

Modus Energija, AB

Legal person code no. 302693613

Seated in Ozo str. 10A, Vilnius, Lithuania

Phone no. +370 5 235 6080, fax no. + 370 5 235 6089

Web page: <http://www.modusgroup.lt/verslo-sritys/energetika/>



COMPANY DESCRIPTION FOR  
EUR 1,723,000 NON PUBLIC OFFERING BOND ISSUE

Type of securities	Bonds
ISIN Code	LT0000431736
Number of securities	1,723
Nominal Value	1,000 EUR
Total Nominal Value of the Issue	1,723,000 EUR
Interest Rate	6% per annum
Maturity Date	20 April 2018
Issuing Agent	UAB FMĮ "Orion Securities"

2015

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## **1. INTRODUCTION**

This bond issue Company Description is prepared in accordance with:

- the Law on Companies of the Republic of Lithuania;
- Rules of First North in Lithuania, approved by board of NASDAQ OMX Vilnius as of 22 December 2014, minutes No 14-114.

## 2. USED DEFINITIONS AND ABBREVIATIONS

**Additional Premium** shall mean an additional amount (in addition to the predefined percentage of the Nominal Value and Interest) to be paid by the Issuer to the Bond Holder in case the Bonds are being redeemed prior to their Maturity Date by exercising a call option as defined in paragraph 6.5.8. of this Company Description.

**Business Day** shall mean a day on which credit institutions are generally open for business in the Republic of Lithuania and CSDL and TARGET2-LIETUVOS BANKAS systems are open for transactions.

**Bond** shall mean a transferable debt security representing the Issuer's secured and unsubordinated debt obligation that was issued and is redeemable in accordance with the Company Description and the Bond Subscription Agreement, and that is registered in the CSDL and held intangibly in the Bond Holder's securities account.

**Bond Holder** shall mean a private individual or a legal entity that is an owner of one or more Bonds and has a claim against the Issuer as stipulated by the legislation and according to the terms stated in the Company Description.

**Bond Holder Interest Representation and Collateral Agent Agreement** shall mean an agreement entered into by the Issuer and UAB FMĮ "Orion Securities", code of legal person 122033915, seated in A. Tumėno str. 4, Vilnius, Lithuania, on 17 April 2015, No. ME-20150417-1.

**Bond Subscription Agreement** shall mean an agreement entered into by Investor and Issuer during the period spanning from 9 March 2015 to 17 April 2015, based on which the Investors purchased Bonds from the Issuer and which together with other documents, shall constitute contractual documentation, governing relations of the Investors / Bond Holders and the Issuer with respect to the Bonds under possession by the said Bond Holder.

**Certified Advisor** shall mean UAB FMĮ "Orion Securities", code of legal person 122033915, seated in A. Tumėno str. 4, Vilnius, Lithuania, phone no. 0037052313833, with whom the Issuer has entered into agreement No. ORN-MOD20150601-1 on 4 June 2015 regarding certified advisor services to be provided to the Issuer in order to place the Bonds on the Relevant market

**Collateral Agent** shall mean UAB FMĮ "Orion Securities", code of legal person 122033915, seated in A. Tumėno str. 4, Vilnius, Lithuania, phone no. 0037052313833 who holds the Collateral in favour of the Bond Holders and performs other assignments stipulated in the Collateral Arrangement.

**Collateral Arrangement** shall mean the financial collateral arrangement on 1 683 001 ordinary shares of the Issuer, constituting 51% of Issuer's authorized capital, set out in favour of the Bond Holders.

**Collateral** shall mean an object of the Collateral Arrangement (a collateral) given as a security in the said transaction.

**Euro** and **EUR** shall mean the single currency of the participating Member States in accordance with the legislation of the European Community relating to Economic and Monetary Union.

**Event of Insolvency** shall mean, in respect of the Issuer, that (a) bankruptcy proceedings have been initiated against the Issuer and the relevant decision or ruling has come into force, and (or) an administrator has been appointed; (b) it fails to make any payments in accordance with this Company Description and bond subscription agreements and the respective payment is delayed for more than 5 (five) Business Days, (c) it submits application for its liquidation and/or a decision to liquidate it has been passed; (d) restructuring proceedings have been initiated against the Issuer and the relevant ruling has come into force.

**Interest** shall mean the interest on the Bonds calculated in accordance with Clause 6.4.

**Interest Calculation Date** (fixing date) shall mean 1st (first) Business Day before Interest Payment Date. On Interest Calculation Date CSDL, after request from the Issuer, will list Bond Holders, who will be eligible for Interest or redemption payments.

**Interest Payment Date** shall mean 20 July 2015, 20 October 2015, 20 January 2016, 20 April 2016, 20 July 2016, 20 October 2016, 20 January 2017, 20 April 2017, 20 July 2017, 20 October 2017, 20 January 2018 and Maturity date or, to the extent such day is not Business Day, the next Business Day following such date, when the Issues has to pay Interest for the Bonds. The first Interest Payment Date shall be 20 July 2015 and the last Interest Payment Date shall be the relevant redemption date.

**Interest Period** shall mean (a) in respect of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and (b) in respect of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

**Interest Rate** shall mean 6 per cent per annum.

**Investor** shall mean a private individual or a legal entity that has signed a Bonds Subscription Agreement and purchased for its own account one or more Bonds.

**ISIN Code** shall mean International Security Identification Number, which was allocated by the CSDL, which is LT0000431736.

**Issue** shall mean the aggregated whole of the Bonds granting identical rights, which were issued and will be redeemed pursuant to the procedure established in this Company Description and which carries the identical ISIN Code.

**Issue Date** shall mean 20 April 2015.

**Issuer** shall mean AB "Modus Energija", code of legal person 302693613, registered office Ozo str. 10A, phone number 0037052356080, fax number 0037052356089, homepage address [www.modusgroup.lt/verslo-](http://www.modusgroup.lt/verslo-)

sritys/energetika, date of incorporation 1 December 2011, acting in accordance with legislation of the Republic of Lithuania.

**Issuing Agent** shall mean UAB FMĮ "Orion Securities", code of legal person 122033915, seated in A. Tumėno str. 4, Vilnius, Lithuania, phone no. 0037052313833 which acted as an issuing agent of the Bonds for and on behalf of the Issuer, mediating the settlement terms and conditions for the Bonds. The Issuing Agent also acts as a mediator of the information and documents between the Issuer and the Investors / the Bond Holders and shall perform other duties provided in the Company Description and Bond Holder Interest Representation and Collateral Agent Agreement.

**CSDL** shall mean Central Securities Depository of Lithuania, PLC (Lith. *AB Lietuvos centrinis vertybinių popierių depozitoriumas*), code of legal person 110059343, address Lvovo str. 25, LT-09320 Vilnius, Lithuania.

**Maturity Date** shall mean 20 April 2018, on which the Issuer shall redeem all the Bonds issued.

**Nominal Value** shall mean face / par value of a Bond, which is EUR 1 000.

**Company Description** shall mean this document.

**Paying Agent** shall mean UAB FMĮ "Orion Securities", code of legal person 122033915, seated in A. Tumėno str. 4, Vilnius, Lithuania, phone no. 0037052313833 acting as paying agent of the Bonds for and on behalf of the Issuer, mediating the Bond issue-related payments.


**Relevant Market** shall mean the First North market operated by NASDAQ OMX Vilnius (<http://www.nasdaqomxbaltic.com/en/exchange-information/about-us/nasdaq-omx-vilnius-3/>).

**Subscription Period** shall mean period of time for Investors to sign the Bond Subscription Agreements, which started on 9 March 2015 and ended on 17 April 2015.

## **PERSONS RESPONSIBLE**

**The Issuer represented by its following employees:**

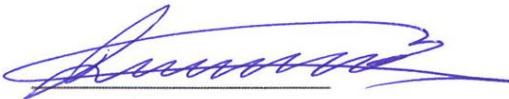
**Director (CEO):**



Director

Nikolaj Martyniuk

**Certified Advisor, represented by chief operating officer**



Ramūnas Baranauskas

shall be responsible for the authenticity and completeness of all the data presented in this Company Description.

The signatories certify that they have taken all reasonable care to ensure that such is the case, the information contained in the Company Description is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.



### 3. SUMMARY

<b>Section A – Introduction and warnings</b>		
<b>Respective element of the summary and/or the disclosure requirement</b>		<b>Information</b>
A.1	Warning to the Investors	<p>– this summary should be read as introduction to the Company Description;</p> <p>– any decision to invest in the Bonds should be based on consideration of the Company Description as a whole by the Investor.</p>

<b>Section B – Issuer</b>		
B.1	The legal and commercial name of the Issuer	AB "Modus Energija"
B.2	The domicile and legal form of the Issuer, the legislation under which the issuer operates and its country of incorporation	<p>Ozo str. 10A, Vilnius, Lithuania</p> <p>Legal form of the Issuer – public company, legal status – legal person</p> <p>The Issuer is registered in the Register of Legal Entities of the Republic of Lithuania with code of legal person 302693613.</p> <p>The main legislative acts under which the Issuer operates:</p> <ul style="list-style-type: none"> <li>- The Law on Companies of the Republic of Lithuania;</li> <li>- The Civil Code of the Republic of Lithuania;</li> </ul>
B.4b	A description of any known trends affecting the issuer and the industries in which it operates	No such events or trends have occurred, which would affect the Issuer and industries in which it operates.
B.5	The Issuer's participation in a group of companies	The Issuer is a subsidiary company of UAB "Modus Grupė". UAB "Modus Grupė" owns subsidiary companies engaging in car dealership, short-term car rental, real estate management, and renewable energy business

		segments.																																																																																																												
B.10	Description of qualifications in the audit report on the historical financial information	The Issuers auditor provided a report for financial information included in the annual report of 2013 containing qualification regarding auditor's disagreement with the Issuer on classification of a long-term loan. Full description of the qualification is provided in part 8.4 of the Company Description.																																																																																																												
B.12	Selected historical key financial information and any changes to it since the date of the last published audited financial statements	<p>The summary of key financial information of the issuer for years 2012, 2013 and 2014</p> <table border="1"> <thead> <tr> <th colspan="4"><b>Main financial indicators</b></th> </tr> <tr> <th colspan="4"><b>Income statement, kLTL</b></th> </tr> <tr> <th></th> <th><b>2012</b></th> <th><b>2013</b></th> <th><b>2014</b></th> </tr> </thead> <tbody> <tr> <td>Sales revenues</td> <td>20,490</td> <td>26,204</td> <td>26,853</td> </tr> <tr> <td>Gross profit</td> <td>6,246</td> <td>5,676</td> <td>7,834</td> </tr> <tr> <td>Operating profit</td> <td>5,709</td> <td>1,591</td> <td>3,820</td> </tr> <tr> <td>EBITDA profit*</td> <td>5,528</td> <td>6,040</td> <td>8,983</td> </tr> <tr> <td>Net profit</td> <td>4,388</td> <td>2,176</td> <td>1,390</td> </tr> <tr> <th colspan="4"><b>Balance sheet statement, kLTL</b></th> </tr> <tr> <th></th> <th><b>2012</b></th> <th><b>2013</b></th> <th><b>2014</b></th> </tr> <tr> <td>Non-current assets</td> <td>7,784</td> <td>42,165</td> <td>44,836</td> </tr> <tr> <td>Current assets</td> <td>4,405</td> <td>19,591</td> <td>13,236</td> </tr> <tr> <td>Shareholder equity</td> <td>4,397</td> <td>11,049</td> <td>12,420</td> </tr> <tr> <td>Non-current liabilities</td> <td>3,215</td> <td>34,919</td> <td>29,924</td> </tr> <tr> <td>of which financial debt**</td> <td>3,215</td> <td>34,919</td> <td>29,879</td> </tr> <tr> <td>Current liabilities</td> <td>4,577</td> <td>15,788</td> <td>15,729</td> </tr> <tr> <td>of which financial debt**</td> <td>1,952</td> <td>5,683</td> <td>4,688</td> </tr> <tr> <th colspan="4"><b>Profitability</b></th> </tr> <tr> <th></th> <th><b>2012</b></th> <th><b>2013</b></th> <th><b>2014</b></th> </tr> <tr> <td>Gross profit margin</td> <td>30.5%</td> <td>21.7%</td> <td>29.2%</td> </tr> <tr> <td>Operating profit margin</td> <td>27.9%</td> <td>6.1%</td> <td>14.2%</td> </tr> <tr> <td>EBITDA profit margin</td> <td>27.0%</td> <td>23.1%</td> <td>33.5%</td> </tr> <tr> <td>Net profit margin</td> <td>21.4%</td> <td>8.3%</td> <td>5.2%</td> </tr> <tr> <th colspan="4"><b>Capital structure</b></th> </tr> <tr> <th></th> <th><b>2012</b></th> <th><b>2013</b></th> <th><b>2014</b></th> </tr> <tr> <td>Financial debt** / Shareholder equity</td> <td>1.18</td> <td>3.67</td> <td>2.78</td> </tr> <tr> <td>Financial debt** / EBITDA</td> <td>0.93</td> <td>6.72</td> <td>3.85</td> </tr> </tbody> </table> <p>* - profit before income taxes, interest expenses, depreciation and amortization expenses  ** -Sum of all interest carrying liabilities</p> <p>The above financial information is extract from the audited financial statements for the years 2013 and 2014.</p> <p>There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements or description of any material adverse change.</p>	<b>Main financial indicators</b>				<b>Income statement, kLTL</b>					<b>2012</b>	<b>2013</b>	<b>2014</b>	Sales revenues	20,490	26,204	26,853	Gross profit	6,246	5,676	7,834	Operating profit	5,709	1,591	3,820	EBITDA profit*	5,528	6,040	8,983	Net profit	4,388	2,176	1,390	<b>Balance sheet statement, kLTL</b>					<b>2012</b>	<b>2013</b>	<b>2014</b>	Non-current assets	7,784	42,165	44,836	Current assets	4,405	19,591	13,236	Shareholder equity	4,397	11,049	12,420	Non-current liabilities	3,215	34,919	29,924	of which financial debt**	3,215	34,919	29,879	Current liabilities	4,577	15,788	15,729	of which financial debt**	1,952	5,683	4,688	<b>Profitability</b>					<b>2012</b>	<b>2013</b>	<b>2014</b>	Gross profit margin	30.5%	21.7%	29.2%	Operating profit margin	27.9%	6.1%	14.2%	EBITDA profit margin	27.0%	23.1%	33.5%	Net profit margin	21.4%	8.3%	5.2%	<b>Capital structure</b>					<b>2012</b>	<b>2013</b>	<b>2014</b>	Financial debt** / Shareholder equity	1.18	3.67	2.78	Financial debt** / EBITDA	0.93	6.72	3.85
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B.13	Events particular to the Issuer which are to a material extent	There is no information of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.																																																																																																												

	relevant to the evaluation of the Issuer's solvency	
B.14	The statement on independency upon other entities within the group	The Issuer is dependent upon other entities within the group. The Issuer is a subsidiary company of UAB "Modus Grupė". UAB "Modus Grupė" owns subsidiary companies engaging in car dealership, short-term car rental, real estate management, and renewable energy business segments.
B.15	The Issuer's principal activities	Historically the Issuer was engaging in four main business areas: operation of solar power plants, operation of biogas fired power plants, civil engineering and construction, sale of compressed natural gas vehicles and fuel. Starting with 2014 the Issuer stopped all civil engineering and construction related business activities. The compressed natural gas sale business segment is being gradually phased out and it is planned that starting with year 2016 the Issuer will only engage in solar power and biogas fired power based electricity generation business.  At the moment the Issuer operates 14 solar power plants with total installed capacity of 4.9 MW and 3 biogas power plants with total installed capacity of 2.6 MW, producing electricity and heat. In addition to renewable energy generation the issuer supplies several clients with compressed natural gas on long-term contract which is due to fully expire by the end of 2015.
B.16	Control over the Issuer	100 % of shares of the Issuer are directly owned by UAB "Modus Grupė", code of legal person 302719143.
B.17	Credit ratings	Not applicable

### **Section C – Securities**

C.1	The type and the class of the securities, ISIN code	The Bonds are registered debt securities, representing the Issuer's secured debt obligation. The Bonds are freely transferable. The CSDL holds recordkeeping of the Bonds. The Bonds are registered with the ISIN Code: LT0000431736.
C.2	Currency of the Bonds	EUR

