

CERTIFICATION STATEMENT

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

Chief Executive Officer



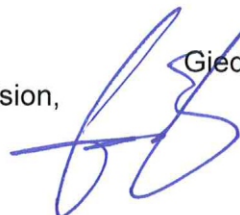
Eglė Čiužaitė

Acting Director of Finance and Administration Department



Mindaugas Kvekšas

Verslo aptarnavimo centras UAB,
Head of Reporting, Tax Accounting and Control Division,
acting under Order No. V-020 (signed 2015 04 24)



Giedruolė Guobienė

2015

„LIETUVOS ENERGIJOS GAMYBA“, AB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER OF 2015 AND 12 MONTHS OF 2015 PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



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Condensed interim financial statements were approved on 26 February 2016 by Lietuvos Energijos Gamyba AB General Manager, acting Finance and Administration Department Director, and Head of Financial Reporting, Tax Accounting and Control Department of Verslo Aptarnavimo Centras UAB (acting under Order No V-020 of 24 April 2015):



Eglė Čiužaitė
General Manager



Mindaugas Kvekšas
Acting Finance and Administration
Department Director



Giedruolė Guobienė
Head of Financial Reporting, Tax
Accounting and Control Department of
Verslo Aptarnavimo Centras UAB,
acting under Order No V-020 of 24 April
2015

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
for the twelve-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

	Notes	Group		Company	
		2015-12-31	2014-12-31	2015-12-31	2014-12-31
ASSETS					
Non-current assets					
Intangible assets	5	16.819	11.003	16.819	10.867
Property, plant and equipment	5	677.752	744.191	673.900	729.910
Investments in subsidiaries	6	-	-	-	6.094
Investments in associates and joint ventures	6	1.396	38.057	1.374	39.233
Deferred tax assets		-	212	-	-
Other non-current assets		3.288	7.574	3.288	7.574
Other amounts receivable	8	8.435	566	8.435	566
Total non-current assets		707.690	801.603	703.816	794.244
Current assets					
Inventories		6.997	6.186	6.997	5.545
Prepayments		9.651	8.736	9.651	5.474
Trade receivables	7	20.059	33.709	20.059	30.886
Other amounts receivable	8	22.888	1.184	22.888	679
Prepaid income tax		3.887	2.089	3.887	2.059
Cash and cash equivalents		66.176	79.434	66.176	75.750
		129.658	131.338	129.658	120.393
Assets classified as held for sale		-	36	-	-
Total current assets		129.658	131.374	129.658	120.393
TOTAL ASSETS		837.348	932.977	833.474	914.637
EQUITY AND LIABILITIES					
Equity					
Authorised share capital	9	184.174	183.933	184.174	183.933
Share premium	9	85.660	85.660	85.660	85.660
Legal reserve		10.872	10.975	10.872	10.872
Revaluation reserve		1.063	2.011	1.063	1.097
Retained earnings		64.427	91.900	61.131	85.716
Total equity		346.196	374.479	342.900	367.278
Non-current liabilities					
Loans	11	128.462	146.974	128.462	144.859
Finance lease liabilities		448	34	448	-
Grants	12	280.343	297.204	280.343	297.204
Other non-current amounts payable and liabilities	13	8.418	16.909	8.418	16.879
Deferred income tax liability		18.740	15.377	18.162	14.131
Total non-current liabilities		436.411	476.498	435.833	473.073
Current liabilities					
Loans	11	17.212	18.791	17.212	18.027
Finance lease liabilities		138	15	138	-
Trade payables	14	13.827	29.611	13.827	25.946
Advances received	15	14.671	23.959	14.671	21.522
Provisions for emission allowances		3.735	2.839	3.735	2.839
Other amounts payable and liabilities		5.158	6.785	5.158	5.952
Total current liabilities		54.741	82.000	54.741	74.286
Total liabilities		491.152	558.498	490.574	547.359
TOTAL EQUITY AND LIABILITIES		837.348	932.977	833.474	914.637

The accompanying notes form an integral part of these condensed interim financial statements.

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
for the twelve-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

	Notes	Group		Company	
		2015-01-01- 2015-12-31	2014-01-01- 2014-12-31	2015-01-01- 2015-12-31	2014-01-01- 2014-12-31
Revenue					
Sales revenue		208.698	233.992	203.097	231.084
Other activity income		12.726	20.938	11.298	2.116
		221.424	254.930	214.395	233.200
Operating expenses					
Purchases of electricity or related services		(49.033)	(68.198)	(45.320)	(66.987)
Expenses for gas and heavy fuel oil		(88.596)	(75.864)	(88.596)	(75.864)
Impairment of property, plant and equipment		(30.127)	(9.508)	(30.127)	(9.508)
Depreciation and amortisation	5,12	(22.580)	(23.006)	(22.443)	(22.315)
Wages and salaries and related expenses		(9.428)	(12.986)	(8.451)	(9.125)
Repair and maintenance expenses		(9.841)	(7.224)	(6.653)	(7.028)
Income (expenses) from the revaluation of emission allowances		370	651	370	651
Reversal of impairment for other non-current assets		343	2.404	343	2.405
Reversal of impairment for inventories		86	162	86	162
Impairment of investments in subsidiaries and associates		-	-	-	(576)
Other expenses		(10.510)	(9.683)	(7.843)	(5.649)
Total operating expenses		(219.316)	(203.252)	(208.634)	(193.834)
OPERATING PROFIT		2.108	51.678	5.761	39.366
Finance income:					
Share of profit of associates and joint ventures		391	150	-	-
Other finance income		510	109	510	3.448
Other finance (costs)		(2.407)	(4.912)	(2.382)	(4.827)
		(1.506)	(4.653)	(1.872)	(1.379)
PROFIT BEFORE INCOME TAX		602	47.025	3.889	37.987
Current year income tax (expenses)					
		(345)	(2.107)	(89)	(1.944)
Deferred income tax (expenses)		(3.353)	(3.875)	(4.031)	(2.636)
		(3.698)	(5.982)	(4.120)	(4.580)
NET (LOSS) PROFIT		(3.096)	41.043	(231)	33.407
Other comprehensive income (loss)					
Revaluation (loss) of property, plant and equipment, net of deferred income tax		(23)	530	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(3.119)	41.573	(231)	33.407
NET (LOSS) PROFIT ATTRIBUTABLE TO:					
Owners of the Company		(3.096)	40.961	(231)	33.407
Non-controlling interest		-	82	-	-
		(3.096)	41.043	(231)	33.407
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		(3.119)	41.491	(231)	33.407
Non-controlling interest		-	82	-	-
		(3.119)	41.573	(231)	33.407
Basic and diluted earnings (loss) per share (in EUR)		(0,005)	0,065	(0,000)	0,053

The accompanying notes form an integral part of these condensed interim financial statements.

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
for the three-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

	Group		Company	
	2015-10-01- 2015-12-31	2014-10-01- 2014-12-31	2015-10-01- 2015-12-31	2014-10-01- 2014-12-31
Revenue				
Sales revenue	35.042	51.086	35.042	49.933
Other activity income	3.047	4.968	3.106	464
Fair value gain on derivative financial instruments	(1.799)	-	(2.085)	-
	36.290	56.054	36.063	50.397
Operating expenses				
Purchases of electricity or related services	(13.036)	(19.436)	(13.036)	(18.689)
Expenses for gas and heavy fuel oil	(9.616)	(8.399)	(9.616)	(8.399)
Impairment of property, plant and equipment	(30.127)	(9.508)	(30.127)	(9.508)
Depreciation and amortisation	(5.642)	(5.663)	(5.642)	(5.606)
Wages and salaries and related expenses	(2.261)	(3.394)	(2.261)	(2.352)
Repair and maintenance expenses	1.528	(8.772)	1.528	(1.445)
Income (expenses) from the revaluation of emission allowances	50	1.577	50	1.577
Reversal of impairment for other non-current assets	36	1.449	36	1.449
Reversal of impairment for inventories	27	108	27	108
Reversal of impairment for property, plant and equipment	(137)	-	(137)	-
Impairment of investments in subsidiaries and associates	-	-	-	(576)
Other expenses	(1.902)	120	(1.675)	(1.283)
Total operating expenses	(61.080)	(51.918)	(60.853)	(44.724)
OPERATING (LOSS) PROFIT	(24.790)	4.136	(24.790)	5.673
Finance income:				
Share of profit of associates and joint ventures	55	(22)	-	-
Other finance income	173	7	173	1
Other finance (costs)	(565)	(880)	(565)	(854)
	(337)	(895)	(392)	(853)
(LOSS) PROFIT BEFORE INCOME TAX	(25.127)	3.241	(25.182)	4.820
Current year income tax (expenses)	-	(485)	-	(458)
Deferred income tax (expenses)	(1.508)	(1.222)	(1.508)	(1.225)
	(1.508)	(1.707)	(1.508)	(1.683)
NET (LOSS) PROFIT	(26.635)	1.534	(26.690)	3.137
Other comprehensive income (loss)				
Revaluation (loss) of property, plant and equipment, net of deferred income tax	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME	(26.635)	1.534	(26.690)	3.137
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	(26.635)	1.534	(26.690)	3.137
Non-controlling interest	-	-	-	-
	(26.635)	1.534	(26.690)	3.137
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(26.635)	1.534	(26.690)	3.137
Non-controlling interest	-	-	-	-
	(26.635)	1.534	(26.690)	3.137
Basic and diluted earnings (loss) per share (in EUR)	(0,042)	0,002	(0,042)	0,005

The accompanying notes form an integral part of these condensed interim financial statements.

