABOUT THE RESEARCH AND DEVELOPMENT ACTIVITY OF THE COMPANY GROUP

To justify the projects carried out by the company group, market researches are performed. Annual budget of research is not established, the research is carried out when necessary.

7. THE NUMBER AND NOMINAL VALUE OF THE SHARES OF THE PARENT COMPANY CONTROLLED BY THE COMPANY ITSELF, ITS SUBSIDIARIES OR OTHER PERSONS AUTHORISED BUT ACTING ON THEIR OWN BEHALF

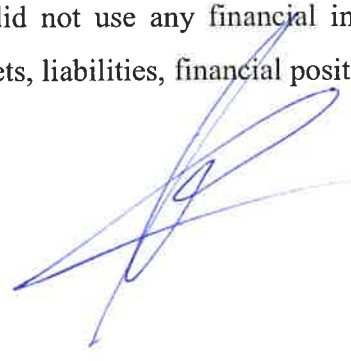
The Company has no own shares.

8. THE FINANCIAL INSTRUMENTS USED BY THE COMPANY GROUP AFFECTING THE EVALUATION OF THE GROUP'S ASSETS, EQUITY, LIABILITIES, FINANCIAL POSITION AND PERFORMANCE RESULTS

The Group companies did not use any financial instruments, which are important to the evaluation of the company's assets, liabilities, financial position and performance results.

Director

Nikolaj Martyniuk



2015

date