C.5	Restrictions on the free transferability of the Bonds	The Bonds are freely transferable.
C.8 C.9	Description of the rights and their limitations attached to the Bonds	<p>Each and every Bond Holder shall be granted the equal rights:</p> <ul style="list-style-type: none"> <li>- Starting from the date of redemption of the Bonds a right to demand that the bonds are duly redeemed at the redemption price, consisting of the Nominal Value of the Bonds, accrued and unpaid Interest and, when applicable, the Additional Premium;</li> <li>- A right to sell or otherwise freely transfer to the ownership of another person and (or) encumber all or part of Bonds held by the Bond Holder;</li> <li>- A right to receive Interest on the Bonds on the Interest Payment Date (when Interest is subject to payment);</li> <li>- A right to receive the Nominal Value of the Bonds, plus accrued and unpaid Interest and, when applicable, the Additional Premium, upon the redemption of the Bonds;</li> <li>- A right to bequeath all or part of Bonds held by the Bond Holder;</li> <li>- All other rights granted to the Bond Holders by the relevant legal acts of the Republic of Lithuania and the articles of association of the Issuer.</li> </ul> <p>All Bonds and the rights of Bond Holders thereunder shall rank <i>pari passu</i> with other non-subordinated obligations of the Issuer towards its other creditors.</p> <p>The Interest Rate is 6 per cent per annum.</p> <p>Interest Payment Dates are 20 July 2015, 20 October 2015, 20 January 2016, 20 April 2016, 20 July 2016, 20 October 2016, 20 January 2017, 20 April 2017, 20 July 2017, 20 October 2017, 20 January 2018 and 20 April 2018 or, to the extent such day is not Business Day, the next Business Day following such date. The first Interest Payment Date for the Bonds shall be 20 July 2015 and the last Interest Payment Date shall be the relevant redemption date.</p> <p>Maturity Date of the Bonds is 20 April 2018, on which the Issuer shall redeem all the Bonds.</p>

		<p>The Bonds shall be redeemed, i.e. the redemption amount shall be paid to the Bond Holders on the Maturity Date, i.e. 20 April 2018.</p> <p>As the redemption payment the Issuer shall pay the total redemption price of the owned Bonds to the Bond Holder. The redemption price of the Bond shall be the Nominal Value of the Bond and the unpaid accrued Interest calculated thereon.</p> <p>The redemption payments of the Bonds shall be paid to the Bond Holders, who according to the CSDL's information are the owners of the Bonds on the Interest Calculation Date.</p> <p>The redemption payments shall be paid with intermediation of the Paying Agent.</p> <p>The Issuer may redeem all, but not only some, of the outstanding Bonds (<i>call option</i>) on 20 October 2015, 20 April 2016, 20 October 2016, 20 April 2017 and 20 October 2017 at an amount per Bond equal to 100 per cent of the Nominal Value together with accrued, but unpaid Interest, plus the Additional Premium in amount per Bond of 2%, 1.5%, 1%, 0.75% and 0.5% of the Nominal Value if the Bonds are called respectively on 20 October 2015, 20 April 2016, 20 October 2016, 20 April 2017 and 20 October 2017; redemption shall be made by the Issuer giving not less than one (1) month notice.</p> <p>As of the date of this Company Description UAB FMĮ "Orion Securities" acts as a Bond holder's interests representative.</p> <p>The issued Bonds is secured by the Collateral Arrangement made by way of pledge of the 1,683,001 (one million six hundred eighty three thousand and one) share of the Issuer, constituting 51% (fifty one percent) of the Issuer's authorized capital. Shares are pledged on the basis of the Bond holder interest representation and collateral agent agreement made between the Issuer and UAB FMĮ "Orion Securities". The Issuer has registered the pledge in the Central mortgage office of the Republic of Lithuania.</p>
C.10	A derivative component in the interest payment	Not applicable
C.1	Admission to trading in a	The Issuer plans to apply for admission of all the issued Bonds to trading on the Relevant Market. Once the issued

1	regulated market or other equivalent markets	Bonds are admitted to trading on the Relevant Market, the settlements for the Bonds will be ensured by the CSDL.
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**Section D – Risks**

D.2	The key risks that are specific to the Issuer	<p>The main risk factors influencing the financial performance of the Issuer are: credit risk, liquidity risk, dependence on key employees and executives, renewable energy industry regulation risk, operational risk, future investment projects risk.</p> <p>Extensive description of risks related to the Issuer are provided in part 5.3 of Company Description.</p>
D.3	The key risks that are specific to the Bonds	<p>Security-specific risks related to the issued Bonds are: market risk, credit risk, interest rate risk, legislation risk, securities liquidity risk, collateral value risk.</p> <p>Extensive description of risks related to the Issuer are provided in part 5.2 of Company Description.</p>

**Section E – Offer**

E.2b	Reasons for the offer and use of proceeds (if different from making profit and/or hedging certain risks)	The purpose of the Bond issue is attracting additional funds to be used for partial financing of Issuer’s investment in new biogas energy plant projects.
E.3	Terms and conditions of the offer	The Bonds were offered for subscription by way of a private offering. Subscription Period commenced on 9 March 2015 and ended on 17 April 2015.

## 4. RISK FACTORS

### 5.1. General overview

5.1.1. Risk factors that could influence the value of the Bonds, undermine Issuer's ability to service its obligations and, at the extreme, may cause Issuer's insolvency and default on the Bonds, are specific risks related to the issued securities (Clause 5.2.), to the Issuer (Clause 5.3.), or other risks (Clause 5.4.). Besides risk factors outlined in this part of the Company Description, other risks influencing the performance of the Bonds may exist and should be considered by a potential Investor before making the investment decision.

5.1.2. The Investors should bear in mind that the redemption of Bonds and the relevant Interest payments are secured with the Collateral Arrangement.

### 5.2. Security-specific risks

5.2.1. Security-specific risks related to the issued Bonds could be outlined as follows: market risk (liquidity risk), credit risk, interest rate risk, legislation risk, securities liquidity risk

(a) **Market risk** alias liquidity risk should be evaluated by the Investor considering that there is no guarantee of sufficient liquidity of the Bonds in the secondary market and the Bond holder might bear a loss due to not being able to sell the Bonds on the secondary market or having to sell them at an unfavourable price;

(b) As a **credit risk**, the Investor should assess specific credit risks associated with the Issuer as well as general credit risk of the Bonds. As a general credit risk, a possibility should be considered that the Issuer may become insolvent, bankrupt, its activities may be suspended or terminated, and as a result, there may become non-possible to redeem the Bonds and (or) pay the accrued Interest to the Bond Holders;

(c) **Interest rate** risk should be assessed by the Investor considering that besides the activities of the Issuer the developments of financial markets may affect the value of the Bonds and when the interest rates are rising, the value of existing Bonds may go down, and *vice versa*;

(d) **Legislation risk** is a risk of possible losses due to amendments in legislation, regulations and other legal acts or due to implementation of new legal acts, which may cause additional expenses or reduce return on investment; this risk also covers possible changes in applicable tax assessment and withholding procedures;

(e) **Collateral value risk**. Certain assets (as described in part 6.8 of this Offering document) are provided as a collateral to secure proper redemption of the Bonds. During the course of validity of the Bonds the collateral value may fluctuate and there is a risk that in case of the default of the Bonds the liquidation value of the collateral will not be sufficient to cover Issuer's obligations to the Bond Holders arising from the Bonds.

### **5.3. Risks related to the Issuer**

5.3.1. The risks described below may negatively affect the Issuer and, at the extreme, may cause the Issuer's insolvency and default on the Bonds. The main risk factors influencing the financial performance of the Issuer are: credit risk, liquidity risk, dependence on key employees and executives risk, renewable energy industry regulation risk, operational risk, future investment projects risk, dependence on external financing risk, insolvencies among major customers and contracting parties risk, possible risks, related to environmental regulation, risk of diseases:

(a) **Credit risk** is a potential loss that may occur in case of improper fulfilment or non-compliance of the Issuer with the contractual obligations as a result of failure of the Issuer's business operations or other factors. As a specific credit risk, events that undermine the creditworthiness of the Issuer should be considered;

(b) **Liquidity risk** is defined as the risk of a loss or substantially higher than expected costs due to inability of the Issuer to meet its short-term payment commitments on time;

(c) **Dependence on key employees and executives.** Each area of the Issuer's business depends on the Issuer's executive team responsible for the development, growth and proper day-to-day operation of a separate field. Therefore, the Issuer's ability to remain competitive and implement the growth strategy is determined largely by the experience, knowledge, personal relations and other characteristics of these people. The Issuer's capability to attract and hire executives of high qualification also attributes to the Issuer's success. It is likely that the Issuer's executives and major employees may decide to change their place of employment and cease their work with the Issuer as permanent and severe competition for high qualification personnel is taking place in the labour market. Loss of these employees or the Issuer's incapability to hire new executives having appropriate knowledge and skills, or shortfall of these people in the market may have a considerable adverse effect on the Issuer's business perspectives, financial situation and results;

(d) **Renewable energy industry regulation risk.** The Issuer's business of renewable energy production from solar and biogas sources is directly dependent on the governmental support for the sector. In case the present support schemes are altered, it could negatively affect Issuer's current business operations and future investment projects and cause financial loss to the Issuer. Such financial losses could impair Issuer's abilities to duly redeem the Bonds;

(e) **Operational risk** presents a possibility to incur losses due to the impact of inadequate or unsuccessful internal processes, activities by personnel, or various operational systems utilized by the Issuer to conduct daily business operations;

(f) **Future investment projects risk.** The Issuer plans to implement in the future investment projects of a large scope. Though the Issuer and its employees invoke all available information and analytical resources when planning



investments, there is no guarantee, that all information on which the investments planned were based was true and exhaustive. Furthermore, there is no guarantee that the investment plans and the investments made will generate anticipated or planned return on investment; there is no guarantee that investment will not cost more than it was anticipated. Failure of already implemented or anticipated investment projects, where return on investment from these projects is lower than it was expected or prices of such investments are higher than it was planned, may have a significant adverse effect on the Issuer's activities, its financial situation and business results;

(g) **Dependence on external financing risk.** Further development of the Issuer's activities will require amounts of capital to fund operating activities and capital expenditures. For this reason, failure to secure adequate levels of external financing might limit the Issuer's growth plans;

(h) **Insolvencies among major customers and contracting parties risk.** Insolvencies among the Issuer's customers or suppliers could result in losses for the Issuer and may have a material adverse effect on the Issuer's revenues and results of operations;

(i) **Possible risks, related to environmental regulation.** The Issuer has to comply with environmental rules and it may be held liable for improper compliance with such rules. In its operations, the Issuer must comply with different environmental rules regulating use, storage, and disposal of different hazardous substances used in the Issuer's activities (e.g. animal manure, biogas by-products, etc.). These rules require installing procedures and technologies for proper treatment of any hazardous substances, and provide for the Issuer's liability in managing and eliminating any pollution of the environment. In addition to the liability for current activities, the Issuer may also be liable for any previous operations if it appears that such operations caused damages to the environment. Furthermore, any changes in environmental regulations, both national and international, may bind the Issuer to introduce the measures that would meet the new standards. This may have an adverse effect on the Issuer's activities, financial situation and results.

(j) **Risk of diseases.** The Issuer's business is related to raw materials of vegetable or animal origin. An epidemic of pig diseases may adversely affect the supply of animal manure used in the production of biogas by the Issuer. These changes may lead to aggravation of the Issuer's financial situation.

#### **5.4. Other risks**

##### 5.4.1. Other potential risks:

(a) **Country risk** or **political risk** – a risk that the country or area, where the Issuer is active, goes through major (political or other) changes or events occur, as a result of which there is a risk that the Issuer may lose all or part of his investments in this country or area, or that the investments made in this country or area lose all or part of their value. As country or political risks, radical changes in economic and legal environment (e.g. nationalising certain objects), social or domestic policy crises (e.g. riots), etc. should be considered;

(b) **Systemic risk** – a risk of (mainly) technical failures in the systems of the CSDL, the Relevant Market, credit institution or similar institutions that may cause loss to Bond Holder due to unfulfilled or delayed transactions or incorrectly carried out transactions;

(c) **Risk of external attacks** – a loss that may arise from illegal behaviour of clients, counterparties or other persons, who act for the purpose of personal gain (attack, fraud);

(d) **Counterparty risk** – a risk that the Bond Holder bears losses due to a counterparty's failure to duly meet his obligations arising from a certain securities' trade;

(e) **Different unexpected events and accidents may impede the Issuer's business.** The Issuer's business may be affected by different unexpected events, such as fire, transportation problems, breakdown of equipment, etc. The companies controlled by the Issuer possess a lot of different assets and equipment, which are used in the Issuer's business. Considering that the Issuer uses much technical equipment, occurrence of any unexpected events (an accident, explosion, fire, etc.) in the area or premises controlled by the Issuer is possible. Any of these events may destroy property owned by the Issuer. There is no guarantee that the limits of the insurance policies held would be sufficient to cover all the damages suffered in case of any of these events. Furthermore, there is no guarantee that elimination of the consequences of these events would be successful. There is a threat that any of these events may disrupt the business of the Issuer or considerably affect its day-to-day business. The Issuer has insured its business against a wide range of possible events and resulting damages, but not against all events and damages. Thus, insurance premiums may fail to cover all damages should these events occur. In such circumstances, arising damages may entail considerable adverse effects on the Issuer's financial situation and business results.

## **6. BONDS**

### **6.1. Interest of natural and legal persons involved in the issue**

6.1.1. There is no information of any interests that are material to the issue including conflicting interests.

### **6.2. The purpose of the Bond issue and use of funds**

6.2.1. The purpose of the Bond issue is attracting additional funds to be used for partial financing of Issuer's investment in new biogas energy plant projects.

6.2.2. The net income generated from the Bonds issue will be used for financing of Issuer's investment share in 7 biogas energy investment projects to be completed in 2015. Investment outlay not covered by the net proceeds from the Bond issue will be financed using internal funds of the Issuer and bank financing.

6.2.3. The estimated total expenses of the issue are EUR 50 thousand.

6.2.4. The Investor should be aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, thus the additional amounts will be financed by means of internal funds of the Issuer generated from operations as well as bank financing.

### **6.3. Basic Information**

6.3.1. The Bond is a debt security in registered form, representing the Issuer's secured debt obligation, issued and redeemed in accordance with this Company Description and Bond Subscription Agreements,

6.3.2. The Bonds are denominated in EUR and terms and conditions of this Company Description shall be applicable with respect to each Bond.

6.3.3. The Nominal Value of one Bond is EUR 1,000 (one thousand euros). The total Nominal Value of the Issue is EUR 1,723,000 (one million seven hundred twenty three thousand euros).

6.3.4. The total amount of Bonds is 1,723.

6.3.5. The Bonds are issued in dematerialized (non-corporeal) form and appear as a book entry in the CSDL, which performs a recordkeeping of the Bonds.

6.3.6. The Bonds are registered with the ISIN Code: LT0000431736.

6.3.7. The Bond Issue is made in accordance with the Law on Companies, the Law on Securities, regulations of the CSDL, and regulations of the Relevant Market and other applicable legislation of the Republic of Lithuania.

6.3.8. The Bonds were issued under the resolution No ME-150310 of the General Meeting of Shareholders of the Issuer dated 10 March 2015.

6.3.9. The disputes related to the Bonds shall be resolved by the competent courts of the Republic of Lithuania in accordance with the applicable legislation. When the rights of the Bond Holder are infringed, the Bond Holder may apply to courts of the Republic of Lithuania and (or), on certain aspects of infringements,

– to the Supervision Service of the Bank of Lithuania and (or), when the Bond Holder is a consumer, – to the State Consumer Rights Protection Authority.

#### **6.4. Interest Payment**

6.4.1. Each Bond carries the Interest at the Interest Rate from (and including) the Issue Date up to (but excluding) the relevant redemption date.

6.4.2. The Bond Holders, eligible for Interest payments, will be established on the Interest Calculation Date by listing them in the Bond Holders' list compiled by the CSDL.

6.4.3. The Interest accrues during an Interest Period. Payment of the Interest in respect of the Bonds shall be made to the Bond Holders on each Interest Payment Date for the preceding Interest Period.