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
for the twelve-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

Group	Notes	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (loss)	Total	Non-controlling interest	Total equity
Balance as at 1 January 2014		183.933	85.660	2.296	10.963	196.297	(82.485)	396.664	12.713	409.377
Gain on revaluation of non-current assets of associates, net of deferred income tax effects		-	-	-	-	-	530	530	-	530
Total other comprehensive income (expenses) for the period		-	-	-	-	-	530	530	-	530
Net profit for the reporting period		-	-	-	-	-	40.961	40.961	82	41.043
Total comprehensive income for the period		-	-	-	-	-	41.491	41.491	82	41.573
Depreciation of revaluation reserve		-	-	(164)	-	-	164	-	-	-
Transfers to reserves		-	-	-	12	-	(12)	-	-	-
Transfers to retained earnings		-	-	-	-	(196.297)	196.297	-	-	-
Dividends paid		-	-	-	-	-	(63.676)	(63.676)	-	(63.676)
Disposal of subsidiaries		-	-	-	-	-	-	-	(12.795)	(12.795)
Profit (loss) not recognised in the income statement		-	-	(121)	-	-	121	-	-	-
Balance as at 31 December 2014		183.933	85.660	2.011	10.975	-	91.900	374.479	-	374.479
Balance as at 1 January 2015		183.933	85.660	2.011	10.975	-	91.900	374.479	-	374.479
Revaluation (loss) of property, plant and equipment of associates, net of deferred income tax		-	-	-	-	-	(23)	(23)	-	(23)
Total other comprehensive income (expenses) for the period		-	-	-	-	-	(23)	(23)	-	(23)
Net (loss) for the reporting period		-	-	-	-	-	(3.096)	(3.096)	-	(3.096)
Total comprehensive income for the period		-	-	-	-	-	(3.096)	(3.096)	-	(3.096)
Depreciation of revaluation reserve		-	-	(34)	-	-	34	-	-	-
Result of the conversion of the nominal value of shares	9	241	-	-	-	-	-	241	-	241
Dividends paid	10	-	-	-	-	-	(24.388)	(24.388)	-	(24.388)
Disposal of subsidiaries		-	-	(914)	(103)	-	-	(1.017)	-	(1.017)
Balance as at 31 December 2015		184.174	85.660	1.063	10.872	-	64.427	346.196	-	346.196

(Continued on the next page)

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
for the twelve-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

Company	Notes	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (loss)	Total equity
Balance as at 1 January 2014		183.933	85.660	1.163	10.872	196.297	(80.378)	397.547
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	33.407	33.407
Total comprehensive income for the period		-	-	-	-	-	33.407	33.407
Depreciation of revaluation reserve		-	-	(66)	-	-	66	-
Transfers to retained earnings		-	-	-	-	(196.297)	196.297	-
Dividends paid		-	-	-	-	-	(63.676)	(63.676)
Balance as at 31 December 2014		183.933	85.660	1.097	10.872	-	85.716	367.278
Balance as at 1 January 2015		183.933	85.660	1.097	10.872	-	85.716	367.278
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-
Net (loss) for the reporting period		-	-	-	-	-	(231)	(231)
Total comprehensive income for the period		-	-	-	-	-	(231)	(231)
Depreciation of revaluation reserve		-	-	(34)	-	-	34	-
Result of the conversion of the nominal value of shares	9	241	-	-	-	-	-	241
Dividends paid	10	-	-	-	-	-	(24.388)	(24.388)
Balance as at 31 December 2015		184.174	85.660	1.063	10.872	-	61.131	342.900

(Concluded)

The accompanying notes form an integral part of these condensed interim financial statements.

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENTS CASH FLOWS
for the twelve-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

	Notes	Group		Company	
		2015-01-01- 2015-12-31	2014-01-01- 2014-12-31	2015-01-01- 2015-12-31	2014-01-01- 2014-12-31
Net (loss) profit for the period		(3.096)	41.043	(231)	33.407
Adjustments for non-cash expenses (income) and other adjustments:					
Depreciation and amortisation expenses	5	33.846	34.268	33.709	33.577
Impairment loss of property, plant and equipment		30.127	9.645	30.127	9.508
(Reversal) of inventory impairment		(86)	(162)	(86)	(162)
(Gain)/loss on disposal of investments in subsidiaries and associates	6	(3.142)	(6.614)	(4.567)	576
Change in unrealized loss of property, plant and equipment	5	4.451	-	-	-
(Income) from the revaluation of emission allowances		(370)	(3.486)	(370)	(3.486)
Other impairments/(reversals)		(4.959)	(4.068)	(1.889)	(4.061)
Share of (profit) of associates and joint ventures		(391)	(150)	-	-
Income tax expenses		345	2.107	89	1.944
Change in deferred income tax liability		3.353	3.875	4.031	2.636
(Income) from grants	12	(11.266)	(11.262)	(11.266)	(11.262)
Increase in provisions		3.888	2.839	3.888	2.839
(Gain) loss on disposal/write-off of non-current assets (except financial assets)		-	197	-	78
Elimination of results of financing and investing activities:					
- Interest (income)		(193)	(86)	(193)	(74)
- Interest expense		2.009	4.266	1.984	4.187
- Other finance (income)/costs		81	623	81	(2.734)
Changes in working capital					
(Increase) decrease in trade receivables and other receivables		(3.737)	16.852	10.726	15.336
(Increase) in inventories and prepayments		(5.024)	(3.600)	(5.746)	(2.864)
(Decrease) increase in accounts payable and advance amounts received		(18.783)	12.039	(33.094)	8.429
Income tax (paid)		(1.829)	(1.455)	(1.829)	(1.302)
Net cash flows from operating activities		25.224	96.871	25.364	86.572
Cash flows from investing activities					
(Purchase) of property, plant and equipment and intangible assets		(12.927)	(29.067)	(12.850)	(16.477)
Disposal of subsidiaries, net of cash transferred		2.295	4.287	5.642	11.975
Acquisition of investments in associates		-	(1.373)	-	(4.268)
Disposal of investments in associates		14.800	5.779	14.800	5.779
Grants received	12	833	2.631	833	2.631
Dividends received		-	1.924	-	3.372
Interest received		172	86	172	74
Net cash flows from (to) investing activities		5.173	(15.733)	8.597	3.086
Cash flows from financing activities					
Loans received		-	12.403	-	11.986
Repayment of loans		(17.299)	(9.887)	(17.211)	(9.713)
Finance lease payments		(115)	(25)	(111)	-
Interest (paid)		(1.992)	(4.409)	(1.964)	(4.330)
Dividends (paid)		(24.249)	(63.429)	(24.249)	(63.429)
Net cash flows (used) in financing activities		(43.655)	(65.347)	(43.535)	(65.486)
Net (decrease) increase in cash and cash equivalents		(13.258)	15.791	(9.574)	24.172
Cash and cash equivalents at the beginning of the period		79.434	63.643	75.750	51.578
Cash and cash equivalents at the end of the period		66.176	79.434	66.176	75.750

The accompanying notes form an integral part of these condensed interim financial statements.

Lietuvos energijos gamyba, AB, Company's code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
for the twelve-month period ended 31 December 2015

All amounts in EUR thousands unless otherwise stated

1 General information

„Lietuvos Energijos Gamyba, AB is a public limited liability company registered in the Republic of Lithuania. Lietuvos Energijos Gamyba, AB (hereinafter referred to as the “Company”) is a limited liability for-profit corporate entity, registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company's registration date is 20 July 2011, company code 302648707, VAT payer's code LT100006256115. The Company has been established for an unlimited period. The Company's registered office address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania.

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

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

The authorised share capital of Lietuvos Energijos Gamyba, AB amounts to EUR 184.174.248,35 and it is divided into 635.083.615 ordinary registered shares with par value of EUR 0.29 each. In 2015, the Company's authorised share capital was converted to the euro. There were no changes in the Company's authorised share capital during the six-month period of 2015. All the shares are fully paid. With effect from 1 September 2011, the shares of Lietuvos Energijos Gamyba, AB have been listed on the Main List of NASDAQ OMX Vilnius Stock Exchange. As at 31 December 2015 and 31 December 2014, the Company had not acquired its own shares.

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

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

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

As described in Note 6, on 31 March 2015, the Company sold ordinary registered shares of Kauno Energetikos Remontas UAB and Energijos Tiekimas UAB. After the completion of the transaction, the Company lost control over indirectly controlled subsidiaries Geton Energy SIA, Geton Energy OU and Gotlitas UAB. Results of Kauno Energetikos Remontas UAB and Energijos Tiekimas UAB were accounted for in consolidated financial statements of Lietuvos energijos gamyba, AB and its subsidiaries until 31 March 2015.

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

Company	Registered office address	Group's ownership interest 2015-12-31	Group's ownership interest 2014-12-31	Profile of activities
Kauno Energetikos Remontas UAB	Chemijos g. 17, Kaunas, Lithuania	- %	100 %	Repairs of energy equipment, manufacturing of metal structures
Gotlitas UAB (on October 2015 name changed to UAB Elektroninių mokėjimų agentūra)	R.Kalantos g. 119, Kaunas, Lithuania	- %	100 %	Accommodation services, trading activities
Energijos Tiekimas UAB	Žvejų g. 14, Vilnius, Lithuania	- %	100 %	Independent electricity supply
Geton Energy OU	Narva mnt 5, 10117 Tallinn	- %	100 %	Independent electricity supply
Geton Energy SIA	Elizabetes iela 45/47, Riga, LV-1010	- %	100 %	Independent electricity supply

All amounts in EUR thousands unless otherwise stated

1 General information (continued)

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

Company	Registered office address	Group's ownership interest 2015-12-31	Group's ownership interest 2014-12-31	Profile of activities
Geoterma UAB	Lypkių g. 53, LT-94100 Klaipėda, Lithuania	23.44 %	23.44 %	Geothermal energy production
NT Valdos UAB	Geologų g. 16, LT-02190 Vilnius, Lithuania	- %	41.74 %	Property management services
Technologijų ir Inovacijų Centras UAB	Juozapavičiaus g. 13, Vilnius, Lithuania	20.00 %	20.00 %	IT services
Verslo Aptarnavimo Centras UAB	P. Lukšio g. 5B, LT-08221 Vilnius	15.00 %	15.00 %	Public procurement, accounting and employment relations administration services
Nordic Energy Link AS	Laki 24, Tallinn 12915	- %	25.00 %	Company is liquidated

As described in Note 6, on 27 April 2015 the Company sold shares of NT Valdos UAB and Nordic Energy Link AS was liquidated in 2015.

As at 31 December 2015 the number of employees of the Group was 429 (as at 31 December 2014: 735). As at 31 December 2015 the number of employees of the Company was 429 (as at 31 December 2014: 473).

2 Accounting principles

2.1 Basis of preparation of condensed interim financial statements

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

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

2.2 Accounting policy

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

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

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

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

3 Critical accounting estimates and judgements

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

Tax audits

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

All amounts in EUR thousands unless otherwise stated

3 Critical accounting estimates and judgements (continued)

Depreciation rates of property, plant and equipment

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

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

Revaluation of property, plant and equipment

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

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

Impairment of property, plant and equipment

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

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

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

In view of the Company's management decision on dismantling units 5 and 6 of the Reserve Power Plant at the end of 2015, the Company recognised impairment loss of EUR 36.7 million equal to the carrying value of units 5 and 6 of the Reserve Power Plant as at 31 December 2015.

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

As of 31 December 2015 and 2014, impairment test was carried out for the rest of property, plant and equipment of the Reserve Power Plant, Combined-Cycle Unit and new Biofuel Boiler House and Steam Boiler House (hereinafter collectively – "Elektrėnai Complex") and it was determined that the recoverable amount of Elektrėnai Complex exceeded the carrying amount of EUR 542 million (31 December 2014: the recoverable amount of Elektrėnai Complex exceeded the carrying amount of EUR 590 million), hence no impairment was recognised.

Elektrėnai Complex is treated as a single cash generating unit based on the following:

- The transmission system operator treats each power plant as a single generating unit irrespective of the number of individual units that constitute the power plant.
- All units of Reserve Power Plant and Combined-Cycle Unit can be used for both, electricity generation and for the provision of capacity reserve services. The situation of which unit at a specific moment is used for electricity generation or launching of capacity reserve depends on the system's needs, the technical condition of the units (e.g. scheduled repair works, disruptions in operations of units), potential disruptions in supply of natural gas, etc.
- Production of electricity and thermal power and provision of capacity reserve services at the power plant are considered to be regulated activities.
- New Biofuel and Steam Boiler Houses with other equipment of Elektrėnai Complex (electrical connections, heat networks, other pipelines, pumps, chemical-bar and etc.) share the same infrastructure which comprise a significant part of total assets managed by Elektrėnai Complex. Steam boilers are located in the same building as the old units of Elektrėnai Complex and the main purpose of steam boilers (99.3% of Steam Boiler House assets is allocated for this area) – activation of electricity production units of Elektrėnai Complex from "cold" mode and production of steam power which is necessary for maintenance of infrastructure of Elektrėnai Complex.
- New Biofuel and Steam Boiler Houses also supply heat energy which is necessary for maintenance of infrastructure of Elektrėnai Complex and for activation of electricity production units of Elektrėnai Complex.
- When establishing the prices for the regulated services, the National Control Commission for Prices and Energy takes into account all variable and fixed costs of Reserve Power Plant and Combined-Cycle Unit, allocates and compensates a part of these costs against capacity reserve revenue and the remaining part against the PSO service fees. The electricity buy-up price is established for electricity produced at the power plant as a whole. Biofuel and Steam Boiler Houses supply the same services as electricity production equipments of Elektrėnai Complex. Part of fixed and variable costs and assets of these Boiler Houses are allocated to PSO and capacity reserve services provided by electricity production equipments of Elektrėnai Complex. The price for PSO and capacity reserve services is determined for whole Elektrėnai Complex, not for separate equipments.

The recoverable amount of cash generating units was estimated with reference to the value in use calculations. These calculations take into account the pre-tax cash flow forecasts based on the financial budgets approved by the management for the period of five years. Continuous cash flow is estimated using the discounted cash flow in the fifth year.

The management estimated the projected operating profit in view of historical data, forecasts of market position and the legal acts in effect.

All amounts in EUR thousands unless otherwise stated

3 Critical accounting estimates and judgements (continued)

Key assumptions used in performing the impairment test as at 31 December 2015 were as follows:

1. Value in use was estimated with reference to the most up-to-date budget for the year 2016, the financial plan covering the period 2017-2020, the projected pre-tax discounted cash flows using a pre-tax weighted average capital cost (WACC) of 6.26% (2014: 6.53%). The WACC was estimated with reference to long-term borrowing cost in the market and the effective average Euro Interbank Offered Rate (EURIBOR).
2. Cash flow forecasts are prepared by the management as a result of financial projections based on the financial performance results, market development expectations and regulatory environment. The projections of income from regulated activities also take into account the depreciation expenses of property, plant and equipment and return on investments, which is calculated on the value of assets used in the regulated activities. When estimating return on investments, the management used the rate of return on investments set by the Commission for the year 2016, which was 5.35%.

As a result of the analysis, the Company's management determined that it was not necessary to recognise any impairment losses as of 31 December 2015 and 31 December 2014, except for the impairment losses for units 5 and 6 of the Reserve Power Plant. Had the discount rate increased by 0.5 p.p. in 2015, the value in use of Elektrėnai Complex would exceed the carrying amount.

Disposal of subsidiaries and associates

On 31 March 2015, Lietuvos Energija, UAB purchased 15.244.112 ordinary registered shares of Kauno Energetikos Remontas UAB for the amount of EUR 4.778 thousand from the Company. The share sale agreement stipulates that the sale price of Kauno Energetikos Remontas UAB depends on the implementation of the Biofuel Boiler House Project, i.e. if a loss from the implementation of the Biofuel Boiler House Project increases or decreases more than EUR 50 thousand, the sale price of shares is adjusted with reference to the amount of the change. The sale price can be adjusted until 31 December 2016. As at 31 December 2015 due to the fact that loss of the Biofuel Boiler House Project increased the management of the Company estimated that the sale price of Kauno Energetikos Remontas UAB should be lower by EUR 436 thousand. As at 31 December 2015 the change in price was accounted for in Company's statement of comprehensive income under the line item "Other expenses".

On 27 April 2015, Lietuvos Energija, UAB purchased 1.232.897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB from the Company. The share sale agreement stipulates that the sale price premium will be paid to the Company until 31 March 2019, if NT Valdos, UAB meets financial ratios set forth in the agreement. The Company accounted for the sale price premium under the line item 'Other amounts receivable' (Note 8) of the statement of financial position because management believes that financial ratios set forth in the sale agreement will be achieved. The result of the recognised sale transaction comprised gain from the disposal of shares and expenses related to the adjustment of the fair value of the sale price premium (Note 6).

Write-down of inventory to net realisable value

Write-down of inventory to the net realisable value was determined based on the management's estimates on inventory obsolescence and estimated possible selling prices. This determination requires significant judgement. Judgement is exercised based on historical and future usage of spare parts and materials as well as estimated possible selling price and other factors.

Provisions for emission allowances

The Group/Company estimates the provisions for emission allowances/emission reduction units based on actual quantity of emission during the reporting period multiplied by the market price of one emission allowance/emission reduction unit. The actual quantity of emission is approved by the responsible regulating state authority within 4 months after the year-end. Based on historical experience, the management of the Group/Company does not expect any material differences between the amount of estimated provisions as at 31 December 2015 and emission quantities which will be approved in 2016.

Accrual of PSO service fees

The variable part of PSO service fees is estimated with reference to variable costs incurred during the reporting period. The producers ensuring the security of electric power supply and reserves of energy system, submit their PSO service fee estimates to the National Control Commission for Prices and Energy which include breakdown of variable electric power production costs – natural gas, heavy fuel oil, emission allowance costs, and costs for reagent desulphurisation. The variable part of PSO service fees for the upcoming calendar year is estimated based on the expected variable costs for the production of the approved quota of the sponsored electricity.

Taking into consideration the difference between determined and actual operating expenses for 2015 and updated estimates due to influence of disputed decisions of National Control Commission for Prices and Energy for 2015 the Group's/Company's management accounted for refundable PSO amount of EUR 7.018 thousand in Other long term accounts payable and liabilities (Note 13) which will be compensated during 2017 (as at 31 December 2014: EUR 14.706 thousand. Amount payable in Other long term accounts payable and liabilities which will be repaid during 2016).

All amounts in EUR thousands unless otherwise stated

3 Critical accounting estimates and judgements (continued)

Accrual of income from capacity reserve services

Based on *Methodology for establishing the prices for electricity and capacity reserve services* approved by Resolution No. O3-229 of the National Control Commission for Prices and Energy, the Group's/Company's management accounted for receivable amount of capacity reserve services equal to EUR 533 thousand as at 31 December 2015 (to be received during 2017) under the line item 'Other non-current amounts receivable' (Note 8). As at 31 December 2014, payable amount of capacity reserve services equal to EUR 697 thousand (to be compensated during 2016) was recognised under the line item 'Other non-current amounts payable' (Note 13).

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

In 2014, the National Control Commission completed planned audit of the Company's regulated activity for the period 2010-2012 and made a decision on restatement of expenses and income attributed to regulated activities. As a result of restatement, PSO services fees allocated to the Company for 2015 were reduced by EUR 6.14 million, and income from capacity reserve services allocated for the years 2015-2016 was reduced by EUR 7.44 million. Also in 2014 the National Control Commission made a decision clearing that the Company has a significant influence on power generation market. Due to this decision the PSO services fees allocated to the Company for 2015 were additionally decreased by EUR 5.44 million. All decisions of the National Control Commission pertaining to above mentioned audit report on regulated activity and recognition that the Company has a significant influence on power generation market, are considered to be unsubstantiated, in respect of which the Company has filed complaints to the court.

Due to these disputes over the decisions of the National Control Commission the Company did not account for EUR 3.71 million income from capacity reserve services and EUR 12.22 million income from PSO services fees in the statement of comprehensive income for twelve-month period ended 31 December 2015. Accordingly, the total amount of contingent asset related to these decisions as at 31 December 2015 amounted to EUR 15.92 million.

4 Financial risk management

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

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

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

Fair value of financial assets and financial liabilities

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

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

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

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

- The carrying amount of cash and cash equivalents, current trade and other accounts receivable, current trade and other accounts payable and current borrowings approximates their fair value.
- The fair value of non-current borrowings is based on the quoted market price for the same or similar loan or on the current rates available for loan with the same maturity profile. The fair value of a non-current borrowing bearing variable interest rates approximates its carrying amount, provided that the margin on such loan corresponds to the margins currently prevailing in the market.

All amounts in EUR thousands unless otherwise stated

5 Intangible assets and property, plant and equipment

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

Group	Intangible assets	Property, plant and equipment
Period ended 31 December 2015		
Balance at the beginning of the period	11.003	744.191
Additions	150	14.054
Grants received	2.139	-
Income from revaluation of emission allowances	2.144	-
Emission allowances utilised	(2.992)	-
Repayment of emission allowances lent	4.615	-
Sale of subsidiaries (Note 6)	(132)	(5.921)
Write-offs	-	(4.451)
Reversal of impairment	-	148
Impairment	-	(36.734)
Reclassification from tangible assets	51	(51)
Reclassification from inventories	-	203
Amortisation/depreciation	(159)	(33.687)
Balance as at 31 December 2015	16.819	677.752

On 31 December 2015, no independent valuation was performed for the Group's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

Assets carried at revalued amount are attributed to Level 2 in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1.880	-	1.880
Structures and equipment	-	2.750	-	2.750
Buildings	-	629	-	629
Motor vehicles	-	48	-	48
Computer, communication hardware and other office equipment	-	94	-	94
Fair value as at 31 December 2015	-	5.401	-	5.401

On 31 December 2014, no independent valuation was performed for the Group's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

Assets carried at revalued amount are attributed to Level 2 in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1.880	-	1.880
Structures and equipment	-	4.275	-	4.275
Buildings	-	4.747	-	4.747
Motor vehicles	-	372	-	372
Computer, communication hardware and other office equipment	-	239	-	239
Fair value as at 31 December 2014	-	11.513	-	11.513

As described in Note 3, as at 31 December 2015 the Group recognised impairment loss of EUR 36.7 million in respect of units 5 and 6. As at 31 December 2014 the Group recognised impairment loss of EUR 11.5 million in respect of units 1 and 2. As at 31 December 2015 and 2014, the Group's management decided not to perform an additional revaluation/impairment testing for property, plant and equipment.

All amounts in EUR thousands unless otherwise stated

5 Intangible assets and property, plant and equipment (continued)

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

Company	Intangible assets	Property, plant and equipment
Period ended 31 December 2015		
Balance at the beginning of the period	10.867	729.910
Additions	140	13.988
Grants received	2.139	-
Income from revaluation of emission allowances	2.144	-
Emission allowances utilised	(2.992)	-
Repayment of emission allowances lent	4.615	-
Reversal of impairment	-	148
Impairment	-	(36.734)
Reclassification from tangible assets	51	(51)
Reclassification from inventories	-	203
Amortisation/depreciation	(145)	(33.564)
Balance as at 31 December 2015	16.819	673.900

In 2014, the Company recognised expenses of EUR 17.693 thousand relating to the project for the construction of heat production facility at the Lithuanian Power Plant, which was completed in 2015.

As of 31 December 2015, the Company had no commitments to acquire or construct property, plant and equipment (as at 31 December 2014 such commitments amounted to EUR 8 million).