6.4.4. If the Interest Payment Date is a holiday, the Issuer shall make the relevant Interest payment on the first Business Day following the holiday.

6.4.5. Interest (yield) shall be calculated on the "actual / actual ICMA" basis as specified by the International Capital Market Association.

6.4.6. The Interest payment for a whole year per one of several equal interest payment periods shall be determined according to the following formula:

$INT = F * I / D$ , where:

INT – Interest payment per one of several equal Interest Periods in EUR;

F – Nominal Value;

I – Interest Rate (annual);

D – Number of Interest payments (Interest Periods) per annum.

6.4.7. Accrued Interest between the Interest payments (Interest Periods) shall be calculated as follows:

$AI = F * I / 4 * D / CPd$  or where:

AI – accrued Interest in EUR;

F – Nominal Value;

I – Interest Rate (annual);

D – the number of days from the previous Interest Payment Date until the date of interest accrual.

CPd – coupon period days (the amount of days from previous Interest Payment Date (in case of first Interest payment – from the Issue date) till the next Interest Payment Date).

6.4.8. If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (and including) the due date up to (but excluding) the date of actual payment at a rate which is 0.02% (two hundredths of a percent) per each overdue day, expressed in daily terms. Accrued default interest shall not be capitalised. No default interest shall accrue

where the failure to pay was solely attributable to the CSDL or Paying Agent, in which case the Interest Rate shall apply instead.

6.4.9. The Interest shall be paid with intermediation of the Paying Agent.

6.4.10. A calculation agent shall not be used.

6.4.11. The time limit on the validity of claims to the Interest and redemption of Bonds shall comply with time limits established under the applicable law.

## **6.5. Redemption**

6.5.1. The Bonds shall be redeemed, i.e. the redemption amount shall be paid to the Bond Holders as a lump sum on the Maturity Date, i.e. on 20 April 2018.

6.5.2. As the redemption payment the Issuer shall pay the total redemption price of the owned Bonds to the Bond Holder. The redemption price of the Bond shall be the Nominal Value of the Bond and the unpaid accrued Interest calculated thereon.

6.5.3. The Bond Holders, eligible for redemption payments, will be indicated on the last Interest Calculation Date in the Bond Holders list, compiled by the CSDL.

6.5.4. If the Maturity Date is a holiday, the Issuer shall make redemption payment on the first Business Day after the holiday observing the terms and conditions stated in this Clause 6.5.

6.5.5. The redemption payments shall be paid with intermediation of the Paying Agent.

6.5.6. At any time after the Event of Insolvency has occurred the Bond Holder shall be entitled to submit to the Issuer a notification on immediate redemption of its Bonds, irrespective of their non-maturity; in such case, provided the redemption does not infringe mandatory provisions of the applicable law, the Issuer shall be obliged to redeem the respective Bonds by paying the Nominal Value of the Bonds and the unpaid accrued Interest calculated thereon.

6.5.7. The Issuer shall not have the right to redeem outstanding Bonds at any time prior to the Maturity Date and the Bond Holders shall not have rights to demand early redemption of the Bonds (*put option*), except in occurrence of the Event of Insolvency and except the *call option* stipulated in Clause 6.5.8. and Clause 6.5.9.

6.5.8. The Issuer may redeem all, but not only some, of the outstanding Bonds (*call option*) on 20 October 2015, 20 April 2016, 20 October 2016, 20 April 2017 and 20 October 2017 at an amount per Bond equal to 100 per cent of the Nominal Value together with accrued, but unpaid Interest, plus the Additional Premium in amount per Bond of 2%, 1.5%, 1%, 0.75% and 0.5% of the Nominal Value if the Bonds are called respectively on 20 October 2015, 20 April 2016, 20 October 2016, 20 April 2017 and 20 October 2017.

6.5.9. Redemption in accordance with Clause 6.5.8. shall be made by the Issuer giving not less than one (1) month notice on the redemption.

## **6.6. Shareholders' pre-emptive right in case of insolvency**

6.6.1. In case of the insolvency of the Issuer, the Issuer's controlling shareholder Modus Grupė, UAB (legal person code 302719143, seated in Ozo str. 10A, LT-08200 Vilnius, Republic of Lithuania) will have a right to redeem all the Bonds on behalf of the Issuer.

## **6.7. Rights arising out of Bonds**

6.7.1. Each and every Bond Holder shall be granted the equal rights:

- Starting from the date of redemption of the Bonds a right to demand that the bonds are duly redeemed at the redemption price, consisting of the Nominal Value of the Bonds, accrued and unpaid Interest and, when applicable, the Additional Premium;
- A right to sell or otherwise freely transfer to the ownership of another person and (or) encumber all or part of Bonds held by the Bond Holder;
- A right to receive Interest on the Bonds on the Interest Payment Date (when Interest is subject to payment);
- A right to receive the Nominal Value of the Bonds, plus accrued and unpaid Interest and, when applicable, the Additional Premium, upon the redemption of the Bonds;
- A right to bequeath all or part of Bonds held by the Bond Holder;
- All other rights granted to the Bond Holders by the relevant legal acts of the Republic of Lithuania and the articles of association of the Issuer.

6.7.2. All Bonds and the rights of Bond Holders thereunder shall rank *pari passu* with other non-subordinated obligations of the Issuer towards its other creditors. In case of the insolvency of the Issuer, the Bond Holders will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the relevant legal acts. There are no contracts or other transaction documents that would subordinate the claims of the Bond Holders to other unsecured liabilities of the Issuer.

6.7.3. The Bonds are non-convertible into the shares of the Issuer.

6.7.4. There are no restrictions regarding transfer (sale and purchase or other transfer) of the Bonds and title to the Bonds in the secondary market. However, secondary trading in Bonds that are listed in the Relevant Market shall be done under the rules stipulated in the Law on Markets of Financial Instruments of the Republic of Lithuania and under the regulation of the Relevant Market.

6.7.5. The Bond Holder shall be entitled to receive Interests Payments, redemption payments and, when applicable, the Additional Premium, upon the redemption of the Bonds in accordance with this Company Description and Bond Subscription Agreement as well as other respective rights in accordance with the applicable legislative acts.

6.7.6. The Issuer shall disclose all the information related to the Bonds in accordance with the applicable legislation and regulations of the Relevant Market.

6.7.7. The Issuer has entered into an agreement No. ME-20150417-1 with UAB FMĮ "Orion Securities" regarding representation of the Bond Holder rights and acting as a collateral agent on behalf of the Bond holders. According to Lithuanian law on companies article 55, the representative agent of bond holders must protect the rights and legitimate interests of the bond holders in the same way he would protect his own rights and legitimate interests if he were the holder of all issued bonds. The representative agent of bond holders shall have the right to apply to the court for the protection of the rights of bond holders.

The representative agent of the Bond holders has the following obligations with respect to the Bond holders:

1. Bond holders representative agent must protect the rights of the Bond holders honestly and attentively and seek that this protection would in a best way correspond to the interests of the Bonds' holders;
2. The agent must immediately transfer to the Bond holders everything, which it has received from the Issuer, when protecting the interests of the Bonds' holders and realizing their rights as of pledge holders.

The duties of the representative agent of the Bond holders with respect to the Issuer:

1. Immediately inform the Issuer about the breach of the rights and legitimate interests of the Bond holders and provide the Issuer with all the information it possesses as an agent, which is related to the breach of the rights and legitimate interests of the Bond holders;
2. In case the Issuer asks, to operatively provide information about the breach of the rights and legitimate interests of the Bond holders;
3. To accept from the Issuer everything, which the Issuer transfers in order to eliminate the breaches of the rights and legitimate interests of the Bond holders.

The rights of the representative agent of the Bond holders:

1. The representative agent of the Bond holders has a right to refuse to execute the delegations of the Bond holders which are illegal, impossible to execute, unspecific or contradicts the principles of rationality, justice or honesty;
2. The agent has a right to demand the Bond holders to provide all the information which is related to the protection of the Bond holder rights and legitimate interests. In cases when the Bond holders do not provide the information regarding the breach of Bond holders' rights and legitimate interests or refuses to provide such information, it is assumed that the rights and legitimate interests of the Bond holders are not breached;

3. The agent, when executing his rights as a Collateral Agent, has all the rights and duties as a collateral holder set by the laws and regulations of the Republic of Lithuania ;
4. The agent has a right to address the court in order to protect the rights of the Bond holders.

Investors have a right to get acquainted with the agreement between the Issuer and UAB FMĮ "Orion Securities" as a bond holder representative agent at the headquarters of the Issuer or Issuing Agent.

## **6.8. Collateral Arrangement**

6.8.1. The issued Bonds are secured by the Collateral Arrangement made by way of pledge of the 1,683,001 (one million six hundred eighty three thousand and one) share of the Issuer, constituting 51% (fifty one percent) of the Issuer's authorized capital. Shares are pledged on the basis of the Bond holder interest representation and collateral agent agreement made between the Issuer and UAB FMĮ "Orion Securities". The Issuer has registered the pledge in the Central mortgage office of the Republic of Lithuania.

6.8.2. The Collateral Agent will hold the Collateral Arrangement on behalf of the Bond Holders and will be entitled to enforce it for the benefit of the Bond Holders pursuant to the terms of Bond Holder Interest Representation and Collateral Agent Agreement and its amendments thereof.

## **6.9. Additional Bonds Issue covenants**

6.9.1. Dividend restriction. Until the Maturity Date the Issuer undertakes not to declare and not to pay out dividends.

6.9.2. Change of control restriction. Until the Maturity Date the Issuer undertakes to ensure that the shareholder of the Issuer will not sell or in any other way transfer more than 34% (thirty four percent) of Issuers issued shares without a prior consent of the Bond holders' representative agent.

6.9.3. Subsidiary shares sale restriction. Until the Maturity Date without a prior consent of the Bond holders' representative agent the Issuer undertakes not to sell or in any other way transfer shares of the following directly or indirectly owned subsidiary companies:

- UAB "Tiekesta", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302784148;
- UAB "Adorada", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302735731;
- UAB "Investiciniai energetikos projektai", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302470304;
- UAB "Renvia", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 301557546;
- UAB "Autoidėja", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 125028784;



- UAB "Tvari energija", seated in Ozo str.10A, Vilnius, Republic of Lithuania, company code 302508769;
- UAB "Erengie Group", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302491056;
- UAB "Intergates", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302481546;
- UAB "Fotona", seated in Filaretų str. 99A, Vilnius, Republic of Lithuania, company code 302841720;
- UAB "Sigvilta", seated in Žemynos str. 31-50, Vilnius, Republic of Lithuania, company code 302841574;
- UAB "Lepita", seated in Pamėnkalnio str. 25, Vilnius, Republic of Lithuania, company code 302854931;
- UAB "Baltic sun energy", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302444569;
- UAB "Psenergija", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302850071;
- UAB "Lenergija", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302850203;
- UAB "Saulės energijos projektai", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302477633;
- UAB "Sennergita", seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302850317.

## **7. TERMS OF THE OFFER**

### ***7.1. Primary placement***

7.1.1. The Bonds were offered for subscription by way of a private offering. The issue prospectus was not prepared based on the article 5 clause 2.2) of the Law on Securities of the Republic of Lithuania. Subscription Period commenced on 9 March 2015 and ended on 17 April 2015.

### ***7.2. Issue price***

7.2.1. The issue price for each Bond was set to equal its Nominal Value.

### ***7.3. Inclusion in the Relevant Market***

7.3.1. The Issuer intends to apply for inclusion of the issued Bonds in the Relevant Market within 2 (two) months after the Issue Date.

7.5.2. The Issuer undertakes to cover all costs and expenses required for including the Bonds in the Relevant Market on the terms and conditions, and according to the procedure stipulated in this Company Description and the applicable legislation.

7.5.3. The Bonds will be available for trading after the decision on inclusion them in the Relevant Market adopted by the operator of the Relevant Market. The measures for securing a liquidity of the Bonds in the secondary market shall not be used.

### ***7.4. Other Information***

7.6.1. The auditors have not reviewed any other information than financial statements for years 2013 and 2014.

7.6.2. The Issuer and the issued securities have no credit ratings granted.

## **8. ISSUER**

### **8.1. General Information about the Issuer**

Company name:	Modus Energija, AB
Place of registration:	The Register of Legal Entities of Lithuania
Date of registration:	1 December 2011
Registration number / Code of legal person:	302693613
Office address:	Ozo str. 10A, Vilnius, Lithuania
Contact details	Phone no. + 370 5 235 6080 Fax no. + 370 5 235 6089 Web: <a href="http://www.modusgroup.lt/en/verslo-sritys/energetika/">http://www.modusgroup.lt/en/verslo-sritys/energetika/</a>
Registered address:	Ozo str. 10A, Vilnius, Lithuania
Legal form:	Public company
Applicable legislation:	Law on Companies of the Republic of Lithuania; the Civil Code of the Republic of Lithuania

### **8.2. Organizational structure of the Issuer**

8.2.1. The Issuer is a part of a business group which is consolidated under UAB "Modus Grupė" (seated in Ozo str. 10A, Vilnius, Republic of Lithuania, company code 302719143). UAB "Modus Grupė" owns subsidiary companies, engaging in car dealership, short-term car rental, real estate management, and renewable energy business segments.

The Issuer consolidates group's activities in the renewable energy business segment.

### **8.3. Selected financial information**

8.3.1. The information included in the present Clause 8.3. of the Company Description is extracted from the financial statements of the Issuer prepared in accordance with the business reporting standards of the Republic of Lithuania. Financial statements for year 2013 and 2014 are audited by the auditor. Full versions of the financial statements are available in the Appendix A of the present Company Description.

### 8.3.2. The balance sheets of the Issuer for the years 2012, 2013, and 2014

Table No. 1

<b>CONSOLIDATED BALANCE SHEET STATEMENT, LTL</b>			
<b>Assets</b>	<b>2012.12.31</b>	<b>2013.12.31</b>	<b>2014.12.31</b>
<b>NON-CURRENT ASSETS</b>	<b>7,784,081</b>	<b>42,165,226</b>	<b>44,835,913</b>
INTANGIBLE ASSETS	315,954	6,786,213	5,222,544
Development work	0	0	0
Goodwill	315,954	6,773,561	5,207,803
Patents, licenses	0	0	0
Software	0	765	226
Other intangible assets	0	11,887	14,515
TANGIBLE ASSETS	4,552,918	29,447,428	34,692,784
Land	0	40,000	40,000
Buildings and construction	0	0	0
Plant and machinery	0	0	308,333
Vehicles	0	2	2
Other fixtures, fittings, tools and equipment	4,552,918	20,757,501	30,414,157
Construction in progress	0	8,645,004	3,924,473
Other tangible assets	0	4,921	5,819
Investment property	0	0	0
FINANCIAL ASSETS	2,915,209	3,549,258	3,551,980
Investments in associates	2,322,809	2,703,358	3,280,712
Loans to related parties	592,400	845,900	271,268
Amounts receivable after one year	0	0	0
Other financial assets	0	0	0
OTHER NON-CURRENT ASSETS	0	2,382,327	1,368,605
Deferred tax assets	0	2,382,327	1,368,605
Other non-current assets	0	0	0
<b>CURRENT ASSETS</b>	<b>4,405,191</b>	<b>19,590,600</b>	<b>13,236,223</b>
INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS	393,495	3,655,595	2,718,176
Inventories	170,366	1,448,512	1,882,849
Raw materials and consumables	170,366	0	0
Work in progress	0	24,418	84,606
Finished goods	0	0	0
Goods for resale	0	1,424,094	1,798,243
Prepayments	223,129	2,207,083	530,300
Income tax paid in advance	0	0	305,027
AMOUNTS RECEIVABLE WITHIN ONE YEAR	2,907,148	15,129,658	9,437,082
Trade debtors	26,990	2,513,899	2,736,646
Trade receivables from related companies	1,464,364	735,432	264,808
Other amounts receivable	1,415,794	11,880,327	6,435,628
OTHER CURRENT ASSETS	0	345,441	1,779
Current investments	0	0	0
Time deposits	0	345,280	0
Other current assets	0	161	1,779
CASH AND CASH EQUIVALENTS	1,104,548	459,906	1,079,186
<b>TOTAL ASSETS:</b>	<b>12,189,272</b>	<b>61,755,827</b>	<b>58,072,136</b>

<b>Equity and liabilities</b>	<b>2012.12.31</b>	<b>2013.12.31</b>	<b>2014.12.31</b>
<b>EQUITY</b>	<b>4,396,947</b>	<b>11,048,504</b>	<b>12,419,563</b>
CAPITAL	10,000	3,300,002	3,300,002
Authorised (subscribed)	10,000	3,300,002	3,300,002
Subscribed unpaid authorised capital (-)	0	0	0
Share premium	0	0	0
Own shares (-)	0	0	0
REVALUATION RESERVE (RESULTS)	0	0	0
RESERVES	0	0	0
Legal reserve		0	0
Reserve for acquiring own shares	0	0	0
Other reserves	0	0	0
RETAINED EARNINGS (LOSSES)	4,386,947	6,562,482	7,952,124
Profit (loss) of the reporting year	4,387,634	2,175,535	1,389,642
Profit (loss) of the previous years	-687	4,386,947	6,562,482
MINORITY INTEREST	0	1,186,020	1,167,437
<b>GRANTS AND SUBSIDIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>AMOUNTS PAYABLE AND LIABILITIES</b>	<b>7,792,325</b>	<b>50,707,323</b>	<b>45,652,573</b>
AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	3,215,057	34,918,891	29,923,652
Financial debts	3,215,057	34,918,891	29,878,687
Leases and similar liabilities	0	145,460	180,687
To credit institutions	3,215,057	23,837,317	19,158,530
Other financial debts	0	10,936,114	10,539,470
Debts to suppliers	0	0	0
Received prepayments	0	0	0
Provisions	0	0	0
For covering liabilities and claims	0	0	0
For pensions and similar obligations	0	0	0
Other provisions	0	0	0
Deferred tax liabilities	0	0	44,965
Other amounts payable and non-current liabilities	0	0	0
AMOUNTS PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	4,577,268	15,788,432	15,728,921
Current portion of long-term debts	516,577	3,298,016	4,075,226
Financial debts	1,435,575	2,384,921	613,194
To credit institutions	0	0	51
Other debts	1,435,575	2,384,921	613,143
Trade amounts payable	564,952	6,052,181	5,165,538
Received prepayments	281,800	2,060,595	4,895,838
Income tax liabilities	970,012	624,511	289,313
Liabilities related to employment relations	77,156	189,842	163,711
Provisions	0	0	0
Other amounts payable and current liabilities	731,196	1,178,365	526,101
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>12,189,272</b>	<b>61,755,827</b>	<b>58,072,136</b>

8.3.3. The profit or loss statements of the Issuer for the years 2012, 2013, and 2014.

Table No. 2

<b>CONSOLIDATED INCOME STATEMENT, LTL</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>SALES</b>	<b>20,489,693</b>	<b>26,203,733</b>	<b>26,853,469</b>
<b>COST OF SALES *</b>	<b>14,243,968</b>	<b>20,527,525</b>	<b>19,019,912</b>
<b>GROSS PROFIT (LOSS)</b>	<b>6,245,725</b>	<b>5,676,208</b>	<b>7,833,557</b>
<b>OPERATING EXPENSES</b>	<b>536,810</b>	<b>4,084,882</b>	<b>4,013,892</b>
Selling	0	464,035	332,655
General and administrative *	536,810	3,620,847	3,681,237
<b>OPERATING PROFIT (LOSS)</b>	<b>5,708,915</b>	<b>1,591,327</b>	<b>3,819,665</b>
<b>OTHER ACTIVITIES</b>	<b>0</b>	<b>-1,058</b>	<b>46,282</b>
Income	10,746	4,973	46,282
Expenses	10,746	6,031	0
<b>FINANCING AND INVESTING ACTIVITIES</b>	<b>-351,269</b>	<b>171,033</b>	<b>-1,301,457</b>
Income	57,822	1,608,837	990,244
Expenses	409,091	1,437,805	2,291,701
<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES</b>	<b>5,357,646</b>	<b>1,761,301</b>	<b>2,564,490</b>
<b>EXTRAORDINARY GAINS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXTRAORDINARY LOSSES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>INCOME TAX</b>	<b>970,012</b>	<b>-633,923</b>	<b>1,201,528</b>
<b>NET PROFIT (LOSS) BEFORE MINORITY INTEREST</b>	<b>4,387,634</b>	<b>2,395,224</b>	<b>1,362,962</b>
<b>MINORITY INTEREST</b>	<b>0</b>	<b>219,689</b>	<b>-26,680</b>
<b>NET PROFIT (LOSS)</b>	<b>4,387,634</b>	<b>2,175,535</b>	<b>1,389,642</b>
* Depreciation expenses	22,103	2,995,743	4,232,507

8.3.4. The statements of cash flows of the Issuer for the years 2012, 2013, and 2014.

Table No. 3

<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Cash flows from operating activities</b>	<b>0</b>	<b>0</b>	
Net profit (loss)	4,387,634	2,175,535	1,389,642
Minority interest	0	914,582	-26,680
Depreciation and amortisation expenses	22,103	2,995,743	4,232,507
Decrease (increase) in amounts receivable after one year	0	0	0
Decrease (increase) in inventories	-170,366	-1,248,727	-374,149
Decrease (increase) in prepayments	3,466,675	-1,847,284	1,676,783
Decrease (increase) in work in progress	0	-24,418	-60,188
Decrease (increase) in trade debtors	-26,490	-1,781,217	-222,747
Decrease (increase) in debts of related companies	-1,464,364	374,700	470,624
Decrease (increase) in other amounts receivable	7,190	509,226	4,416,200
Decrease (increase) in other current assets	0	2,510	343,662
Increase (decrease) in non-current debts to suppliers and received prepayments	0	0	0
Increase (decrease) in current debts to suppliers and received prepayments	-1,210,742	5,884,255	1,948,600
Increase (decrease) in income tax liabilities or (increase) decrease in overpaid income tax	970,012	-345,501	-640,225
Increase (decrease) in liabilities related to employment relations	72,070	68,979	-26,131
Increase (decrease) in provisions	0	3,948	0
Increase (decrease) in other amounts payable and liabilities	715,966	429,337	-652,264
Elimination of results of financing and investing activities	327,633	-4,068	820,582
Decrease (increase) in deferred tax assets	0	-1,504,885	1,058,687

<b>Net cash flows from operating activities</b>	<b>7,097,321</b>	<b>6,602,715</b>	<b>14,354,903</b>
<b>Cash flows from investing activities</b>	0		
Acquisition of non-current assets (excluding investments)	-4,204,439	-15,060,880	-4,927,191
Disposal of non-current assets (excluding investments)	0	0	0
Acquisition of non-current investments	-295,341	-68,828	0
Disposal of non-current investments	0	0	0
Loans granted	-1,997,099	-7,256,282	0
Loans recovered	0	520,523	1,603,131
Dividends and interest received	42,006	406,331	108,271
Other increases in cash flows from investing activities	0	0	0
Other decreases in cash flows from investing activities	0	0	0
<b>Net cash flows from investing activities</b>	<b>-6,454,873</b>	<b>-21,459,136</b>	<b>-3,215,789</b>
<b>Cash flows from financing activities</b>	0		
Cash flows related to entity's owners	0	0	0
Issue of shares	0	0	0
Owners' contributions against losses	0	0	0
Purchase of own shares	0	0	0
Payment of dividends	0	0	0
Cash flows related to other financing sources	452,101	14,211,778	10,519,834
Increase in financial debts	8,527,822	34,631,954	0
Loans received	8,527,822	34,631,954	0
Issue of bonds	0	0	0
Decrease in financial debts	-8,075,721	-20,420,175	10,519,834
Loans repaid	-8,040,657	-18,460,131	-8,308,407
Redemption of bonds	0	0	0
Interest paid	-35,065	-414,078	-1,498,111
Payments of liabilities related to finance leases	0	-1,545,967	-713,316
Increase in other liabilities of the entity	0	0	0
Decrease in other liabilities of the entity	0	0	0
Other increases in cash flows from financing activities	0	0	0
Other decreases in cash flows from financing activities	0	0	0
<b>Net cash flows from financing activities</b>	<b>452,101</b>	<b>14,211,778</b>	<b>10,519,834</b>
<b>Cash flows from extraordinary items</b>	0	0	0
<b>Increase in cash flows from extraordinary items</b>	0	0	0
<b>Decrease in cash flows from extraordinary items</b>	0	0	0
<b>Effect of changes in exchange rates on the balance of cash and cash equivalents</b>	0	0	0
<b>Net increase (decrease) in cash flows</b>	<b>1,094,548</b>	<b>-644,642</b>	<b>619,280</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10,000</b>	<b>1,104,548</b>	<b>459,906</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,104,548</b>	<b>459,906</b>	<b>1,079,186</b>

8.3.5. The statement of the changes of equity of the Issuer for the years 2013 and 2014.

Table No. 4

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>				
Year ended 31 December 2013				
	Paid up authorised capital	Retained earnings (losses)	Minority interest	Total
<b>1. Balance as at 31 December 2011</b>	<b>10 000</b>	<b>( 687)</b>	<b>-</b>	<b>9 313</b>
2. Net profit (loss) of the reporting period		<b>4 387 634</b>	<b>-</b>	<b>4 387 634</b>
<b>3. Balance as at 31 December 2012</b>	<b>10 000</b>	<b>4 386 947</b>	<b>-</b>	<b>4 396 947</b>
4. Acquisition of minority interest	-	-	966 331	966 331
5. Increase of authorised capital	3 290 002	-	-	3 290 002

6. Net profit (loss) of the reporting period	-	2 175 535	219 689	2 395 224
<b>7. Balance as at 31 December 2013</b>	<b>3 300 002</b>	<b>6 562 482</b>	<b>1 186 020</b>	<b>11 048 504</b>

Table No. 5

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>				
Year ended 31 December 2014				
	<b>Paid up authorised capital</b>	<b>Retained earnings (losses)</b>	<b>Minority interest</b>	<b>Total</b>
<b>1. Balance as at 31 December 2012</b>	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
<b>5. Balance as at 31 December 2013</b>	<b>3 300 002</b>	<b>6 562 482</b>	<b>1 186 020</b>	<b>11 048 504</b>
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
<b>8. Balance as at 31 December 2014</b>	<b>3 300 002</b>	<b>7 952 124</b>	<b>1 167 437</b>	<b>12 419 563</b>

8.3.6. Explanatory notes to the financial statements of the Issuer for the year 2014.

## **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%:

<b>Subsidiary</b>	<b>Equity 31/12/2013</b>	<b>Net profit (loss) 31/12/2013</b>	<b>Carrying amount of investments 31/12/2013</b>	<b>Equity 31/12/2014</b>	<b>Net profit (loss) 31/12/2014</b>	<b>Carrying amount of investments 31/12/2014</b>	<b>Short description of activity</b>
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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 Jennergija; 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
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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
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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 Lenergija; 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 Senergija; 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).

## 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.

#### **(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:

	<b>Year</b>
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:

	<b>Acquisition cost</b>
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.

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.

#### **(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.

### **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.

#### **NOTE 1: SALES INCOME**

<b>Items</b>	<b>Financial year</b>	<b>Previous financial year</b>
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
<b>TOTAL:</b>	<b>26 853 469</b>	<b>26 203 733</b>

#### **NOTE 2: COST OF SALES**

<b>Items</b>	<b>Financial year</b>	<b>Previous financial year</b>
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
<b>TOTAL:</b>	<b>19 019 912</b>	<b>20 527 525</b>

#### **NOTE 3: OPERATING EXPENSES**



Items	Financial year	Previous financial year
<b>Sales expenses:</b>	<b>332 655</b>	<b>464 035</b>
Repairs of equipment and vehicles	65 170	196 719
Legal and other consultations	16 825	180 204
Other	250 660	87 112
<b>General and administrative expenses:</b>	<b>3 681 237</b>	<b>3 620 847</b>
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
<b>TOTAL:</b>	<b>4 013 892</b>	<b>4 084 882</b>

#### NOTE 4: OTHER ACTIVITIES

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

#### NOTE 5: RESULTS FROM FINANCING AND INVESTING ACTIVITIES

Items	Financial year	Previous financial year
<b>a) INCOME FROM FINANCING AND INVESTING ACTIVITIES</b>	<b>990 244</b>	<b>1 608 837</b>
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>b) EXPENSES OF FINANCING AND INVESTING ACTIVITIES</b>	<b>2 291 701</b>	<b>1 437 805</b>
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
<b>c) RESULT FROM FINANCIING AND INVESTING ACTIVITIES (a - b)</b>	<b>(1 301 457)</b>	<b>171 033</b>

#### 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
<b>TOTAL:</b>	<b>8 824 268</b>	<b>15 882 176</b>	<b>1 323 640</b>	<b>2 382 327</b>

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

Movement of deferred tax assets (liabilities):

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

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
<b>TOTAL:</b>	<b>(1 201 528)</b>	<b>633 923</b>

## NOTE 7: INTANGIBLE ASSETS

Items	Goodwill	Software	Other intangible assets	Total
<b>Balance at the end of the previous financial year</b>	<b>6 773 561</b>	<b>765</b>	<b>11 887</b>	<b>6 786 213</b>
<b>a) Non-current intangible assets at acquisition cost</b>				
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 +/-(-)	-	-	-	-
<b>At the end of the financial year</b>	<b>8 647 243</b>	<b>1 303</b>	<b>19 400</b>	<b>8 667 946</b>
<b>b) Amortisation</b>				
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 +/-(-)	-	-	-	-
<b>At the end of the financial year</b>	<b>3 439 440</b>	<b>1 077</b>	<b>4 885</b>	<b>3 445 402</b>
<b>c) Impairment</b>				
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 +/-(-)	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>d) Balance at the end of the financial year (a)-(b)-(c)</b>	<b>5 207 803</b>	<b>226</b>	<b>14 515</b>	<b>5 222 544</b>

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.

#### 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
<b>Balance at the end of the previous financial year</b>	<b>40 000</b>	<b>-</b>	<b>2</b>	<b>20 757 501</b>	<b>8 645 004</b>	<b>4 921</b>	<b>29 447 428</b>
<b>a) Acquisition cost</b>							
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)	-	-
<b>At the end of the financial year</b>	<b>40 000</b>	<b>370 000</b>	<b>2</b>	<b>34 279 521</b>	<b>3 924 473</b>	<b>13 408</b>	<b>38 627 404</b>
<b>b) Revaluation</b>							
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 +/-(-)	-	-	-	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Depreciation</b>							

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 +/-	-	-	-	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>61 667</b>	<b>-</b>	<b>3 865 364</b>	<b>-</b>	<b>7 589</b>	<b>3 934 620</b>
<b>d) Impairment</b>							
At the end of the previous financial year	-	-	-	-	-	-	-
Changes during the financial year:							
- disposals to other persons and write-offs (-)	-	-	-	-	-	-	-
- reclassified from/to +/-	-	-	-	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>e) Balance at the end of the financial year (a)+(b)-(c)-(d)</b>	<b>40 000</b>	<b>308 333</b>	<b>2</b>	<b>30 414 157</b>	<b>3 924 473</b>	<b>5 819</b>	<b>34 692 784</b>

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
<b>TOTAL:</b>	<b>30 105</b>	<b>25 811</b>

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

#### 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
<b>a) Acquisition cost of inventories</b>			
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>b) Write-down to net realisable value (reversal)</b>			
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	-	-
<b>Trade receivables (net):</b>	<b>2 736 646</b>	<b>2 513 899</b>
<b>Amounts receivable from related companies</b>	<b>264 808</b>	<b>735 432</b>
<b>OTHER RECEIVABLES:</b>	<b>6 435 628</b>	<b>11 880 327</b>
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>	<i>4 931 663</i>	<i>5 678 915</i>
Amounts receivable from finance leases and other	768 478	2 763 047
<b>TOTAL:</b>	<b>9 437 082</b>	<b>15 129 658</b>

## 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	-	-
<b>TOTAL:</b>	<b>3 300 002</b>	<b>3 300 002</b>
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	-
<b>Retained earnings – profit (loss) – at the end of the financial year</b>	<b>7 952 124</b>

## 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
<b>Specification of liabilities per type</b>			
<b>Financial debts:</b>	<b>4 688 420</b>	<b>29 878 687</b>	-
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>	
<b>Other debts:</b>	<b>11 040 501</b>	-	-
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:	<b>526 101</b>	-	-
5.1 Accrued costs	52 597	-	-
5.2 VAT payable	410 439	-	-
5.5 Other	63 065	-	-
<b>TOTAL:</b>	<b>15 728 921</b>	<b>29 878 687</b>	-

### 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 KŪB Verslo Angelų Fondas I, maturity date – 30 September 2016. The second emission of convertible bonds was purchased by KŪB 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 KŪB 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
-------	-------------------------------------

Specification of liabilities per type	During the financial year	After one year but not more than five years	After five years
<b>Financial debts:</b>	<b>5 682 937</b>	<b>34 918 891</b>	-
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>	-
<b>Other debts:</b>	<b>11 415 412</b>	-	-
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:	<b>1 178 365</b>	-	-
5.1 Accrued costs	261 061	-	-
5.2 VAT payable	903 918	-	-
5.5 Other	13 386	-	-
<b>TOTAL:</b>	<b>15 788 432</b>	<b>34 918 891</b>	-

#### **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.

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

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

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

Interest expenses and received loans	Interest expenses		Payable loans and interest	
	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
<b>TOTAL:</b>	<b>687 494</b>	<b>652 149</b>	<b>8 431 102</b>	<b>12 971 039</b>

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).