On 31 December 2015, no independent valuation was performed for the Group's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

Assets carried at revalued amount are attributed to Level 2 in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1.880	-	1.880
Structures and equipment	-	2.750	-	2.750
Buildings	-	629	-	629
Motor vehicles	-	48	-	48
Computer, communication hardware and other office equipment	-	94	-	94
Fair value as at 31 December 2015	-	5.401	-	5.401

On 31 December 2014, no independent valuation was performed for the Group's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

Assets carried at revalued amount are attributed to Level 2 in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1.880	-	1.880
Structures and equipment	-	2.869	-	2.869
Buildings	-	643	-	643
Motor vehicles	-	73	-	73
Computer, communication hardware and other office equipment	-	114	-	114
Fair value as at 31 December 2014	-	5.579	-	5.579

As described in Note 3, as at 31 December 2015 the Company recognised impairment loss of EUR 36.7 million in respect of units 5 and 6. As at 31 December 2014 the Company recognised impairment loss of EUR 11.5 million in respect of units 1 and 2.

All amounts in EUR thousands unless otherwise stated

5 Intangible assets and property, plant and equipment (continued)

As of 31 December 2015, the Group's property, plant and equipment amounting to EUR 345.297 thousand was pledged to the banks as collateral (31 December 2014: EUR 333.298 thousand). As of 31 December 2015, the Company's property, plant and equipment amounting to EUR 345.297 thousand was pledged to the banks as collateral (31 December 2014: EUR 390.197 thousand).

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

Group	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other property, plant and equipment	Construction in progress	Total
Net book value as at 31 December 2015	1.699	165	2.408	125.826	199.682	340.362	44	13	94	2.629	672.922
Net book value as at 31 December 2014	1.699	2.363	3.926	133.012	215.473	353.024	356	24	231	31.169	741.277

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

Company	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other property, plant and equipment	Construction in progress	Total
Net book value as at 31 December 2015	1.699	165	2.408	125.826	199.682	340.362	44	13	94	2.629	672.922
Net book value as at 31 December 2014	1.699	169	2.537	133.012	215.473	353.024	62	24	113	22.822	728.935

All amounts in EUR thousands unless otherwise stated

6 Investments

As at 31 December 2015, the Company had no subsidiaries.

On 31 March 2015, Lietuvos Energija, UAB purchased 15.244.112 ordinary registered shares of Kauno Energetikos Remontas UAB for EUR 4.778 thousand and 750.000 ordinary registered shares of Energijos Tiekimas UAB for EUR 6.883 thousand from the Company. The Company incurred a loss of EUR 1.099 thousand on the sale transaction of Kauno Energetikos Remontas UAB, which was included in other costs in the Company's statement of comprehensive income and received a gain of EUR 6.666 thousand from the sale transaction of Energijos Tiekimas UAB, which was included in other income in the Company's statement of comprehensive income. The share sale agreement stipulates that the sale price of Kauno Energetikos Remontas UAB depends on the implementation of the Biofuel Boiler House Project and can be adjusted until 31 December 2016. As at 31 December 2015 due to the fact that loss of the Biofuel Boiler House Project increased the management of the Company estimated that the sale price of Kauno Energetikos Remontas UAB should be lower by EUR 436 thousand. As at 31 December 2015 the change in sale price was accounted for in Company's statement of comprehensive income under the line item "Other expenses".

According to the share sale agreement payments are made every six months until 31 December 2016. As at 31 December 2015 receivable amount for shares of EUR 5.589 thousand was accounted for in other current amounts receivable (Note 8).

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

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

	Energijos tiekimas UAB	Geton Energy OU	Geton Energy SIA	Total
Intangible assets	97	-	-	97
Tangible assets	5	-	-	5
Other non-current assets	-	-	1	1
Deferred income tax assets	134	-	-	134
Other financial assets	324	-	-	324
Current accounts receivable	8.596	107	498	9.201
Income tax paid in advance	74	-	-	74
Cash and cash equivalents	2.651	1	61	2.713
Income tax payable	(256)	-	-	(256)
Current accounts payable and other liabilities	(7.688)	(69)	(523)	(8.280)
Net assets disposed of	3.937	39	37	4.013
Consideration received				6.883
Difference accounted in Group financial statements:				
In the statement of comprehensive income				2.892
In the statement of changes in equity				(22)

	UAB Kauno energetikos remontas
Intangible assets	35
Tangible assets	5.916
Deferred income tax assets	88
Inventories	627
Non-current assets classified as held for sale	45
Current accounts receivable	13.964
Cash and cash equivalents	634
Non-current liabilities	(2.146)
Income tax payable	(37)
Current accounts payable and other liabilities	(13.773)
Net assets disposed of	5.353
Consideration received	4.342
Difference accounted in Group financial statements:	
In the statement of comprehensive income	(16)
In the statement of changes in equity	(995)

All amounts in EUR thousands unless otherwise stated

6 Investments (continued)

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

Subsidiary 2014-12-31	Cost	Impairment	Carrying amount
Kauno energetikos remontas UAB	11.971	(6.094)	5.877
Energijos tiekimas UAB	217	-	217
Total	12.188	(6.094)	6.094

Movements of Company's investments in subsidiaries in 2015 were as follows:

	Company 2015	Company 2014
Carrying amount as at 1 January	6.094	15.176
Disposal of subsidiaries	(6.094)	(11.975)
Increase in share capital	-	2.893
Carrying amount as at 31 December	-	6.094

Group's investments in the associates were as follows:

Group 2015-12-31	Cost	Ownership interest (%)	Impairment and equity method	Carrying amount
Geoterma UAB	2.142	23,44	(2.142)	-
Technologijų ir Inovacijų Centras UAB	1.287	20,00	39	1.326
Verslo Aptarnavimo Centras UAB	87	15,00	(17)	70
Total	3.516		(2.120)	1.396

Group 2014-12-31	Cost	Ownership interest (%)	Impairment and equity method	Carrying amount
NT Valdos UAB	37.859	41,74	(1.105)	36.754
Nordic Energy Link AS	-	25,00	-	-
Geoterma UAB	2.142	23,44	(2.142)	-
Technologijų ir Inovacijų Centras UAB	1.287	20,00	(44)	1.243
Verslo Aptarnavimo Centras UAB	87	15,00	(27)	60
Total	41.375		(3.318)	38.057

Disposal of shares in NT Valdos UAB

On 27 April 2015, the Company concluded the purchase and sale agreement for its ownership interest in NT Valdos UAB with the Company's parent Lietuvos Energija, UAB. Under this agreement, the Company sold to Lietuvos Energija, UAB 1.232.897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB. The share sale price amounted to EUR 29.987 thousand. The result of the share sale transaction, i.e. a loss of EUR 564 thousand, was recorded under the line item 'Other expenses' in the Company's statement of comprehensive income (the result comprised gain of EUR 227 thousand from the disposal of shares and expenses of EUR 791 thousand related to the adjustment of the fair value of the sale price premium). Attributable result of NT Valdos UAB for Group until 27 April 2015 amounted to EUR 830 thousand. The result of the share sale transaction – profit of EUR 266 thousand – was accounted for in Group's statement of comprehensive income under line item „Other activity income“. The share sale agreement stipulates that the sale price premium will be paid to the Company until 31 March 2019, if NT Valdos, UAB meets financial ratios set forth in the agreement. In the management's opinion financial ratios set forth in the sale agreement will be achieved, therefore, the sale price premium in amount of EUR 8.099 thousand was accounted for. According to share sale agreement payments for shares are made every six month until 31 December 2016, payment term of sale price premium – 31 March 2019. As at 31 December 2015 amount receivable of EUR 15.202 thousand for shares sold was accounted for in other current amounts receivable and amount receivable of EUR 7.439 accounted for in other non-current amounts receivable (Note 8).

Liquidation of Nordic Energy Link AS

During the shareholders' meeting held on 19 March 2014, the shareholders of Nordic Energy Link AS ("NEL") made a decision on dissolution of Nordic Energy Link AS. On 19 March 2014, NEL bought out from its shareholders a proportionate share of 10% shares. The Company sold 860.000 ordinary registered shares for the amount of EUR 550 thousand. On 29 December 2014, NEL bought out from its shareholders the remaining shares. The Company sold 7.740.000 ordinary registered shares for the amount of EUR 5.229 thousand. On 19 March 2014, dividends transferred by NEL to the Company totalled EUR 1.924 thousand. Loss on dissolution of NEL was recognised in the Company's statement of comprehensive income in the financial statements for the year ended 31 December 2014 under the line item 'Finance costs'. As at 31 December 2015 NEL was deregistered from the Register of Entities.

All amounts in EUR thousands unless otherwise stated

6 Investments (continued)

Company's investments in the associates were as follows:

Company 2015-12-31	Cost	Ownership interest (%)	Impairment	Carrying amount
Geoterma UAB	2.142	23,44	(2.142)	-
Technologijų ir Inovacijų Centras UAB	1.287	20,00	-	1.287
Verslo Aptarnavimo Centras UAB	87	15,00	-	87
Total	3.516		(2.142)	1.374

Company 2014-12-31	Cost	Ownership interest (%)	Impairment	Carrying amount
NT Valdos UAB	37.859	41,74	-	37.859
Nordic Energy Link AS	-	25,00	-	-
Geoterma UAB	2.142	23,44	(2.142)	-
Technologijų ir Inovacijų Centras UAB	1.287	20,00	-	1.287
Verslo Aptarnavimo Centras UAB	87	15,00	-	87
Total	41.375		(2.142)	39.233

Movements of investments in the associates and the joint venture during the years ended 31 December 2015 and 31 December 2014 were as follows:

	Group 2015	Group 2014	Company 2015	Company 2014
Carrying amount at 1 January	38.057	44.843	39.233	44.568
Acquisition of associates	-	1.373	-	1.373
Disposal/liquidation of associates	(37.029)	(6.417)	(37.859)	(6.133)
Dividends received from associates	-	(1.924)	-	-
Impairment of investments	-	-	-	(575)
Disposal of share in associate on sale of subsidiary	-	(499)	-	-
Share of result of revaluation reserve of associates and joint ventures	(23)	531	-	-
Share of result of operations of associates and joint ventures, (loss)/profit	391	150	-	-
Carrying amount at 31 December	1.396	38.057	1.374	39.233

7 Trade receivables

The Group's and the Company's trade receivables comprise as follows:

	Group 2015-12-31	Group 2014-12-31	Company 2015-12-31	Company 2014-12-31
Receivables for sales of electricity in Lithuania	18.291	22.500	18.291	21.374
Receivables for sales of thermal energy	1.689	3.093	1.689	3.093
Receivables for exported electricity	253	2.107	253	2.107
Unbilled accrued revenue from electricity sales *	-	5.527	-	5.527
Receivables for repair and design works	-	3.103	-	-
Other trade receivables	2	23	2	23
Total	20.235	36.353	20.235	32.124
Less: allowance for doubtful receivables	(176)	(2.644)	(176)	(1.238)
Carrying amount	20.059	33.709	20.059	30.886

* In 2014 the Group/Company recognised amount of EUR 5.527 thousand in relation to income from capacity reserve services.