**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 Erenjie Group	100%	( 136 685)	1	136 686
UAB Baltic Sun Energy	69%	612 234	1 090 600	478 366
<b>TOTAL:</b>		<b>(3 769 172)</b>	<b>4 390 602</b>	<b>8 159 774</b>

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.

8.3.7. Explanatory notes to the financial statements of the Issuer for the year 2013.

**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 176 subsidiaries (31 December 2012: 180), 3 associated companies (31 December 2012: 3), 1 secondary subsidiary (31 December 2012: none), 1 associated companies controlled through subsidiaries (31 December 2013: 1).

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 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Airbar"; Švenčionių r. sav. Adučiškio mstl. Ažuolo g. 2-4; 302848088	9 981	16	10 000	9 965	( 35)	10 000	Activities suspended
UAB "Akovana"; Vilniaus m. Ukmergės g. 216- 35; 302859437	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Akusta"; Kauno m. Europos pr. 122; 302859736	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Amuida"; Vilniaus m. Viršuliškių g. 35- 55; 302841670	9 734	( 239)	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Anavis"; Vilniaus m. Laisvės pr. 77C; 302842637	9 985	12	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Azuksita"; Kauno m. Kęstučio g. 40B-7; 302848063	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Baltons"; Vilniaus m. Geležinkelio g. 3- 14A; 302854671	9 985	16	10 000	9 969	( 31)	10 000	Activities suspended
UAB "Bindra"; Kauno r. sav. Pakalniškių km.; 302848330	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Cabado"; Alytaus r. sav. Muiželėnų k. Liepų g. 17; 302861185	9 978	16	10 000	9 962	( 38)	10 000	Activities suspended
UAB "Cadivita"; Vilniaus m. Didlaukio g. 80-96; 302855168	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Cavco"; Trakų r. sav. Rūdiškių m. Trakų g. 1; 302848412	9 727	( 239)	10 000	9 965	( 35)	10 000	Activities suspended

UAB "Celonas"; Vilniaus m. Pamėnkalnio g. 25; 302854753	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
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Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Cofex"; Klaipėdos m. Budelkiemio g. 19- 16; 302854657	9 966	16	10 000	9 950	( 50)	10 000	Activities suspended
UAB "Dadix"; Vilniaus m. Viršuliškių g. 35- 55; 302841617	9 955	12	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Daziv"; Vilniaus m. L. Sapiegos g. 5A-1; 302841631	9 734	( 239)	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Debaxo"; Vilniaus m. L. Sapiegos g. 5A-1; 302841706	9 955	12	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Dekonas"; Marijampolės sav. Igliškėlių mstl. Javaravo g. 7; 302841663	9 953	18	10 000	9 935	( 65)	10 000	Activities suspended
UAB "Detlas"; Marijampolės sav. Igliškėlių mstl. Javaravo g. 7; 302841695	9 734	( 239)	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Dikota"; Vilniaus m. S. Nėries g. 101-179; 302848113	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Dimalinta"; Trakų r. sav. Jasudonių k. 3; 302859490	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Dimarija"; Vilniaus m. Fabijoniškių g. 93- 48; 302833741	9 996	16	10 000	9 980	( 20)	10 000	Activities suspended
UAB "Dirijana"; Vilniaus r. sav. Rastinėnų k.; 302849172	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Ducco"; Alytaus m. Naujoji g. 12-314; 302859348	9 940	16	10 000	9 924	( 76)	10 000	Activities suspended
UAB "Elgovita"; Druskininkų m. Šv. Jokūbo g. 18-3; 302848298	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Entu"; Alytaus r. sav. Miklusėnų k. Aronijų g. 11; 302833556	9 988	16	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Epen"; Vilniaus m. Laisvės pr. 77C; 302842352	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Evamita"; Vilniaus m. Pramonės g. 97; 302849496	9 982	16	10 000	9 966	( 34)	10 000	Activities suspended

UAB "Fariavita"; Klaipėdos m. Budelkiemio g. 19- 16; 302854664	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Favilta"; Klaipėdos m. Minijos g. 164G- 33; 302860375	9 940	16	10 000	9 924	( 76)	10 000	Activities suspended
UAB "Fehel"; Klaipėdos m. Joniškės g. 24G- 54; 302860973	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Fimalva"; Vilniaus m. Žygio g. 3-85; 302855143	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Fomura"; Vilniaus m. S. Žukausko g. 16; 302859355	9 692	( 240)	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Fove"; Biržų r. sav. Guodžių k.; 302860628	9 933	16	10 000	9 917	( 83)	10 000	Activities suspended
UAB "Gamuva"; Vilniaus m. S. Nėries g. 101-179; 302848444	9 982	16	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Gestava"; Vilniaus m. Verkių g. 109; 302848316	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Giger"; Vilniaus m. Algirdo g. 6-17; 302848234	9 982	16	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Girana"; Kalvarijos m. Gėlių g. 23; 302842441	9 686	( 241)	10 000	9 927	( 73)	10 000	Activities suspended
UAB "Gofaksas"; Vilniaus m. Pramonės g. 97; 302849489	9 982	16	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Gorunta"; Alytaus m. Varėnos g. 29- 106; 302848469	9 973	16	10 000	9 957	( 43)	10 000	Activities suspended
UAB "Gunta"; Trakų r. sav. Rūdiškių m. Trakų g. 1; 302848259	9 723	( 242)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Hanitaksa"; Joniškio r. sav. Žučių k. 2; 302854721	9 971	12	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Hipso"; Kauno r. sav. Pakalniškių km.; 302848490	9 737	( 239)	10 000	9 976	( 24)	10 000	Activities suspended
UAB "Hitekstita"; Radviliškio r. sav. Pakiršinio k. Draugystės g. 1; 302833499	9 988	16	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Hokantas"; Vilniaus m. Adutiškio g. 3-3; 302860699	9 977	16	10 000	9 961	( 39)	10 000	Activities suspended

UAB "Hovana"; Kalvarijos m. Gėlių g. 23; 302842306	9 693	( 241)	10 000	9 935	( 65)	10 000	Activities suspended
UAB "Idar"; Ukmergės r. sav. Siesikų mstl. Laisvės g. 50; 302849471	9 976	13	10 000	9 963	( 37)	10 000	Activities suspended
UAB "Iksena"; Vilniaus m. Perkūnkiemio g. 18; 302841738	9 963	20	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Ipedita"; Joniškio r. sav. Žučių k. 2; 302854714	9 962	12	10 000	9 950	( 50)	10 000	Activities suspended
UAB "Isok"; Alytaus m. sav. Alytaus m. Likiškėlių g. 11-2; 302833677	9 734	( 238)	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Ivecita"; Švenčionių r. sav. Adutiškio mstl. Ažuolo g. 2-4; 302848070	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Jepu"; Vilniaus m. Vytauto g. 28-15; 302848533	9 982	16	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Jiddi"; Vilniaus m. Žygio g. 3-85; 302855150	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Jogox"; Alytaus m. Naujoji g. 12-525; 302859394	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Jukata"; Vilniaus m. Šiaurės Sodų 4-oji g. 55; 302855136	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Kalintava"; Klaipėdos r. sav. Gindulių k. Vėjo g. 12-2; 302860350	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Kalintuva"; Vilniaus m. Perkūnkiemio g. 18; 302842690	9 963	20	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Karantuva"; Vilniaus m. Šiaurės Sodų 4-oji g. 55; 302855225	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Kateks"; Vilniaus m. Perkūnkiemio 18- 52; 302842434	9 703	( 240)	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Kegi"; Alytaus r. sav. Miklusėnų k. Aronijų g. 11; 302833517	9 734	( 238)	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Kurtenta"; Vilniaus m. Žirmūnų g. 57-50; 302854760	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended

UAB "Kuvorita"; Vilniaus m. J. Savickio g. 4; 302859907	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Laboda"; Vilniaus m. Perkūnkiemio 18- 52; 302842644	9 704	( 239)	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Lanigira"; Kauno r. Šakių k. Tvenkinių 8a; 302842587	9 734	( 239)	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Lasinta"; Vilniaus m. Žirmūnų g. 57-50; 302854924	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Latuna"; Alytaus r. sav. Muiželėnų k. Liepų g. 17; 302861160	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Leranta"; Vilniaus m. A. Gustaičio g. 23- 255A; 302855200	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Licko"; Vilniaus m. Vytauto g. 28-15; 302848501	9 982	16	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Limmo"; Alytaus m. sav. Alytaus m. Jazminų g. 14-1; 302833645	9 734	( 238)	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Loseria"; Alytaus m. Varėnos g. 29- 106; 302848483	9 973	16	10 000	9 957	( 43)	10 000	Activities suspended
UAB "Lovo"; Vilniaus m. A. Gustaičio g. 23- 255A; 302855218	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Luhex"; Alytaus m. Putinų g. 24A-20; 302848519	9 983	16	10 000	9 967	( 33)	10 000	Activities suspended
UAB "Mazemo"; Alytaus m. sav. Alytaus m. Jazminų g. 14-1; 302833606	9 734	( 238)	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Mekira"; Klaipėdos m. Debreceno g. 11- 52; 302854739	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Moronta"; Vilniaus m. Pylimo g. 41-12; 302854707	9 971	12	10 000	9 959	( 41)	10 000	Activities suspended
UAB "Mozavita"; Klaipėdos m. Joniškės g. 24G- 54; 302861153	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Mudova"; Kauno r. Šakių k. Tvenkinių 8a; 302842402	9 726	( 239)	10 000	9 965	( 35)	10 000	Activities suspended

UAB "Munanta"; Klaipėdos r. sav. Gindulių k. Vėjo g. 12-2; 302860343	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Napsita"; Šiaulių m. Saulės tak. 3-16; 302855054	9 985	16	10 000	9 969	( 31)	10 000	Activities suspended
UAB "Naujolita"; Biržų r. sav. Guodžių k.; 302868596	9 931	17	10 000	9 914	( 86)	10 000	Activities suspended
UAB "Neluse"; Vilniaus m. Musninkų g. 22- 39; 302860681	9 978	16	10 000	9 962	( 38)	10 000	Activities suspended
UAB "Nevama"; Šiaulių m. Radviliškio g. Garažo bokštas 33; 302855182	9 985	16	10 000	9 969	( 31)	10 000	Activities suspended
UAB "Nivos"; Vilniaus r. sav. Rastinėnų k.; 302848355	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Nosolita"; Alytaus m. Naujoji g. 12-113; 302859316	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Odan"; Klaipėdos m. Debreceno g. 11- 52; 302854746	9 971	12	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Oforta"; Alytaus m. Sudvajų g. 22-13; 302842651	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Ogot"; Vilniaus m. sav. Vilniaus m. Fabijoniškių g. 93- 48; 302833727	8 950	(1 030)	10 000	9 980	( 20)	10 000	Civil engineering construction
UAB "Olec"; Alytaus m. Naujoji g. 12-314; 302859298	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Oniginta"; Vilniaus m. Pylimo g. 41-12; 302854696	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Opuva"; Alytaus m. Sudvajų g. 22-13; 302842320	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Palanta"; Trakų r. sav. Jasdonių k. 3; 302859519	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Podita"; Vilniaus m. Rugių g. 12-17; 302859323	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Pudex"; Alytaus m. sav. Alytaus m. Likiškėlių g. 11-2; 302833691	9 988	16	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Rakovita"; Vilniaus m. J. Savickio g. 4; 302859896	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended

UAB "Ravintuva"; Vilniaus m. Ukmergės g. 216-35; 302859476	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Reluva"; Vilniaus m. Ramybės g. 4-70; 302842612	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Rimantuva"; Palangos m. Mokyklos g. 62 K4-12; 302860941	9 688	( 244)	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Rokerta"; Radviliškio r. sav. Pakiršinio k. Draugystės g. 1; 302832949	9 988	16	10 000	9 972	( 28)	10 000	Activities suspended
UAB "Rupa"; Vilniaus m. Žemynos g. 31-50; 302841599	9 955	12	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Rutufa"; Alytaus m. Naujoji g. 12-113; 302859241	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Samona"; Šiaulių m. Architektų g. 18A-42; 302855111	9 971	12	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Sekovita"; Klaipėdos m. Minijos g. 164G-33; 302860368	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Sinuva"; Kauno r. sav. Pakalniškių km.; 302848394	9 718	( 239)	10 000	9 957	( 43)	10 000	Activities suspended
UAB "Siraveta"; Vilniaus m. Mokslininkų g. 20; 302841567	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Somara"; Druskininkų m. Šv. Jokūbo g. 18-3; 302848309	9 727	( 239)	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Sonova"; Vilniaus m. Verkių g. 109; 302848273	9 978	12	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Sotelina"; Šiaulių m. Architektų g. 18A-42; 302855047	9 971	12	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Stogana"; Vilniaus m. Baltupio g. 47-25; 302842199	9 703	( 240)	10 000	9 943	( 57)	10 000	Activities suspended
UAB "Tabulva"; Vilniaus m. Musninkų g. 22-39; 302860674	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Tanula"; Vilniaus m. Algirdo g. 6-17; 302848348	9 978	12	10 000	9 966	( 34)	10 000	Activities suspended



UAB "Tavix"; Alytaus m. Naujoji g. 12-525; 302859234	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Tedafi"; Vilniaus m. Mokslininkų g. 20; 302842270	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Tekilta"; Kauno m. Europos pr. 122; 302859729	9 940	16	10 000	9 924	( 76)	10 000	Activities suspended
UAB "Tekupa"; Vilniaus m. Kalvarijų g. 125; 302842676	9 985	12	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Tirota"; Vilniaus m. Geležinkelio g. 3- 14A; 302854689	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Togevita"; Vilniaus m. Filaretų g. 99A; 302855175	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Tumax"; Vilniaus m. S. Žukausko g. 16; 302859405	9 948	16	10 000	9 932	( 68)	10 000	Activities suspended
UAB "Uphamster"; Vilniaus m. Architektų g. 56- 101; 302854956	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Valunta"; Vilniaus m. Architektų g. 56- 101; 302854778	9 975	16	10 000	9 959	( 41)	10 000	Activities suspended
UAB "Vatam"; Palangos m. Mokyklos g. 62 K4-12; 302860959	9 983	21	10 000	9 962	( 38)	10 000	Activities suspended
UAB "Vinulta"; Kauno m. Kęstučio g. 40B-7; 302848056	9 737	( 239)	10 000	9 976	( 24)	10 000	Activities suspended
UAB "Vovsalta"; Kauno r. sav. Pakalniškių km.; 302848476	9 737	( 239)	10 000	9 976	( 24)	10 000	Activities suspended
UAB "Vunora"; Vilniaus m. Kalvarijų g. 125; 302842669	9 989	16	10 000	9 973	( 27)	10 000	Activities suspended
UAB "Vupsina"; Šiaulių r. sav. Paringuvio k. Ringuvos g. 7A-3; 302855129	9 962	12	10 000	9 950	( 50)	10 000	Activities suspended
UAB "Wegana"; Ukmergės r. sav. Siesikų mstl. Laisvės g. 50; 302849464	9 978	12	10 000	9 966	( 34)	10 000	Activities suspended
UAB "Wipsi"; Alytaus m. Putinų g. 24A-20; 302848451	9 728	( 239)	10 000	9 967	( 33)	10 000	Activities suspended
UAB "Zesee"; Šiaulių r. sav. Paringuvio k. Ringuvos g. 7A-3; 302854792	9 975	16	10 000	9 958	( 42)	10 000	Activities suspended
UAB "Zinuva"; Vilniaus m. Rugių g. 12-17; 302859921	9 692	( 240)	10 000	9 932	( 68)	10 000	Activities suspended