All amounts in EUR thousands unless otherwise stated

8 Other amounts receivable

The Group's and the Company's other non-current amounts receivable comprised as follows:

	Group 2015-12-31	Group 2014-12-31	Company 2015-12-31	Company 2014-12-31
Amounts receivable for shares sold (Note 6)	7.439	-	7.439	-
PSO receivables (Note 3)	533	-	533	-
Receivables for emission allowances lent	214	275	214	275
Receivables for apartments	130	152	130	152
Other amounts receivable	1.014	1.150	1.014	1.150
Total	9.330	1.577	9.330	1.577
Less: allowance for doubtful receivables	(895)	(1.011)	(895)	(1.011)
Carrying amount	8.435	566	8.435	566

As at 31 December 2015 receivables for emission allowances lent represent future proceeds under the lending agreement signed with STX BV.

The Group's and the Company's current other accounts receivable comprised as follows:

	Group 2015-12-31	Group 2014-12-31	Company 2015-12-31	Company 2014-12-31
Other receivables	1.619	1.199	1.619	931
Amounts receivable for shares sold (Note 6)	20.791	-	20.791	-
Receivables for IT and telecommunications services	1	6	1	6
VAT receivable from the state budget	-	237	-	-
Grants receivable for the Syderių project	-	31	-	31
Excise receivable on heavy fuel	690	307	690	307
Total	23.101	1.780	23.101	1.275
Less: allowance for doubtful receivables	(213)	(596)	(213)	(596)
Carrying amount	22.888	1.184	22.888	679

9 Share capital and share premium

In accordance with the Lithuanian Law on the Adoption of the Euro in the Republic of Lithuania and the provisions of the procedure for the conversion of the nominal value of the share capital to the euro of Lietuvos Centrinis Vertybinių Popierių Depozitoriumas AB (Central Securities Depository of Lithuania), on 1 January 2015 the Company's authorised share capital was converted to the euro. As at 31 December 2015, the share capital of the Company amounted to EUR 184.174.248,35 and it was divided into 635.083.615 ordinary registered shares with the nominal value of EUR 0.29 each. The result of the conversion of the nominal value of shares amounted to EUR 241 thousand and was included in comprehensive income under the line item of 'Other finance costs'. As at 31 December 2014, the Company's authorised share capital amounted to EUR 183.932.928,35. All the shares are fully paid. The number of shareholders as at 31 December 2015 was 6.232 (31 December 2014: 6.137).

The shareholders' structure of the Company is as follows:

Shareholders	Share capital 2015-12-31		Share capital 2014-12-31	
	(EUR)	%	(EUR)	%
Lietuvos Energija, UAB	177.049.499,35	96,13	176.817.514,77	96,13
Other shareholders	7.124.749,00	3,87	7.115.413,58	3,87
Total	184.174.248,35	100,00	183.932.928,35	100,00

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

	Share capital		Share premium	
	(shares)	(shares)	(EUR)	(EUR)
	2015	2014	2015	2014
Number of shares at the beginning of the period	635.083.615	635.083.615	85.660.132	85.660.132
Number of shares at the end of the period	635.083.615	635.083.615	85.660.132	85.660.132

All amounts in EUR thousands unless otherwise stated

10 Dividends

During the Ordinary General Meeting of Shareholders of Lietuvos energijos gamyba, AB held on 24 September 2015, a decision was made to pay out dividends of EUR 0.0042 per share for the six-month period ended 30 June 2015.

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

	2015
Dividends (EUR '000)	24.388
Weighted average number of shares (units)	635.083.615
Dividends per share (EUR)	0.0384

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

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

	2014
Dividends (EUR '000)	63.676
Weighted average number of shares (units)	635.083.615
Dividends per share (EUR)	0.1014

11 Loans

The Group's/Company's loans by maturity grouping are as follows:

	Group 2015-12-31	Group 2014-12-31	Group 2015-12-31	Group 2014-12-31
Non-current loans				
Loan from Nordea Bank AB Lithuania Branch, in EUR, to be repaid by 1 December 2017	-	2.114	-	-
Loan from Nordea Bank AB Lithuania branch, in EUR, to be repaid by 31 March 2027	12.565	12.977	12.565	12.977
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	115.897	131.883	115.897	131.882
Total non-current loans	128.462	146.974	128.462	144.859
Current part of long term loans				
Letters of credit	-	416	-	-
Loan from Nordea Bank AB Lithuania Branch, in EUR, to be repaid by 1 December 2017	-	348	-	-
Loan from Nordea Bank AB Lithuania branch, in EUR, to be repaid by 31 March 2027	1.226	2.041	1.226	2.041
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	15.986	15.986	15.986	15.986
Total current part of long term loans	17.212	18.791	17.212	18.027

As at 31 December 2015, the Group had no unused loans and overdrafts (as at 31 December 2014 the balance of unused loans and overdrafts: EUR 66.459 thousand). As at 31 December 2015, the Company had no unused loans and overdrafts (as at 31 December 2014 the balance of unused loans and overdrafts: EUR 65.011 thousand). Average interest rate payable on the Group's loans was 1.25% as at 31 December 2015 (31 December 2014: 1.35%). Average interest rate payable on the Company's loans was 1.25% as at 31 December 2015 (31 December 2014: 1.34%).

The Group/Company has pledged property, plant and equipment (Note 5) and current cash balances and future inflows to bank accounts to secure the repayment of loans granted.

All amounts in EUR thousands unless otherwise stated

12 Grants

The balance of grants includes grants received to finance the acquisition of assets. Movements on grants account in 2015 and 2014 were as follows:

Group/Company	Assets-related grants			Total
	Fuel combustion equipment and other assets	Project for renovation, improvement of environmental and safety standards	Grants for emission allowances	
Balance at 1 January 2014	25.730	282.058	-	307.788
Depreciation of property, plant and equipment	(547)	(10.715)	-	(11.262)
Grants received	2.631	-	2.328	4.959
Grants reversed	-	(1.953)	-	(1.953)
Utilisation of grant for emission allowances	-	-	(2.328)	(2.328)
Balance at 31 December 2014	27.814	269.390	-	297.204
Balance at 1 January 2015	27.814	269.390	-	297.204
Depreciation of property, plant and equipment	(603)	(10.663)	-	(11.266)
Grants received	833	-	2.139	2.972
Grants reversed	-	(6.459)	-	(6.459)
Utilisation of grant for emission allowances	-	-	(2.108)	(2.108)
Balance at 31 December 2015	28.044	252.268	31	280.343

In 2015, assets-related grants decreased by EUR 11.266 thousand, i.e. by the amount of depreciation of property, plant and equipment (2014: EUR 11.262 thousand). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of comprehensive income.

In 2015, the Group/Company received a grant of EUR 111 thousand for the installation of equipment for chemical water treatment for water supply in Reserve Power Plant and a grant of EUR 722 thousand for the construction of heat production facility at the Lithuanian Power Plant.

In 2014, the Company received a grant of EUR 1.615 thousand for the construction of engineering infrastructure at Kruonis Industrial park and a grant of EUR 1.016 thousand for the construction of heat production facility at the Lithuanian Power Plant.

As described in Note 3, the Company made a decision on dismantling units 5 and 6 of the Reserve Power Plant. As at 31 December 2015, the Company recognised impairment loss of EUR 36.7 million, and accordingly, recognised reversal of related grant in amount of EUR 6.459 thousand (Note 5).

The Company made a decision on dismantling units 1 and 2 of the Reserve Power Plant. As at 31 December 2014, the Company recognised impairment loss of EUR 11.5 million, and accordingly, recognised reversal of related grant in amount of EUR 1.953 thousand (Note 5).

13 Other non-current accounts payable and liabilities

Group's/Company's other non-current accounts payable and liabilities were as follows:

	Group 2015-12-31	Group 2014-12-31	Company 2015-12-31	Company 2014-12-31
Advance amounts of PSO service fees received (Note 3)	7.018	15.403	7.018	15.403
Non-current payables for material valuables	904	994	904	994
Provisions for pension benefits and indemnification for damages	496	482	496	482
Other	-	30	-	-
Total	8.418	16.909	8.418	16.879

Provisions for pension benefits represent amounts payable calculated in accordance with the Lithuanian laws. Each employee at retirement age is entitled to receive a payment of 2 monthly salaries upon retirement.

Current portion of advance amounts of PSO service fees received is included in advances received (Note 15). As described in Note 3, in 2017 the Company expects to refund EUR 7.018 thousand from advance amounts of PSO service fees, in 2016 the Company will refund EUR 14.706 thousand from advance amounts of PSO service fees and EUR 697 thousand from advance amounts of capacity reserve services.

All amounts in EUR thousands unless otherwise stated

14 Trade payables

The Group's and the Company's trade payables were as follows:

	Group 2015-12-31	Group 2014-12-31	Company 2015-12-31	Company 2014-12-31
Payables for electricity and related services	10.569	9.901	10.569	9.779
Amounts due for contractual works, other services	2.295	8.629	2.295	5.086
Payables for gas and heavy fuel oil	776	10.758	776	10.758
Payables for material valuables	187	323	187	323
Total	13.827	29.611	13.827	25.946

15 Advances received

The Group's and the Company's advances received were as follows:

	Group 2015-12-31	Group 2014-12-31	Company 2015-12-31	Company 2014-12-31
Advance amounts of PSO service fees received	14.633	20.753	14.633	20.753
Other advance amounts received	38	2.776	38	769
Deferred income on contract works in progress	-	430	-	-
Total	14.671	23.959	14.671	21.522

16 Segment reporting

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

As of 31 December 2015 and 31 December 2014, the Group's management analysed the Group's operations by separating them into regulated activities and commercial activities. The regulated activities include the Elektrėnai Complex's revenue from heat and electricity production, balancing and regulation, capacity reserve services, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, export/import, electricity production at Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses, headcount and sales. The operations of Energijos Tiekimas UAB representing electricity supply constitute a separate segment. Other activities within the Group included repair services of energy facilities and IT services. The results and intercompany transactions of subsidiaries Kauno energetikos remontas UAB and Energijos tiekimas UAB until 31 March 2015 are included in report of segments, also results and intercompany transactions of associated company NT Valdovos UAB until 27 April 2015 are included in report of segments (Note 6).

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

All amounts in EUR thousands unless otherwise stated

16 Segment reporting (continued)

Information on the Group's segments for the year ended 31 December 2015 is presented in the table below:

2015	Electricity production and trade (including export/import)			Other activities	Total
	Lietuvos energijos gamyba, AB		Energijos Tiekimas, UAB		
	Regulated activities	Commercial activities			
Total revenue of segments	121.498	89.389	20.294	5.254	236.435
Inter-segment revenue	-	-	(14.933)	(78)	(15.011)
Revenue from external customers	121.498	89.389	5.361	5.176	221.424
Expenses after elimination of inter-company transactions within the Group	(150.057)	(60.188)	(3.961)	(5.110)	(219.316)
Whereof: depreciation and amortisation expenses	(16.173)	(6.270)	(9)	(128)	(22.580)
Operating (loss) profit	(28.559)	29.201	1.400	66	2.108
Finance income	-	510	-	-	510
Finance (costs)	(1.965)	(417)	(4)	(21)	(2.407)
Share of results of operations of associates and joint ventures	-	-	-	391	391
Profit (loss) before income tax	(30.524)	29.294	1.396	436	602
Income tax					(3.698)
Net (loss)					(3.096)

Information on the Group's segments for the year ended 31 December 2014 is presented in the table below:

2014	Electricity production and trade (including export/import)			Other activities	Total
	Lietuvos energijos gamyba, AB		Energijos Tiekimas, UAB		
	Regulated activities	Commercial activities			
Total revenue of segments	131.774	101.426	68.368	36.042	337.610
Inter-segment revenue	-	-	(65.460)	(17.220)	(82.680)
Revenue from external customers	131.774	101.426	2.908	18.822	254.930
Expenses after elimination of inter-company transactions within the Group	(117.991)	(75.268)	(2.274)	(7.719)	(203.252)
Whereof: depreciation and amortisation expenses	(15.778)	(6.536)	(31)	(661)	(23.006)
Operating profit	13.783	26.158	634	11.103	51.678
Finance income	1	75	5	28	109
Finance (costs)	(4.109)	(717)	(1)	(85)	(4.912)
Share of results of operations of associates and joint ventures	-	-	-	150	150
Profit before income tax	9.675	25.516	638	11.196	47.025
Income tax					(5.982)
Net profit					41.043

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

All amounts in EUR thousands unless otherwise stated

17 Related-party transactions

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

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Associates of the Group	127	3	1.190	204
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	975	11.564	85.244	185.359
LITGRID AB group	655	7.973	7.598	95.012
Lietuvos Dujos AB	4	-	25	39
Lietuvos Energija, UAB	-	28.254	361	48.845
Total	1.761	47.794	94.418	329.459

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

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	-	-	9	18.013
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	975	11.564	85.177	185.263
LITGRID AB group	655	7.973	7.598	94.036
Lietuvos Dujos AB	4	-	25	-
Lietuvos Energija, UAB	-	28.254	350	48.845
Associates of the Company	127	3	1.075	21
Total	1.761	47.794	94.234	346.178

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

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

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Associates of the Group	329	82	1.731	6.704
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	12	3.487	212	150.034
LITGRID AB group	1.285	11.050	10.462	132.080
Lietuvos Dujos AB	4	-	45	-
Lietuvos Energija, UAB	-	-	7	74
Total	1.630	14.619	12.457	288.892

All amounts in EUR thousands unless otherwise stated

17 Related party-transactions (continued)

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

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	1.677	8.729	17.159	66.885
Associates of the Company	204	1	1.086	5.782
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	3	3.425	85	149.564
LITGRID AB group	1.285	9.081	10.462	127.169
Lietuvos Dujos AB	4	-	12	-
Lietuvos Energija, UAB	-	-	7	74
Total	3.173	21.236	28.811	349.474

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

The major sale and purchase transactions with related parties within the Group in 2015 and 2014 comprised transactions with the entities controlled by the Ministries of Finance and Energy of the Republic of Lithuania: Lesto AB, Litgrid AB. The Group's purchases from these entities mainly included purchases of electricity, capacity, and PSO services. Sales transactions mainly comprised sales of electricity, capacity, transmission services and PSO services. Transactions with state-owned entities other than those controlled by the Lithuanian Ministry of Finance included regular business transactions and therefore they are not disclosed.

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

18 Compensation to key management personnel

	Group 2015	Group 2014	Company 2015	Company 2014
Employment-related payments*	367	767	294	401
Termination benefits	-	22	-	12
Other significant payments to key management personnel	58	60	58	60

* In amount of Group employment-related payments for 2015 are included amounts accounted for management of subsidiaries Kauno energetikos remontas and Energijos tiekimas UAB until 31 March 2015.

19 Events after the reporting period

On 12 October 2015 the Company and Energijos tiekimas UAB (hereafter – “Energijos tiekimas”) signed agreement on sale of commercial part of business of wholesale electricity trade. The part of business which was sold to Energijos tiekimas consists of trade activities of derivative financial instruments and the provision of balancing services, which are not related to physical electricity trading. The title of ownership of sold commercial part of business of wholesale electricity trade passed to Energijos tiekimas on 1 January 2016. Up to this date, the Company carried out these activities. Company's revenue from these activities are assigned to commercial activity segment in 2015 and 2014. According to agreement conditions, Energijos tiekimas will pay amount of EUR 13.1 million to the Company in cash in equal parts until 31 March 2017. Also amount of EUR 8 million (2 million per year) might be paid depending on results of sold activities during the period until 2019. Total amount of transaction in case all conditions set in agreement will be implemented might reach EUR 21.1 million.

There were no other significant events after 31 December 2015 and until the date of approval of the condensed interim financial statements.

2015

LIETUVOS ENERGIJOS GAMYBA, AB
CONSOLIDATED INTERIM
REPORT

FOR THE TWELVE-MONTH PERIOD, ENDED 31 DECEMBER 2015
(unaudited)



Lietuvos
energija

GAMYBA



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Reporting period for which the Consolidated Interim Report has been prepared

The Consolidated Annual Report provides information to shareholders, creditors and other stakeholders of Lietuvos Energijos Gamyba, AB (“the Company”) about the Company’s and the Group’s operations for the twelve-month period ended 31 December 2015.

Legal basis for the preparation of the Consolidated Interim Report

The Consolidated Annual Report of Lietuvos Energijos Gamyba, AB, and its subsidiaries (hereinafter the Company and its subsidiaries collectively referred to as the “Group”) has been prepared by the Administration of the Company in accordance with Republic of Lithuania Law on Securities, Resolution of the Board of the Bank of Lithuania No 03-48 of 28 February 2013 “Concerning approval of the Rules for Preparation and Submission of Periodic and Additional Information” (edition: 11 February 2016, No 03-22), and Resolution of the Government of the Republic of Lithuania of 7 March 2012 (No 258) “Concerning approval of the Guidelines for Ensuring Transparency of Operations of State-Controlled Companies and appointment of a managing body”.

Persons responsible for the information provided in the Consolidated Interim Report

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Acting Director of Finance and Administration Department of Lietuvos Energijos Gamyba, AB	Mindaugas Kvekšas	+370 5 278 2921

KEY INDICATORS OF LIETUVOS ENERGIJOS GAMYBA GROUP

		2015	2014	Change	
				+/-	%
KEY OPERATING INDICATORS					
Electricity generation volume	TWh	2.01	1.84	0.17	9.3
Electricity sales in free market	TWh	1.22	1.62	-0.39	-24.4
KEY FINANCIAL INDICATORS					
Revenues	EUR '000	221,424	254,930	-33,506	-13.1
Costs of purchase of electricity, fuel and related services	EUR '000	137,629	144,062	6,433	-4.5
Operating expenses ¹	EUR '000	32,470	33,245	775	-2.3
EBITDA ²	EUR '000	48,241	71,009	-22,768	-32.1
EBITDA margin ³	%	21.8%	27.9%	-6.1 p. p.	
Net profit (loss)	EUR '000	-3,096	41,043	-44,139	-107.5
		31/12/2015	31/12/2014	Change	
				+/-	%
Assets total	EUR '000	837,348	932,977	-95,629	-10.2
Equity	EUR '000	346,196	374,479	-28,283	-7.6
Financial debts	EUR '000	146,260	165,814	-19,554	-11.8
Net financial debts ⁴	EUR '000	80,084	86,380	-6,296	-7.3
Return on equity (ROE) ⁵	%	-0.9	11.0	-11.9	
Equity level ⁶	%	41.3	40.1	1.2	
Net financial debts / 12-month EBITDA	%	166.0	121.6	44.4	
Net financial debts / Equity	%	23.1	23.1	0.0	

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

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

³ EBITDA margin = EBITDA / Revenues.

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

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

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

COMMENT FROM CEO

Performance results of the national electricity producer Lietuvos Energijos Gamyba of 2015 directly reflect significant decisions made by the regulator and the Company itself. We still seek to annul the decisions of the regulator in court, meanwhile, decisions of the Company itself allow us, the refined production company, to operate in a more competitive manner and reduce the burden of subsidies on consumers.

In 2015, the Company's sales revenue totalled EUR 203.10 million and was 12.1 percent lower than sales revenue of 2014 (EUR 231.08 million). Pre-audited earnings before interest, taxes, depreciation and amortization of Lietuvos Energijos Gamyba amounted to EUR 50.27 million in 2015, and was 21.5 percent lower than EBITDA of 2014 (EUR 64.02 million). Negative change of indicators was determined by decisions of the National Commission for Energy Control and Prices (NCC) made back in 2014 on the results of inspection of the Company's activities in 2010–2012 and the recognition of the Company as having a significant impact in the electricity production market. In light of such decisions, reduced prices of regulated services were set for the Company for 2015.

We appealed these decisions in court as soon as they were adopted, and still are consistently defending our position in order to have the Company's activities be evaluated correctly, given the actual market conditions, provisions of all applicable laws and previously adopted regulatory decisions. We believe in favourable judicial outcome, however, we did not include this revenue in its financial reports of 2015 pursuant to auditor recommendations.

Having excluded the effects of the said decisions of the NCC, the Company's revenue would be 7.8 percent greater in 2015, while its EBITDA would account for about EUR 66.2 million, which would be more than during the same period of 2014, regardless of the decreased scope of commercial electricity production. Respectively, EBITDA margin would account for 28.7 percent, which is 1.3 percentage points more than in 2014.

Year 2015 was record arid, therefore, production in Kaunas Algirdas Brazauskas' Hydroelectric Power Plant decreased due to extremely low water levels in Nemunas. In 2015, this power plant produced 13.4 percent less electricity compared to 2014. Production volumes in Kruonis Pumped Storage Hydroelectric Plant remained the same as in 2014. Meanwhile, Elektrėnai complex, where electricity was produced with the aim to ensure supply security during the warm season, produced 24.4 percent more electricity than in 2014. Almost 2,007 TWh of electricity generated in power plants owned by the Company was sold during 2015. Compared to 2014, the produced electricity amount increased by 9.3 percent.

Other challenges, which Lietuvos Energijos Gamyba faced in 2015, were provided for in its strategy. "The energy market has been changing very rapidly, thus we reallocated our forces and set ourselves a task to increase the Company's flexibility, reduce operational support costs and better adapt to market changes", - said E. Čiužaitė and listed the major works performed. By separating electricity and heat production, the Company completed the construction of a new biofuel power plant in Elektrėnai and started decom-

missioning Units 1 and 2 of the reserve power plant in 2015. Refining its activities as a production company, it separated commercial electricity wholesale, while in the implementation of a strategic goal to reduce the need for services of public interest, the Board of Lietuvos Energijos Gamyba made a decision on the decommissioning of Units 5 and 6 as from the beginning of 2016.

The latter decision, which led to recognition of a one-time loss of EUR 30 million due to the impairment of non-current tangible assets and restoration of asset-related grants, had a negative impact on the company's net result in 2015, thus the company incurred net loss of EUR 0.23 million in 2015 compared to its net profit of EUR 33.41 million in 2014.