UAB "Pavilnių saulės slėnis 1"; Vilniaus m. Ozo g.10A; 302784493	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
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Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Pavilnių saulės slėnis 2"; Vilniaus m. Ozo g.10A; 302784123	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 3"; Vilniaus m. Ozo g.10A; 302792561	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 4"; Vilniaus m. Ozo g.10A; 302793243	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 5"; Vilniaus m. Ozo g.10A; 302793236	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 6"; Vilniaus m. Ozo g.10A; 302791139	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 7"; Vilniaus m. Ozo g.10A; 302791114	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 8"; Vilniaus m. Ozo g.10A; 302791089	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 9"; Vilniaus m. Ozo g.10A; 302791096	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 10"; Vilniaus m. Ozo g.10A; 302791064	9 184	1 812	10 000	7 372	(2 628)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 11"; Vilniaus m. Ozo g.10A; 302791025	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 12"; Vilniaus m. Ozo g.10A; 302784504	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 13"; Vilniaus m. Ozo g.10A; 302791000	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 14"; Vilniaus m. Ozo g.10A; 302790998	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 15"; Vilniaus m. Ozo g.10A; 302790973	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction

UAB "Pavilnių saulės slėnis 16"; Vilniaus m. Ozo g.10A; 302790959	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 17"; Vilniaus m. Ozo g.10A; 302794039	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 18"; Vilniaus m. Ozo g.10A; 302794021	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 19"; Vilniaus m. Ozo g.10A; 302793994	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Pavilnių saulės slėnis 20"; Vilniaus m. Ozo g.10A; 302791107	9 161	1 812	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 21"; Vilniaus m. Ozo g.10A; 302791071	9 167	1 818	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 22"; Vilniaus m. Ozo g.10A; 302791057	9 167	1 818	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 23"; Vilniaus m. Ozo g.10A; 302784529	9 167	1 818	10 000	7 349	(2 651)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 24"; Vilniaus m. Ozo g.10A; 302791018	8 289	230	10 000	8 059	(1 941)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 25"; Vilniaus m. Ozo g.10A; 302784536	8 289	230	10 000	8 059	(1 941)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 26"; Vilniaus m. Ozo g.10A; 302784397	10 326	342	10 000	9 984	( 16)	10 000	Activities suspended
UAB "Pavilnių saulės slėnis 27"; Vilniaus m. Ozo g.10A; 302784372	10 326	342	10 000	9 984	( 16)	10 000	Activities suspended
UAB "Denegra" (buvusi UAB "Pavilnių saulės slėnis 28"); Vilniaus m. Ozo g.10A; 302784365	5 170	(4 386)	10 000	9 556	( 444)	10 000	Civil engineering construction
UAB "Pavilnių saulės slėnis 29"; Vilniaus m. Ozo g.10A; 302784358	10 326	342	10 000	9 984	( 16)	10 000	Activities suspended
UAB "Tiekesta" (buvusi UAB "Pavilnių saulės slėnis 30"); Vilniaus m. Ozo g.10A; 302784148	(282 323)	(292 307)	10 000	9 984	( 16)	10 000	Civil engineering construction

UAB "Adorada"; Vilnius m. Ozo g.10A; 302735731	(60 407)	98 688	10 000	(159 095)	(169 095)	10 000	Consulting on business management and other issues
UAB "Balteina"; Vilnius m. Ozo g.10A; 302736598	2 717	(4 559)	10 000	7 276	(2 724)	10 000	Consulting on business management and other issues
UAB "ViaModus"; Vilnius m. Ozo g.10A; 302751041	212	(6 725)	10 000	6 937	(3 063)	10 000	Consulting on business management and other issues
UAB "Investiciniai energetikos projektai"; Vilnius m. Ozo g.10A; 302470304	1 755 369	854 996	1 273 200	900 373	(123 060)	1 273 200	Power generation, transmission and distribution
UAB "Renvia"; Vilnius m. Ozo g.10A; 301557546	10 014 475	4 563 171	1 000	5 521 213	5 535 278	1 000	Solar power plant construction organization
UAB "Cenergija"; Vilnius m. Ozo g.10A; 302850107	8 538	(1 365)	10 000	9 903	( 97)	10 000	Construction of other civil engineering structures

Subsidiaries directly controlled by the Company, acquired in 2013 , controlled share – 100 percent:

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB Autoidėja; Vilnius m. Ozo g.10A; 125028784	(3300 603)	810 203	3 290 000	-	-	-	Gas station equipment, gas sale for vehicles
UAB Tvari energija; Vilnius m. Ozo g.10A; 302508769	(100 911)	(34 549)	1	-	-	-	Power generation, transmission and distribution
UAB Erengie Group; Vilnius m. Ozo g.10A; 302491056	(41 439)	95 246	1	-	-	-	Power generation, transmission and distribution
UAB Intergates; Vilnius m. Ozo g.10A; 302481546	418 864	486 417	10 000	-	-	-	Power generation, transmission and distribution

Subsidiaries directly controlled by the Company, acquired in 2012, controlled share – 82,5 percent:

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Menergija"; Vilnius m. Ozo g.10A; 302850267	3 795	(3 902)	8 250	9 330	( 670)	8 250	Construction of other civil engineering structures
UAB "Nenergija"; Vilnius m. Ozo g.10A; 302850064	4 319	(3 391)	8 250	9 348	( 652)	8 250	Construction of other civil engineering structures
UAB "Venergija"; Vilnius m. Ozo g.10A; 302850089	4 176	(3 530)	8 250	9 340	( 660)	8 250	Construction of other civil engineering structures
UAB "Zenergija" ; Vilnius m. Ozo g.10A; 302850121	4 535	(3 160)	8 250	9 327	( 673)	8 250	Construction of other civil engineering structures
UAB "Jenergija" ; Vilnius m. Ozo g.10A; 302850299	4 060	(3 646)	8 250	9 340	( 660)	8 250	Construction of other civil engineering structures

UAB "Kenergija"; Vilniaus m. Ozo g.10A; 302850274	6 010	(1 694)	8 250	9 338	( 662)	8 250	Construction of other civil engineering structures
UAB "Lenergija"; Vilniaus m. Ozo g.10A; 302850203	4 457	(3 249)	8 250	9 340	( 660)	8 250	Construction of other civil engineering structures

Subsidiaries directly controlled by the Company, acquired in 2012, controlled share – 62 percent  
(controlled share on 31 December 2012 - 100 percent):

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Sigvilta"; Vilniaus m. Žemynos g. 31-50; 302841574	1 123 650	4 123	1 121 200	9 943	( 57)	10 000	Civil engineering construction

Subsidiaries directly controlled by the Company and sold in 2013, controlled share - 100 percent:

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Ahil"; Vilniaus m. Elnių g. 27; 302849375	-	-	-	9 966	( 34)	10 000	Construction of other civil engineering structures
UAB "Arantuva"; Vilniaus m. Didlaukio g. 80-96; 302855022	-	-	-	9 959	( 41)	10 000	Construction of other civil engineering structures
UAB "Fotona"; Vilniaus m. Filaretų g. 99A; 302841720	-	-	-	9 973	( 27)	10 000	Construction of other civil engineering structures
UAB "Gudee"; Vilniaus m. Adučiškio g. 3-3; 302860717	-	-	-	9 932	( 68)	10 000	Construction of other civil engineering structures
UAB "Rovuna"; Vilniaus m. Ramybės g. 4-70; 302842224	-	-	-	9 973	( 27)	10 000	Construction of other civil engineering structures
UAB "Texalita"; Vilniaus m. Baltupio g. 47-25; 302841713	-	-	-	9 943	( 57)	10 000	Construction of other civil engineering structures
UAB "Psenergija"; Vilniaus m. Ozo g. 10A; 302850071	-	-	-	9 329	( 671)	8 250	Construction of other civil engineering structures
UAB "Senergita"; Vilniaus m. Ozo g. 10A; 302850317	-	-	-	9 340	( 660)	8 250	Construction of other civil engineering structures

Subsidiaries directly controlled by the Company, acquired in 2012, controlled share - 50 percent:

Associated company	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
Ausieniškių ŽŪB; Vilniaus m. Ozo g.10A; 302751326	(239 923)	(111 377)	-	(128 546)	(128 746)	-	Agriculture, alternative energy

Mockėnų ŽŪB; Vilniaus m. Ozo g.10A; 302794217	(25 466)	2 719	-	(28 185)	(28 385)	-	Agriculture, production of silage
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Associated company directly and indirectly owned by the Company, directly owned share 38.6 percent, indirectly (through UAB Intergates) owned share - 30.7 percent:

Subsidiary	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Baltic sun energy"; Vilniaus m. Ozo g.10A; 302444569	1 896 959	1 013 287	768 800	883 672	(154 754)	768 800	Power generation, transmission and distribution

Associated company directly owned by the Company, acquired in 2012, owned share - 34 percent ( share owned on 31 December 2012 - 100 percent):

Associated company	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Lepita"; Vilniaus m. Pamėnkalnio g. 25; 302854931	913 558	( 701)	310 500	9 958	( 41)	10 000	Civil engineering construction

Subsidiary, indirectly owned by the Company through UAB Sigvilta, share owned by the Group - 82.5 percent:

Secondary subsidiary company	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB "Psenergija"; Vilniaus m. Ozo g. 10A; 302850071	(181 014)	(190 343)	8 250	-	-	-	Power generation, transmission and distribution

Associated company indirectly owned by the Company in 2012 and 2013 through UAB Adorada. Share owned by UAB Adorada -- 49.9 percent:

Associated company	Equity 31/12/2013	Net profit (loss) 31/12/2013	Carrying amount of investments 31/12/2013	Equity 31/12/2012	Net profit (loss) 31/12/2012	Carrying amount of investments 31/12/2012	Short description of activity
UAB Saulės energijos projektai; Vilniaus m. Ozo g.10A; 302477633	4 280 646	1 545 186	2 389 609	2 735 460	(315 722)	1 775 000	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 24 in 2013 (2012: 4 employees).

## 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.

#### **(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:

	<b>Year</b>
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:

	<b>Acquisition cost</b>
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.



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.

#### **(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.

## 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.

## NOTE 1: SALES INCOME

Items	Financial year	Previous financial year
Subcontracting	11 068 819	20 312 832
Energy	13 309 461	166 345
Sale of buses	1 585 181	-
Other	240 272	10 516
<b>TOTAL:</b>	<b>26 203 733</b>	<b>20 489 693</b>

## NOTE 2: COST OF SALES

Items	Financial year	Previous financial year
Cost of subcontracting	9 090 018	13 497 587
Cost of energy	9 565 172	159 222
Cost of sales of buses	1 358 833	-
Remuneration, social insurance contributions	344 722	583 935
Other	168 780	3 225
<b>TOTAL:</b>	<b>20 527 525</b>	<b>14 243 968</b>

## NOTE 3: OPERATING EXPENSES

Items	Financial year	Previous financial year
<b>Sales expenses:</b>	<b>464 035</b>	-
Repairs of equipment and vehicles	196 719	-
Legal and other consultations	180 204	-
Other	87 112	-
<b>General and administrative expenses:</b>	<b>3 620 847</b>	<b>536 810</b>
Rent	19 771	6 707
Repair and maintenance	3 300	9 706
Insurance	59 233	20 641
Remuneration of employees and related expenses	414 984	178 532
Depreciation and amortisation	1 720 279	35 275
Audit	50 000	10 000
Legal consultations and management fees	787 056	177 778
Transport	118 577	16 412
Taxes	4 504	400
Other	443 142	81 359
<b>TOTAL:</b>	<b>4 084 882</b>	<b>536 810</b>

#### NOTE 4: OTHER ACTIVITIES

Items	Financial year	Previous financial year
<b>a) INCOME FROM OTHER ACTIVITIES</b>	<b>4 973</b>	<b>10 746</b>
Gain on disposal of non-current assets	-	-
Other income	4 973	10 746
<b>b) EXPENSES OF OTHER ACTIVITIES</b>	<b>6 031</b>	<b>10 746</b>
Loss on disposal of non-current assets	-	-
Other non-ordinary activities expenses	6 031	10 746
<b>c) RESULT FROM OTHER ACTIVITIES (a - b)</b>	<b>( 1 058)</b>	<b>-</b>

#### NOTE 5: RESULTS FROM FINANCING AND INVESTING ACTIVITIES

Items	Financial year	Previous financial year
<b>a) INCOME FROM FINANCING AND INVESTING ACTIVITIES</b>	<b>1 608 837</b>	<b>57 822</b>
Income from currency exchange rate fluctuations	-	816
Interest income	406 331	42 006
Delinquency charges and fines received	309 455	15 000
Income of investment value increase	883 673	-
Other	9 378	-
<b>b) EXPENSES OF FINANCING AND INVESTING ACTIVITIES</b>	<b>1 437 805</b>	<b>409 091</b>
Expenses of currency exchange rate fluctuations	3 799	1 476
Interest expenses	1 283 305	148 449
Investicijų vertės sumažėjimo sąnaudos	-	221 191
Delinquency charges and fines paid	96 595	37 975
Other	54 106	-
<b>c) RESULT FROM FINANCIING AND INVESTING ACTIVITIES (a - b)</b>	<b>171 033</b>	<b>( 351 269)</b>

## 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	29 003	-	4 350	-
Difference between tax base and carrying amount of non-current tangible assets	3 782 589	-	567 388	-
Incentive for investments into non-current tangible assets	7 085 270	-	1 062 791	-
Tax losses	4 985 313	-	747 798	-
<b>TOTAL:</b>	<b>15 882 176</b>	<b>-</b>	<b>2 382 327</b>	<b>-</b>

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

Movement of deferred tax assets (liabilities):

<b>Deferred tax assets (liabilities) of the previous reporting period</b>	<b>-</b>
Acquired deferred tax assets (UAB Autoidēja)	881 390
Change in deferred tax	1 500 937
<b>Deferred tax assets (liabilities) of the reporting period</b>	<b>2 382 327</b>

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)	( 970 012)
Deferred tax income / (expenses)	1 500 937	-
<b>TOTAL:</b>	<b>633 923</b>	<b>( 970 012)</b>

## NOTE 7: INTANGIBLE ASSETS

Items	Goodwill	Software	Other intangible assets	Total
<b>Balance at the end of the previous financial year</b>	<b>315 954</b>	<b>-</b>	<b>-</b>	<b>315 954</b>
<b>a) Non-current intangible assets at acquisition cost</b>				
At the end of the previous financial year	351 060	-	-	351 060
Changes during the financial year:				
- acquisition of subsidiaries	8 159 774	1 303	-	8 161 077
- additions	-	-	12 400	12 400
- reversals (-)	-	-	-	-
- disposals to other persons and write-offs (-)	-	-	-	-
- reclassified from/to +/-(-)	-	-	-	-
<b>At the end of the financial year</b>	<b>8 510 834</b>	<b>1 303</b>	<b>12 400</b>	<b>8 524 537</b>

<b>b) Amortisation</b>				
At the end of the previous financial year	35 106	-	-	35 106
Changes during the financial year:				
- amortisation charge for the year	1 702 167	538	513	1 703 218
- reversals (-)	-	-	-	-
- amortisation of disposals to other persons and write-offs (-)	-	-	-	-
- reclassified from/to +/-(-)	-	-	-	-
<b>At the end of the financial year</b>	<b>1 737 273</b>	<b>538</b>	<b>513</b>	<b>1 738 324</b>
<b>c) Impairment</b>				
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 +/-(-)	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>d) Balance at the end of the financial year (a)-(b)-(c)</b>	<b>6 773 561</b>	<b>765</b>	<b>11 887</b>	<b>6 786 213</b>

As at 31 December 2013, the acquisition cost of fully amortised non-current intangible assets still in use amounted to LTL 2 070 (no amounts on 31 December 2012).