It is important that the decommissioning of merely used production facilities, which are in poor technical condition and require high maintenance costs, allowed taking a large step in the implementation of the company's strategic goals. First of all, this will help reduce the burden of subsidies on electricity consumers, and secondly, this will allow increasing the Company's value focusing on the ensurance of reliability of facilities necessary for energy security, efficient exploitation thereof and increase of operational competitiveness.

In the preparation for 2016 - operations without a production quota in an even more changed market as a result of the emergence of new connections - specialists of the Elektrėnai complex owned by the Company adapted to working at the mode of ensurance of strategic reserve. Here, optimal capacities are exploited to ensure electricity demand, and heat energy is already produced from biofuel, while hydroelectric power plants continue generating competitive electricity.

Last year, we sold shares of our subsidiaries and, in order to focus on efficient energy production, we sold a part of commercial electricity wholesale activities conducted by the company to Energijos Tiekimas, where the wholesale and retail electricity competence has been focused since the beginning of this year. Thus now Lietuvos Energijos Gamyba is the energy production company, which is flexible and open to changes seeking to implement its strategic goals, increase the value of the company and contribute to the fostering of welfare of all stakeholders.

Eglė Čiužaitė
Chairwoman of the Board and CEO
Lietuvos Energijos Gamyba, AB

MOST-SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The company appeals against the decisions taken by the regulator

During the reporting period, judicial processes regarding the Company's complaints to court regarding the decisions of 2014 made by the National Commission for Energy Control and Prices (hereinafter - NCC), which were related to the inspection results of the Company's performance during 2010-2012, the Company's recognition of having a significant impact on the electricity generation market (because of these decisions, reduced regulated prices were set to the Company for 2015) and the Company's unilateral determination of price components of the generated heat, took place.

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

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

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

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

The Company transfers subsidiaries' shares

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

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

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

Clarification of activities – the Company sold part of business of commercial wholesale electricity trade

In the beginning of 2015, the Company's parent company Lietuvos Energija, UAB started the implementation of the activity chain clarification programme of the group of companies belonging to Lietuvos Energija. During the reporting period, the clarification of the Company's production activity provided in the programme was implemented – a part of the commercial electric power wholesale activity performed by the Company was separated.

According to the sale and purchase agreement, since 2016 this activity will be taken over by another company of the group Energijos Tiekimas, which currently performs less electric power trade activities and where the electric power trade activity is going to be concentrated.

The part of business sold to "Energijos tiekimas" will consist of the trade by financial derivatives, which is not related to physical generation of electric power, and the provision of the compensation service. After this part of business is sold, the Company will continue receiving income for the electric power sold in the market and generated in its operated power stations, as well as for the provided systematic services.

In order to determine the price of the sold part of the commercial electric power wholesale business transparently and objectively, an independent evaluation of the part of the electric power wholesale business was performed. According to the evaluation results and after risk assessment of the sold activity, the companies have agreed that the initial price of the agreement is EUR 13.1 million. The sum will be paid by "Energijos tiekimas" in cash during the period until 31 March 2017. Other EUR 8 million (EUR 2 million per year) may be paid subject to the results of the sold activity during the period until 2019. It is determined that the maximum final price of the agreement can reach EUR 21.1 million.

The Company and "Energijos tiekimas" signed agreement on sale of commercial part of business of wholesale electricity trade on 12 October 2015. Title of ownership of the part of business passed to "Energijos tiekimas" on 1 January 2016.

It is predicted that the separation of the part of the electric power trade activity will raise the efficiency of the activity performed by the group of companies belonging to Lietuvos Energija, as well as it will reduce operating costs of the Company and will make the Company's activity transparent.

For more information refer to the Company's website.

During the warm period, electric power was generated in the combined cycle unit

During the non-heating period from 15 April to 15 October, the energy needed in order to secure the supply was generated at Elektrėnai under an agreement with the transmission system operator LITGRID.

During this period, electricity was generated in the combined cycle unit because at the end of the heating season the towns' combined heat and power plants are shut down and there are fewer possibilities to import energy because of the connections' repair works. The offer of electric power has also decreased because of less water in Latvian and Lithuanian hydroelectric power stations during the warm period of the year.

In October, because of significantly increased energy prices in the Nord Pool Spot market, the combined cycle unit increased its production and was operating as a competitive unit in the electric power market, which helped to stabilize the price of electric power. The Company constantly follows the situation in the market and evaluates possibilities to generate electric power by operated units under commercial bases.

New biofuel boiler house put into operation in Elektrėnai

On 6 May 2015, a certificate of completion of a biofuel-fired boiler house in the Elektrėnai Complex was issued. Construction of the boiler house was started in February 2014.

Highly efficient state-of-the-art equipment that contributes to the control of environmental pollution has been installed in the boiler house. The boiling-layer furnace technology that minimises pollutants' emissions to the atmosphere has been selected for the biofuel combustion process as a one most suitable for the biomass. Wood-cutting waste and wood that is not useful for other industries are used as a fuel.

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

2015 was particularly dry for the Kaunas Algirdas Brauskas Hydroelectric Power Plant

Long-term statistical data demonstrate that the year 2015 will be recorded in the history of the Kaunas HPP as one of the driest. The Nemunas river discharge in autumn was too low to ensure normal ecosystems life conditions in the river. In addition, as a result of hydrological drought, the operation of the power plant was also severely restricted.

For almost two months in summer and in early autumn, the average Nemunas discharge near Kaunas amounted to approximately 80 m³/s. A similar situation occurred only once throughout the entire period of observation since the start of the operation of the power plant in 1960: almost a quarter of a century ago, the average discharge in August 1992 amounted to 84 m³/s.

The lowest limit, allowing to carry out the operation of ships below the Kaunas HPP and not endangering the ecosystem, is 120 m³/s. Usually the operation of the power plant is planned in accordance with the Nemunas discharge and the amount of water flowing to the reservoir. When the flow of water for three consecutive days is lower than 112 m³/s and the level of head water is lower than 43.5 m, the Kaunas HPP is no longer able to accumulate water in the Kaunas Reservoir, so it is forced to let through the maximum amount of flowing water.

A quota for supported production at Elektrėnai was not imposed for 2016

During the reporting period, intensive discussions regarding the quotas corresponding with public service obligation (PSO) took place. After the reporting period, on 7 October 2015, the Government of the Republic of Lithuania decided not to impose quotas for supported production of electric power in combined heat and power plants and Elektrėnai complex for 2016.

The quotas were not imposed with regard to the statement of the Ministry of Energy that cheaper imported electric power should reach Lithuanian after the new electric connections with Poland and Sweden are launched in 2016; therefore, it is not worth supporting local production artificially because it is more expensive.

In 2016, the Company will ensure a tertiary emergency power reserve using the units of Elektrėnai complex. It means that the units will produce electric power only in cases if there are problems regarding the import of energy or there is

a situation in the market under which it will be able to produce energy by using gas for a competitive price in the market.

In 2015, the quota imposed to Elektrėnai complex for the production of energy was 1.1 TWh.

Units 5 and 6 have been decommissioned; the dismantling of units 1 and 2 continues

The board of the Company made a decision to terminate the use of units 5 and 6 of the reserve power plant in Elektrėnai as of the new year. Dismantling operations of these units will preliminarily start at the beginning of 2017, after units 1 and 2 have been dismantled.

The decommissioning of units 5 and 6 (the power of each amounts to 300 MW) of the power plant was provided for in the long-term strategy of the company published in 2014. The units are being decommissioned as a result of poor technical condition, low future use potential, and significant maintenance costs. These units, which began producing electricity in 1967-1968, have not been operational for several years; recently, they have been mothballed.

Electricity produced by old Elektrėnai units, considering the market situation, the price of natural gas, the low efficiency of the units, and significant maintenance costs, is no longer competitive on the market.

The project of dismantling units 5 and 6 will be implemented by the same employees who are currently decommissioning units 1 and 2. The use of units 1 and 2 of the reserve power plant was terminated at the beginning of 2015. Within a year, the thermal asbestos insulation of the units and the masonry of the boilers were removed and recovered; over 4000 tonnes of scrap metal were dismantled and sold. The completion of the dismantling works of these units is anticipated before the end of 2016.

More information is available on the website of the Company.

Decisions made regarding the redemption of the shares of the company LIETUVOS ELEKTRINĖ

After the Government of the Republic of Lithuania adopted resolution No. 1126 of 26 October 2015 "On the redemption of shares", the holding of energy companies Lietuvos Energija, UAB, on 8 February 2016 began the redemption process of the shares of minor shareholders of the former company LIETUVOS ELEKTRINĖ. The redeemed shares will be equated to the shares of the Company according to the set ratio. For every owned share of the terminated company LIETUVOS ELEKTRINĖ, 1.37 of the shares of the Company will be granted.

More information is available in the section "[Important events in the Company's activities](#)" and on the [website of the Company](#).

ANALYSIS OF FINANCIAL INDICATORS OF THE COMPANY AND THE GROUP

Unaudited financial information of the Company and the Group is shown on the table for January – December 2015.

		Company			Group		
		2015	2014	2013	2015	2014	2013
FINANCIAL INDICATORS							
Sales revenue	EUR'000	203,097	231,084	312,671	208,698	233,992	315,109
Other operating income	EUR'000	11,298	2,116	2,193	12,726	20,938	32,260
EBITDA ¹	EUR'000	50,272	64,023	60,199	48,241	71,009	68,392
Operating profit	EUR'000	5,761	39,366	30,641	2,108	51,678	35,538
Net profit (loss)	EUR'000	-231	33,407	27,327	-3,096	41,043	31,455
Profit before tax	EUR'000	3,889	37,987	25,218	602	47,025	29,846
Cash flows from operations	EUR'000	25,364	86,572	127,934	25,224	96,871	136,060
Liabilities to financial institutions	EUR'000	146,260	162,886	160,852	146,260	165,814	163,500
RATIOS							
Liabilities / equity		1.43	1.49	1.36	1.42	1.49	1.34
Financial liabilities / equity		0.43	0.44	0.40	0.42	0.44	0.40
Financial liabilities / assets		0.18	0.18	0.17	0.17	0.18	0.17
LOAN COVERAGE RATIO							
Loan coverage ratio (EBITDA / (interest costs + loans repaid in the reporting period)) ²		2.62	4.56	2.55	2.50	4.97	2.76
PROFITABILITY RATIOS							
Operating profit margin	%	2.69	16.88	9.73	0.95	20.27	10.23
Profit before tax margin	%	1.81	16.29	8.01	0.27	18.45	8.59
Net profit margin	%	-0.11	14.33	8.68	-1.40	16.10	9.06
Return on equity	%	-0.07	9.10	6.87	-0.89	10.96	7.68
Return on assets	%	-0.03	3.65	2.91	-0.37	4.40	3.28
Earnings per share	EUR	-0.000	0.053	0.043	-0.005	0.065	0.050
P/E ³ (share price / earnings)		-1.844.8	14.8	9.2	-137.6	12.1	7.9

¹ Earnings before tax + interest costs – interest income – dividend received + depreciation & amortisation + non-current & current asset impairment losses.