#### NOTE 8: NON-CURRENT TANGIBLE ASSETS

Items	Land	Vehicles	Other fixtures, fittings, tools and equipment	Construction in progress	Other tangible assets	Total
<b>Balance at the end of the previous financial year</b>	-	-	4 552 918	-	-	4 552 918
<b>a) Acquisition cost</b>						
At the end of the previous financial year	-	-	4 672 455	-	-	4 672 455
Changes during the financial year:						
- acquisition of subsidiaries	40 000	2	5 587 512	5 505 984	7 872	11 141 370
- additions	-	-	125 880	14 921 863	555	15 048 298
- reversals (-)	-	-	-	-	-	-
- disposals to other persons and write-offs (-)	-	-	( 5 503)	-	-	( 5 503)
- reclassified from/to +/-(-)	-	-	11 782 842	(11 782 842)	-	-
<b>At the end of the financial year</b>	<b>40 000</b>	<b>2</b>	<b>22 163 186</b>	<b>8 645 004</b>	<b>8 427</b>	<b>30 856 619</b>
<b>b) Revaluation</b>						
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 +/-(-)	-	-	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>c) Depreciation</b>						
At the end of the previous financial year	-	-	119 537	-	-	119 537
Changes during the financial year:						
- depreciation charge for the year	-	-	1 289 019	-	3 506	1 292 525
- reversals (-)	-	-	-	-	-	-
- depreciation of disposals to other persons and write-offs (-)	-	-	( 2 871)	-	-	( 2 871)
- reclassified from/to +/-(-)	-	-	-	-	-	-
<b>At the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>1 405 685</b>	<b>-</b>	<b>3 506</b>	<b>1 409 191</b>

<b>d) Impairment</b>						
At the end of the previous financial year	-	-	-	-	-	-
Changes during the financial year:						
- disposals to other persons and write-offs (-)	-	-	-	-	-	-
- reclassified from/to +/-(-)	-	-	-	-	-	-
<b>At the end of the financial year</b>	-	-	-	-	-	-
<b>e) Balance at the end of the financial year (a)+(b)-(c)-(d)</b>	<b>40 000</b>	<b>2</b>	<b>20 757 501</b>	<b>8 645 004</b>	<b>4 921</b>	<b>29 447 428</b>

As at 31 December 2013, the acquisition cost of fully amortised non-current tangible assets still in use amounted to LTL 25 811 (no amounts on 31 December 2012). 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	25 811	-
<b>TOTAL:</b>	<b>25 811</b>	<b>-</b>

#### 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
<b>a) Acquisition cost of inventories</b>			
At the end of the previous financial year	170 366	-	170 366
At the end of the financial year	1 424 094	24 418	1 448 512
<b>b) Write-down to net realisable value (reversal)</b>			
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):	2 513 899	26 990
Impairment allowance for receivables	-	-
<b>Trade receivables (net):</b>	<b>2 513 899</b>	<b>26 990</b>
<b>Amounts receivable from related companies</b>	<b>735 432</b>	<b>1 464 364</b>
<b>OTHER RECEIVABLES:</b>	<b>11 880 327</b>	<b>1 415 794</b>
Receivable VAT	2 148 113	11 095
Budget debt	640 252	-
Loans granted, whereof:	6 328 915	1 404 699
<i>To related companies (Note 16)</i>	5 678 915	1 404 699
Amounts receivable from finance leases and other	2 763 047	-
<b>TOTAL:</b>	<b>14 394 226</b>	<b>2 907 148</b>

#### 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	-	-
<b>TOTAL:</b>	<b>3 300 002</b>	<b>3 300 002</b>
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. As at 31 December 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. During 2012 there were no changes in authorized capital. The authorised share capital was increased by contributing 100% of UAB Tvari Energija, UAB Autoidėja, UAB Erengie Group shares.

#### 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	4 386 947
Net result – profit (loss) – for the financial year	2 175 535
Profit (loss) not recognised in the income statement	-
Result – profit (loss) – to be distributed at the end of the financial year	6 562 482
Shareholders' contributions against losses	-
Transfers from reserves	-
Total profit (loss) for distribution	6 562 482
Profit distribution:	
- to legal reserves	-
- to other reserves	-
- dividends	-
- other	-
<b>Retained earnings – profit (loss) – at the end of the financial year</b>	<b>6 562 482</b>

#### NOTE 15: STATE OF LIABILITIES OF THE GROUP

31 December 2013

Items	Amounts or parts of amounts payable
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Specification of liabilities per type	During the financial year	After one year but not more than five years	After five years
<b>Financial debts:</b>	<b>5 682 937</b>	<b>34 918 891</b>	-
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>	2 384 921	10 586 114	
<b>Other debts:</b>	<b>10 105 495</b>	-	-
1. Trade payables, whereof:	6 052 181	-	-
<i>To related companies (Note 16)</i>	2 051 223	-	-
2. Received prepayments, whereof:	2 060 595	-	-
<i>Related companies (Note 16)</i>	2 026 687		
3. Income tax liabilities	624 511	-	-
4. Employment-related liabilities	189 842	-	-
5. Other amounts payable, whereof:	<b>1 178 365</b>	-	-
5.1 Accrued costs	261 061	-	-
5.2 VAT payable	903 918	-	-
5.5 Other	13 386	-	-
<b>TOTAL:</b>	<b>15 788 432</b>	<b>34 918 891</b>	-

### Financial debts

In 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, solar power plants with the carrying amount on 31 December 2013 of LTL 11 287 876 , lease rights of part of lands, financial securities and guarantee received from UAB "Inter Krasta".

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

On 31 December 2012 the Group had loan agreements with AB "Swedbank" and other related parties (Note 16). The Group has secured fulfilment of these liabilities by pledging current and future in bank accounts and solar power plants with the carrying amount on 31 December 2012 of LTL 5 169 055.

### 31 December 2012

Items	Amounts or parts of amounts payable		
	During the financial year	After one year but not more than five years	After five years
<b>Specification of liabilities per type</b>			
<b>Financial debts:</b>	<b>1 952 152</b>	<b>3 215 057</b>	-
1. To credit institutions	516 577	3 215 057	-
2. Other financial debts (Note 16)	1 435 575	-	-
<b>Other debts:</b>	<b>2 625 116</b>	-	-
1. Trade payables	564 952	-	-
<i>To related companies (Note 16)</i>	288 353		
2. Received prepayments, whereof:	281 800	-	-
<i>Related companies (Note 16)</i>	40 500		
3. Income tax liabilities	970 012	-	-
4. Employment-related liabilities	77 156	-	-
5. Other amounts payable, whereof:	<b>731 196</b>	-	-
5.1 Accrued costs	1 335	-	-
5.2 VAT payable	724 335	-	-
5.5 Other	5 526	-	-
<b>TOTAL:</b>	<b>4 577 268</b>	<b>3 215 057</b>	-

**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.

**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	Sales		Amounts receivable and prepayments made	
Associated companies	4 481 519	14 009 313	-	791 269
Other related parties	3 086 060	816 617	735 432	673 095
<b>TOTAL:</b>	<b>7 567 579</b>	<b>14 825 931</b>	<b>735 432</b>	<b>1 464 364</b>

Purchases and amounts payable	Purchases		Amounts payable and received prepayments	
Associated companies	994 005	-	3 333 485	10
Other related parties	798 453	292 659	744 424	78 843
Other related natural persons	-	-	-	250 000
<b>TOTAL:</b>	<b>1 792 458</b>	<b>292 659</b>	<b>4 077 917</b>	<b>328 853</b>

Interest income and loans granted	Interest income		Receivable loans and interest	
Associated companies	28 628	2 653	2 041 361	739 994

Other related parties	84 410	3 908	4 483 454	1 997 099
<b>TOTAL:</b>	<b>113 038</b>	<b>6 561</b>	<b>6 524 822</b>	<b>2 737 093</b>

<b>Interest expenses and received loans</b>	<i>Interest expenses</i>		<i>Payable loans and interest</i>	
Associated companies	238	-	-	-
Other related parties	651 911	30 669	12 754 031	1 435 575
Other related natural persons	-	-	217 004	-
<b>TOTAL:</b>	<b>652 149</b>	<b>30 669</b>	<b>12 971 035</b>	<b>1 435 575</b>

Change in loans granted during 2013: granted loans – LTL 7 137 985, recovered loans – LTL 517 424.  
Change in loans granted during 2012: granted loans – LTL 6 255 144, recovered loans – LTL 2 695 600.

The maturity of loans granted: 31 December 2014

Change in loans received during 2013: received loans – LTL 11 151 153, repaid loans – LTL 14 442 598.

Change in loans received during 2012: received loans – LTL 8 527 822, repaid loans – LTL 7 639 680.

The maturity of loans received: 31 December 2014

There are no guarantees for the related parties on 31 December 2013 and 2012.

#### **NOTE 17: BUSINESS ACQUISITIONS**

##### **Companies acquired by UAB Modus Energija in 2013:**

<b>Acquired subsidiary</b>	<b>Controlled share</b>	<b>Net asset value at the acquisition date</b>	<b>Acquisition cost</b>	<b>Resulting goodwill</b>
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 "Energie Group"	100%	( 136 685)	1	136 686
UAB "Baltic Sun Energy"	69%	612 234	1 090 600	478 366
<b>TOTAL:</b>		<b>(3 769 172)</b>	<b>4 390 602</b>	<b>8 159 774</b>

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.

##### **Companies acquired by UAB Modus Energija in 2012:**

<b>Acquired subsidiary</b>	<b>Controlled share</b>	<b>Net asset value at the acquisition date</b>	<b>Acquisition cost</b>	<b>Resulting goodwill</b>
UAB "Renvia"	100%	( 85 180)	1 000	86 180
UAB "Investiciniai energetiko projektai"	100%	1 008 320	1 273 200	264 880
<b>TOTAL:</b>		<b>923 140</b>	<b>1 274 200</b>	<b>351 060</b>

#### **NOTE 18: SUBSEQUENT EVENTS**

There were no 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.

### 8.3.8. Main financial indicators of the Company

Table No. 6

<b>Main financial indicators</b>			
<b>Income statement, kLTL</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Sales revenues	20,490	26,204	26,853
Gross profit	6,246	5,676	7,834
Operating profit	5,709	1,591	3,820
EBITDA profit*	5,528	6,040	8,983
Net profit	4,388	2,176	1,390
<b>Balance sheet statement, kLTL</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Non-current assets	7,784	42,165	44,836
Current assets	4,405	19,591	13,236
Shareholder equity	4,397	11,049	12,420
Non-current liabilities	3,215	34,919	29,924
of which financial debt**	3,215	34,919	29,879
Current liabilities	4,577	15,788	15,729
of which financial debt**	1,952	5,683	4,688
<b>Profitability</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Gross profit margin	30.5%	21.7%	29.2%
Operating profit margin	27.9%	6.1%	14.2%
EBITDA profit margin	27.0%	23.1%	33.5%
Net profit margin	21.4%	8.3%	5.2%
<b>Capital structure</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Financial debt** / Shareholder equity	1.18	3.67	2.78
Financial debt** / EBITDA	0.93	6.72	3.85

\* - profit before income taxes, interest expenses, depreciation and amortization expenses

\*\* -Sum of all interest carrying liabilities

### 8.4. Auditor

8.4.1. The financial statements and financial information of the Issuer for year 2014 added to the Company Description have been audited by KPMG Baltics, UAB, company code 111494971, address Upės str. 21, Vilnius, Lithuania, No. of licence 001281. Responsible auditor: Vilmantas Karalius, No. of certificate: 000371. The auditor is a member of the Lithuanian Chamber of Auditors (LCA).

The financial statements and financial information of the Issuer for year 2013 added to the Company Description have been audited by UAB "Pricewaterhousecoopers", company code 111473315, address J. Jasinskio str. 16B, Vilnius, Lithuania, No. of licence 001273. Responsible auditor: Rimvydas Jogėla, No. of certificate: 000457. The auditor is a member of the Lithuanian Chamber of Auditors (LCA).

8.4.2. The auditor provided a report for financial information included in the annual report of 2013 containing qualifications: reason for qualification – auditors disagreement with the Issuer due to the fact that on 31 December 2013 the Issuer did not meet the financial covenants included in the loan agreements and due to this reason the loan provider can require the Issuer to immediately repay all loans with non-current payable part of LTL 8 617 thousand. In the opinion of the auditor, the classification of above mentioned loan part as non-

current does not meet 2<sup>nd</sup> Business accounting standard "Balance" requirements, according to these liabilities on the financial accounts preparation day should be classified as non-current only then the company has an unconditional right to defer fulfilment of these obligations for no shorter than 12 months after the preparation day of the financial accounts. Due to this reason the non-current loans of the Issuer on 31 December 2013 should be decreased and current loans increased by LTL 8 617 thousand.

### **8.5. The main areas of the Issuer's business activities**

8.5.1. Historically the Issuer was engaging in four main business areas: operation of solar power plants, operation of biogas fired power plants, civil engineering and construction, sale of compressed natural gas vehicles and fuel. Starting with 2014 the Issuer stopped all civil engineering and construction related business activities. The compressed natural gas sale business segment is being gradually phased out and it is planned that starting with year 2016 the Issuer will only engage in solar power and biogas fired power based electricity generation business.

At the moment the Issuer operates 14 solar power plants with total installed capacity of 4.9 MW and 3 biogas power plants with installed capacity of 2.6 MW, producing electricity and heat. In addition to renewable energy generation the issuer supplies several clients with compressed natural gas on long-term contract which is due to fully expire by the end of 2015. Table below contains list of key renewable energy projects executed and operated by the Issuer.

Table No. 7

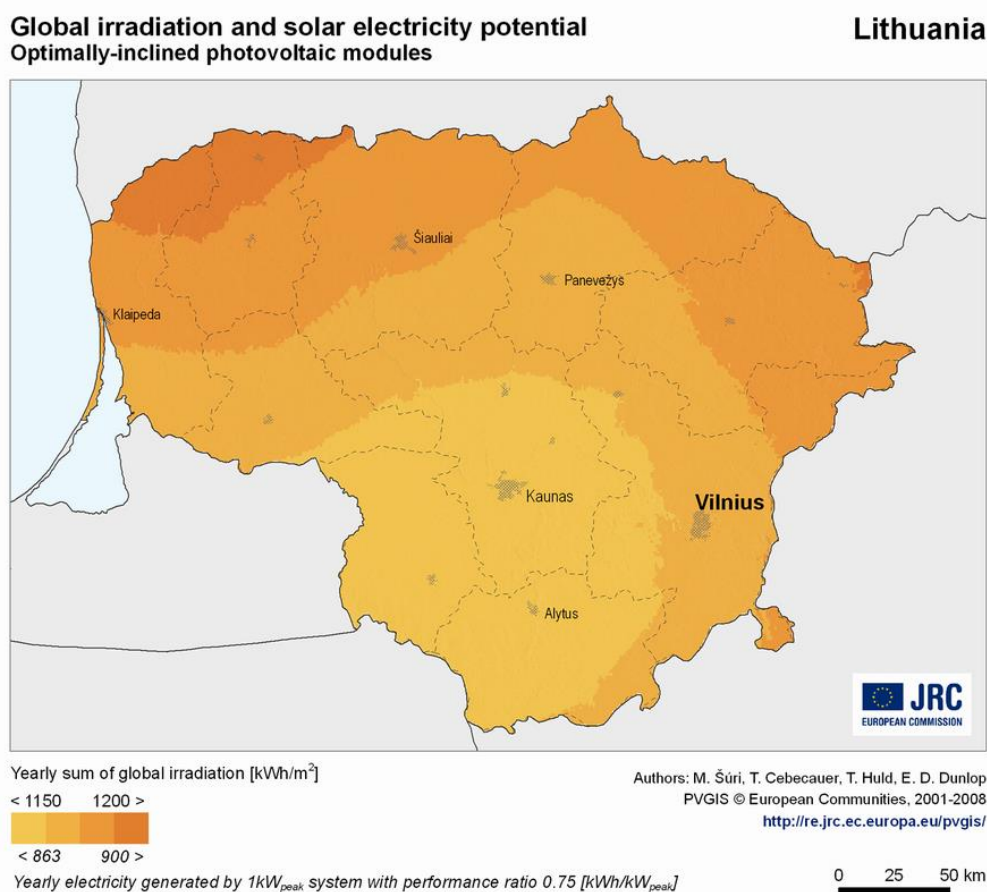
Project	Year	Location	Type	Capacity, kW	Investments made, mEUR	Estimated average annual EBITDA, mEUR
Kazokiskes	2012 /2014 Q1	Vievis	Biogas (communal waste)	1,600	2.90	0.81
Pasodele	2014 Q1	Pasodele	Biogas (agricultural)	1,000	3.75	0.54
Sajas	2014 Q2	Kiškokiai	Biogas (agricultural)	637	2.36	0.25
BSE	2012 Q2	Juozapava	Solar	995	1.50	0.43
IEP	2012 Q2	Rusonys	Solar	940	1.50	0.40
SEP	2013 Q1	Gailiusiai	Solar	2,560	4.10	0.53*
Other	2012 Q2	Lithuania	Solar	370	0.60	0.10
CNG	2008	Vilnius	CNG supply	-		0.15
<b>Total</b>				<b>8,102</b>	<b>16.71</b>	<b>3.21</b>

## 8.6. The main markets in which the Issuer operates

8.6.1. The Issuer's continuous operations are concentrated in solar power and biogas power based electricity generation markets. Geographically current Issuer's activities are solely based in the territory of the Republic of Lithuania.

### Short Lithuanian solar energy and biogas energy market overview

Based on the information compiled by the Issuer there are around 1 900 operating solar energy plants in Lithuania. Total installed capacity of all plants reached around 65 MW at the end of 2014. Based on the solar irradiation data compiled by European Commission and on the Issuer's experience, Lithuania has intensive solar radiation level, which ensures more than 1 000 working hours per year. Thus solar energy is one of feasible types of renewable energy which can be harnessed to achieve Lithuanian government set long-term goal of producing at least 23% of energy from renewable sources.



At the end of 2014 there were 17 biogas energy power plants in Lithuania with the total installed capacity of 19.4 MW. Out of this number 3 biogas power plants with an installed capacity of 2.6 MW are operated by the Issuer. The Issuer estimates that total Lithuanian biogas fired power plants industry potential could reach up to 450 MW.

At the moment of preparation of this Company Description a 12 years fixed feed-in tariff support mechanism for both solar and biogas power plants is present in Lithuania. The specific feed-in tariffs are decided and feed-in tariff quotas are distributed via auction mechanism. In mid-2013 solar energy feed-in tariffs were

significantly reduced and currently the maximum confirmed feed-in tariff for non-integrated solar power plants depending on installed capacity ranges from 0.168 EUR/kWh to 0.211 EUR/kWh. Maximum confirmed feed-in tariff for biogas fired power plants depending on installed capacity ranges from 0.116 EUR/kWh to 0.159 EUR/kWh.

The Issuer's solar energy plants have a confirmed feed-in tariff ranging from 0.362 to 0.452 EUR/kWh depending on the project. The Issuer's biogas fired power plants have a confirmed feed-in tariff of 0.133 EUR/kWh.

## **8.7. Significant changes and trend information**

8.7.1. There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

8.7.2. There have been no any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.

## **8.8. Recent significant developments**

8.8.1. There is no information of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

## **8.9. Patents and licenses**

8.9.1. The Issuer owns the trade (word) mark "Modus Energija", which is registered at the State Patent Bureau of the Republic of Lithuania.

The following subsidiary companies of the Issuer have permits received from the Ministry of Energy of the Republic of Lithuania to develop electricity production capacity:

- UAB "Venergija" - permit No. 17736, issued on 2013-05-23, power plant type – biogas;
- UAB "Zenergija" – permit No. 17737, issued on 2013-05-23, power plant type – biogas;
- UAB "Senergita" – permit No. 17738, issued on 2013-05-23, power plant type – biogas;
- UAB "Menergija" – permit No. 17739, issued on 2013-05-23, power plant type – biogas;
- UAB "Lenergija" – permit No. 17740, issued on 2013-05-23, power plant type – biogas;
- UAB "Nenergija" – permit No. 17742, issued on 2013-05-23, power plant type – biogas;
- UAB "Jenergija" - permit No. 17743, issued on 2013-05-23, power plant type – biogas;
- UAB "Tvari Energija" – permit No. 17746, issued on 2013-05-29, power plant type – biogas;

- UAB "ViaModus" – permit No. 18314, issued on 2013-08-23, power plant type – biogas.

The following subsidiary companies of the Issuer have permits received from the Ministry of Energy of the Republic of Lithuania to develop electricity production capacity:

- UAB „Investiciniai energetikos projektai“ – permit No. 376, issued on 2012-09-17, power plant type – photovoltaic;
- UAB „BALTIC SUN ENERGY“ – permit No. 378, issued on 2012-09-20, power plant type – photovoltaic;
- UAB „Saulės energijos projektai“ – permit No. 569, issued on 2013-01-16, power plant type – photovoltaic;
- UAB Erengie Group – permit No. 782, issued on 2013-02-28, power plant type – photovoltaic;
- UAB „Tvari energija“ – permit No. 783, issued on 2013-02-28, power plant type – photovoltaic;
- UAB Erengie Group – permit No. 1254, issued on 2013-03-27, power plant type – photovoltaic;
- UAB „Tvari energija“ – permit No. 1255, issued on 2013-03-27, power plant type – photovoltaic;
- UAB „Tvari energija“ – permit No. 1262. issued on 2013-03-27, power plant type – photovoltaic;
- UAB „Tvari energija“ – permit No. 1432, issued on 2013-03-28, power plant type – photovoltaic;
- UAB Erengie Group – permit No. 1434, issued on 2013-03-28, power plant type – photovoltaic;
- UAB „Tvari Energija“ – permit power plant type – photovoltaic tipas – saulės;
- UAB Intergates – permit No. 1441, issued on 2013-03-28, power plant type – photovoltaic;
- UAB „Erengie group“ – permit No. 1685, issued on 2013-04-19, power plant type – photovoltaic;
- UAB „ENERGMETA“ – permit No. 1693, issued on 2013-05-06, power plant type – photovoltaic;
- UAB Intergates – permit No. 2360, issued on 2014-02-13, power plant type – biogas;
- UAB „Senergita“ – permit No. 2392, issued on 2014-04-02, power plant type – biogas;
- UAB „Autoidėja“ – permit No. 1676, issued on 2013-04-19, power plant type – biogas;
- UAB "Psenergija" – permit No. 2403, issued on 2014-05-15, power plant type – biogas;



## **8.10. Significant contracts and material contracts**

8.10.1. The Issuer has entered into following contracts with monetary value accounting to 10% of Issuers subscribed capital or more:

- Loan agreements (the Issuer borrows from- UAB „Autobrava“, UAB „Baltic Sun Energy“, UAB „Investiciniai Energetikos Projektai“, UAB „Intergates“, UAB „Krasta Auto“, UAB „Modus Grupė“, UAB „Renvia“, UAB „Autoidėja“);
- Loan agreements (the Issuer lends to – UAB „Bioinvest“, UAB „Erengie Group“, UAB „Tvari Energija“, UAB „Psenergija“, UAB „Menergija“, UAB „Nenergija“, UAB „Venergija“, UAB „Jenergija“, UAB „Zenergija“, UAB „Autoidėja“, UAB „Inter Krasta“, UAB „Intergates“, UAB „Modus Grupė“, UAB „Renvia“, UAB „Tiekesta“, UAB „Lepita“, UAB „Statybiniai projektai“, UAB „Fotona“);
- Share sale and purchase agreements for the total price of EUR 257 925,45 (the buyer – a natural person).

8.10.2. Subsidiary companies of the Issuer have entered into following contracts with monetary value accounting to 10 % of Issuers subscribed capital or more (excluding loan agreements already mentioned above):

- UAB „Autoidėja“ (between „Vilniaus viešasis transportas“ (biogas sale and purchase agreement, vehicles sale and purchase agreement) , UAB „Intergates“ (biogas sale and purchase agreement, heating network lease agreement), UAB „Elektrėnų komunalinis ūkis“ (heat energy sale and purchase agreement), UAB LESTO (electricity sale and purchase agreement), UAB „Swedbank lizingas“(vehicles leasing agreement), AB „Lietuvos dujos“ (biogas sale and services agreement), UAB „Alduva“ (construction services agreement), UAB „VAATC“ (electricity extraction and supply agreement);
- UAB „Baltic sun energy“ (sale and purchase agreement of electricity from the renewable sources between AB LESTO);
- UAB „Investiciniai energetikos projektai“ (sale and purchase agreement of electricity from the renewable sources between AB LESTO);
- UAB „Intergates“ (sale and purchase agreement of electricity from the renewable sources between AB LESTO);
- UAB „Renvia“ (management services agreements between UAB „Psenergija“, UAB „Senergita“, equipment sale and purchase agreement and agreement for construction services between UAB „Lenergija“);
- UAB „Fotona“ (loan agreements between UAB „Lenergija“)
- UAB „Tiekesta“ (raw material sale and purchase agreements between UAB „Psenergija“, UAB „Senergita“);
- UAB „Renvia“ (between UAB „Inter Krasta“ (management services agreement, agreement for the lease of premises), MT-Energie GmbH (agreement for the delivery and assembly of biogas plants), UAB „Tvirta“ (construction services agreement), UAB „AXIS Power“ (solar modules sale and purchase agreement), ICD Sp.z.o.o (construction services agreement), UAB „Ogasta“ (construction services agreement), Huning Maschinenbau GmbH (equipment sale and purchase

agreement), UAB „Filter“ (technical maintenance services agreement), UAB „WaGE Engine Service (technical maintenance services agreement);

- UAB „Fotona“ (bond subscription agreements between: AB “Modus Energija”, UAB „Practica Venture Capital”).

8.10.3. The Issuer is not aware about the information regarding any pending substantial impact pursuant to the contracts concluded by the Issuer.

8.10.4. The Issuer is not aware about the information regarding any material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.

### **8.11. Issuer's transactions with related parties**

8.11.1 During the reporting period the Issuer has entered into following types of transactions with related parties:

- Loan agreements (between directly and indirectly controlled associated companies and affiliate companies)
- Claim (arising from the loan agreements) assignment contracts (between directly and indirectly controlled associated companies)
- Shares sale and purchase, subscription, exchange agreements (between UAB „Sigvilta“, UAB „Fotona“, UAB „Tvari Energija“, UAB „Autoideja“, UAB „Erengie Group“)
- Bond subscription agreement (UAB „Fotona“)

An extensive financial information regarding transactions with related parties is disclosed in Note 16 of the explanatory notes to the financial statements of the Issuer for the year 2014 and 2013, included in part 8.3.6 and 8.3.7 of the Company Description.

### **8.12. Encumbrances and limitations of operations**

8.12.1. The Company's activities are not legally restricted.

### **8.13. Legal and arbitration proceedings**

8.13.1. The Issuer is not involved in any ongoing legal proceedings and has not been involved in any legal proceedings in previous reporting periods against the Issuer, petitions of insolvency, instituted bankruptcy proceedings, as well as any legal proceedings in connection with fraud or other economic violations, in which members of the Issuer's management bodies or other persons connected with the Issuer were involved.

### **8.14. Substantial investments**

8.14.1. For year 2015 the Issuer has confirmed and started implementation of 7 biogas power plant investment projects:

- 1 new biogas power plant that uses agricultural products is under construction and is due to be completed in May 2015;
- 1 new biogas power plant using communal waste is planned to be completed in mid-2015;
- 5 new biogas power plants that use agricultural products are planned to be built in the end of 2015.

New projects are being financed via mix of bank loans (up to 70% of total investment size), proceeds from the Bonds issue, and Issuer's equity (operational cash flows).

The list of all investment projects for year 2015 are presented in the table below.

Table No. 8

Project	Year	Location	Type	Capacity, kW	Investment, mEUR	Estimated average annual EBITDA, mEUR
Lekeciai	2015 Q2	Lekėčių k.	Biogas (agricultural)	637	2.36	0.24
Musa	2015 Q4	Veselkiškių k.	Biogas (agricultural)	330	1.82	0.24
Kepaliai	2015 Q4	Satkūnų k.	Biogas (agricultural)	200	1.23	0.16
Rupinskai	2015 Q4	Rupinsku k.	Biogas (agricultural)	330	1.64	0.20
Salnaiciai	2015 Q4	Šalnaičių k.	Biogas (agricultural)	321	1.70	0.21
Skabeikiai	2015 Q4	Skabeikių k.	Biogas (agricultural)	200	1.23	0.16
Kazokiškes III	2015 Q2	Vievis	Biogas (communal waste)	999	2.77	0.65
<b>Total</b>		<b>6x agricultural + 1x communal waste biogas plants</b>		<b>3,017</b>	<b>12.74</b>	<b>1.84</b>

### **8.15. Other securities issued by the Issuer**

8.15.1. As of the day of this Company Description, except for the Bonds, the Issuer has not issued any other securities.

### **8.16. Management institutions of the Issuer**

8.16.1. The Issuer is managed by its Shareholder Meeting, Board consisting of 5 members and CEO (general manager) in accordance with the Articles of Association of the Issuer, the Law on Companies of the Republic of Lithuania and the Civil Code of the Republic of Lithuania.

8.16.2. CEO (general manager) of the Issuer and enterprise, providing accounting services to the Issuer:

<b>Position</b>	<b>Name, Surname</b>	<b>Appointed on</b>
CEO (general manager)	Nikolaj Martyniuk	15 September 2014
Enterprise, providing accounting services to the Issuer	UAB "ING Numeri"	-

8.16.3. The composition of the Board of the Issuer:

<b>Position</b>	<b>Name, Surname</b>	<b>Appointed on</b>	<b>Term of office</b>
Chairman of the Board	Kęstutis Martinkėnas	20 March 2015	4 years
Member of the Board	Nikolaj Martyniuk	20 March 2015	4 years
Member of the Board	Laimonas Dapšys	20 March 2015	4 years
Member of the Board	Povilas Pečiulis	20 March 2015	4 years
Member of the Board	Jonas Jokštys	20 March 2015	4 years

8.16.4. According to the information available to the Issuer, members of the Board, CEO and other leading employees who influence the Issuer's business activities are not engaged in significant activities beyond the Issuer which could be essential with regard to the Issuer. Such persons have no conflict of interest between their private interests and their duties performed on behalf of the Issuer.

8.16.5. The Issuer has no any established share-based incentive programmes for the employees of the Issuer.

### **8.17. Share capital of the Issuer**

8.17.1. The subscribed capital of the Issuer is EUR 957 000.58.

8.17.2. The paid capital of the Issuer is EUR 957 000.58.

8.17.3. The share capital of the Issuer consists of 3 300 002 shares.

8.17.4. The nominal value of one share of the issuer is EUR 0.29.

8.17.5. All the shares are of one class with equal voting rights and rights to receive dividends.

8.17.6. The subscribed capital of the Issuer is fully paid up.

### **8.18. Shareholders' structure**

8.18.1. Shareholders holding the Issuer's shares:

<b>Company name / Name, Surname</b>	<b>Registration number / code of a legal person</b>	<b>Percentage of shares and of votes</b>	<b>Number of shares</b>
UAB "Modus Grupė"	302719143	100%	3 300 002

8.18.2. There are no any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

### **8.19. Development plans**

8.19.1. The Issuer is planning to continue increasing its presence in renewable energy field by investing in new biogas fired power plants. The description of currently implemented investments is provided in paragraph 8.14 of this Company Description.

## **9. DOCUMENTS ON DISPLAY**

9.1. For the life of the Offering the following documents (or copies thereof), where applicable, may be inspected:

(a) the consolidated audited financial accounts of the Issuer together with management reports and auditor's opinions for years 2013 and 2014;

9.2. The documents may be inspected at the Issuer's business address *Ozo str. 10A*, during Business Days from 9 a.m. till 5 p.m.

## **10. ANNEXES**

10.1. The following Annexes shall be attached and considered an inseparable part of this Company Description:

(a) Annex A: Financial Characteristics of the Issuer. Annex A includes audited consolidated annual financial statements for the years 2013 and 2014 as well as auditors' opinions on these financial statements;