² Re-financed loans were not included in the calculation of the indicator.

Profitability ratios of both the Company and the Group for the twelve months of 2015 are lower compared with the twelve months of 2014.

The greatest negative impact on the profitability ratios of the Company and the Group in 2015 has been made by the decision on the decommissioning of Units 5 and 6 of the reserve power plant due to impairment of long-term tangible assets and restoration of assets-related grants.

EBITDA of the Company and the Group dropped because of the pending judicial dispute over the decisions of the National Commission on Energy and Price Control (NCC) on the results of inspection of the Company's operations in 2010-2012 and on the recognition of the Company as a one with significant power on the electricity generation market. As a result of these decisions, lower prices of regulated services were set for the Company for 2015. The negative impact on EBITDA and net profit for 2015 amounts to EUR 15.9 million and EUR 13.5 million respectively.

Income from regulated operations of the Group in 2015, i. e. the generation of electricity and heat at the Elektrėnai Complex and the power reserving services provided by the Elektrėnai Complex and the Kruonis PSHP accounted for approx. 55% of total income of the Group (2014: 52%).

Statement of Financial Position

As of 31 December 2015, the Company's and the Group's liabilities to financial institutions totalled EUR 146.3 million, consisting of obligations under long-term loan agreement.

The most significant change in the asset structure of the Company and the Group during 2015 occurred due to impairment of long-term tangible assets of Units 5 and 6 of the reserve power plant.

Comprehensive Income Statement

Income

Sales income of the Company totalled EUR 203.1 million in 2015. Income from electricity trading, balancing power, regulating power, power reserving and PIS services as well as income from sale of heat energy account for the largest part of the income. Compared with 2014, there has been a 12.1% decrease in the Company's income. This has been mainly determined by the mentioned decisions of NCC.

Sales income of the Group totalled EUR 208.7 million in 2015, which is a 10.8% decrease compared with 2014.

Costs

In 2015, costs incurred by the Company amounted to EUR 208.6 million and those incurred by the Group – to EUR 219.3 million. Costs of purchasing electricity and related services and costs of fuel for electricity generation accounted for the largest part of the Company's costs (EUR 133.9 million or 64.2%) and of the Group's costs (EUR 137.6 million or 62.8%). Depreciation and amortisation costs of the Company and the Group during 2015 were EUR 22.4 million and EUR 22.6 million respectively.

Operating costs of the Group during 2015 totalled EUR 32.5 million excluding purchases related to electricity and its generation, depreciation and amortisation costs, costs of revaluation of tradable emission allowances and impairment losses; compared with 2014, they decreased by EUR 0.8 million.

Profit

EBITDA of the Company for 2015 are lower by EUR 13.8 million compared with the same period of 2014, while EBITDA of the Group is lower by EUR 22.8 million. The Group's EBITDA margin decreased 6.1 p. p. and was 21.8% in 2015. In the same period, the Company's EBITDA margin was 23.4%.

In 2015, the Group earned EUR 0.6 million as profit before tax and the net loss from continued operations amounted to EUR 3.1 million. The Company's profit before tax was EUR 3.9 million, while the net loss from continued operations amounted to EUR 0.2 million.

Cash Flow Statement

Net cash flows from operations of the Company were EUR 25.4 million in 2015, and those of the Group were EUR 25.2 million. In 2014, the net cash flows of the Company and the Group were EUR 86.6 million and EUR 96.9 million respectively.

Net cash flows from investments of the Group were affirmative (EUR 5.2 million) in the period January-September 2015 (2014: - EUR 15.7 million). In 2015, the Group's cash flows from financial activities were negative (- EUR 43.7 million) (2014: - EUR 65.3 million).

Investments in Non-Current Assets

In 2015, the Company's investments in non-current tangible and intangible assets amounted to EUR 14.1 million.

ANALYSIS OF OPERATING INDICATORS





Performance and Prospects

In 2015 the Company conducted wholesale trading in electricity in the wholesale market (i. e. between power generation companies and electricity suppliers). The Company sold electricity and provides power balancing services to public and independent suppliers operating in the Lithuanian market; it also sold electricity on an electricity exchange.

The Company generates electricity at its three power plants (the Elektrėnai complex consisting of a reserve power plant and a combined-cycle unit, the Kruonis PSHP and the Kaunas A. Brazauskas HPP), purchases electricity from other suppliers and power generating companies under contracts, buys electricity on an electricity exchange (see Figure 1).

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

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

Elektrėnai complex Reserve power plant and combined-cycle unit	Kruonis Pumped Storage Hydroelectric Plant	Kaunas Algirdas Brazauskas Hydroelectric Power Plant	Electricity trading
 <p>Capacity: 1055 MW*</p> <p>The main power plant of the Lithuanian energy system, which supports tertiary reserves to ensure safe electricity supply and reserves of the energy system.</p> <p>Units 3 and 4 of the reserve power plant have been dismantled; as of 2015, units 1 and 2 are being decommissioned as well (the power of all units is 150 MW per unit). At the end of 2015, a decision was made to decommission units 5 and 6 (300 MW each) as of 2016.</p> <p>Most electricity in the future will be produced in the most effective (combined cycle) unit (455 MW). Units 7 and 8 are in reserve. The power of the latter units is 300 MW per unit.</p> <p>In 2015, the use of new heat production facilities (steam and biofuel boiler rooms) started.</p> <p><small>* The aforementioned power plant power applies from 1 January 2016, when units 5 and 6 were decommissioned.</small></p>	 <p>Capacity: 900 MW</p> <p>Kruonis PSHP is designed for the balancing of electricity generation and consumption as well as for the power system's emergency prevention and response. Kruonis PSHP is responsible for the securing the larger part of the emergency reserve required for the Lithuanian power system.</p> <p>As the need for regulation increases, and on completion of the power links with Sweden and Poland, the power plant will provide more system services.</p> <p>If market conditions are favourable, the Company plans to implement a Kruonis PSHP development project.</p>	 <p>Capacity: 100,8 MW</p> <p>Kaunas A. Brazauskas HPP is the largest power plant in Lithuania that uses renewable energy sources.</p> <p>Kaunas A. Brazauskas HPP contributes to the balancing of electricity generation and consumption and levels out the power system. It is one of the power plants in the Lithuanian power system that can start an autonomous operation in case of the total power system failure.</p> <p>The plant is going to maximise the generation of green energy, depending on natural conditions, and to provide system services.</p>	 <p>In 2015, the Company conducted wholesale trading in electricity in the wholesale market, i. e. between power generation companies and electricity suppliers. Under agreement with Energijos tiekimas, it conducts trading in Company's generated electricity as of 2016.</p> <p>On completion of the power links with Sweden and Poland, trading will become more active due to wider opportunities for trading in electricity and system services in the interconnected systems.</p> <p>Maintenance of market share by an efficient combination of its production capacities and the electricity purchasing in both Lithuania and the neighbouring markets is pursued.</p>

Key Performance Indicators

Electricity generation indicators for 2015

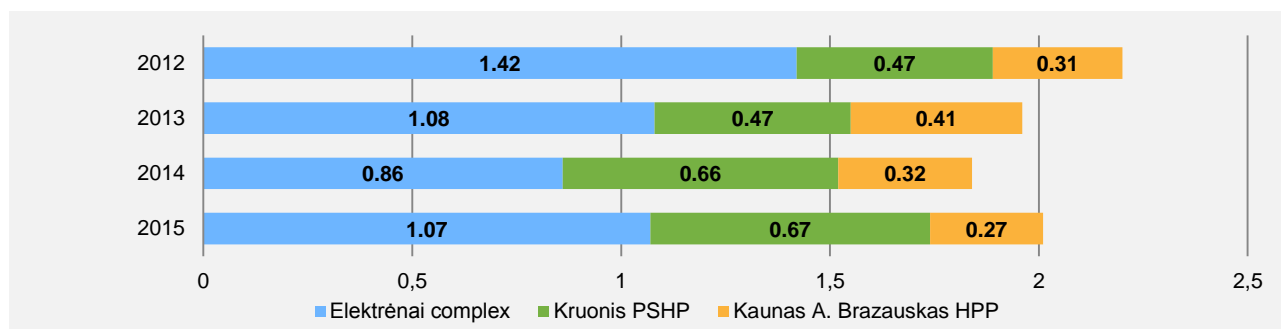
The Company has permits of unlimited duration to produce electricity. In total, almost 2.007 TWh of electricity produced in the power plants managed by the Company were sold in 2015. Compared to 2014, in 2015 the total amount of electricity produced in all power plants of the Company grew by 9 per cent; growth was mostly caused by the increased production of electricity to be supported in the Elektrėnai complex (see Figure 2).

A comparison of production volumes of individual power plants shows that in 2015, compared to 2014, electricity production in the Kaunas HPP was rapidly decreasing. In this power plant, almost 0.274 TWh of electricity were produced and sold in 2015. This is approximately 13 per cent less than in 2014 (0.317 TWh). The Kaunas A. Brazauskas HPP work capacity was lower than usual because of low Nemunas water discharge.

Production volumes of the Kruonis PSHP, compared to the volumes of the previous years, changed very little: within 2015, 0.665 TWh of electricity were produced and sold – slightly more than in 2014 (0.661 TWh).

In the Elektrėnai complex, 1.065 TWh of electricity to be supported were produced in 2015 (in 2014 – 0.858 TWh). The increase was caused by amended provision conditions of a public service obligation that encompasses the production of electricity necessary for ensuring the safety of electricity supply. In 2015, electricity to be supported was produced continuously from the 15th of April to the 15th of October. At the end of this period, when electricity prices increased, the combined cycle unit produced electricity in excess for several days as a competitive installation.

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



Electricity trade indicators for 2015

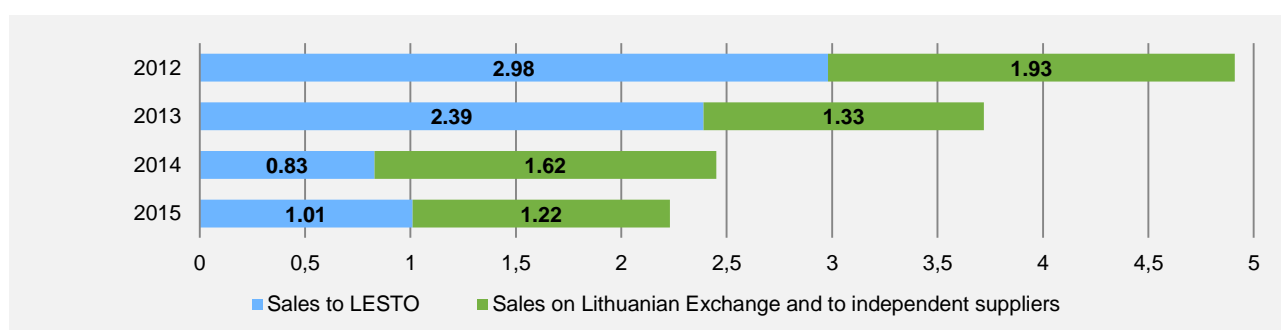
In 2015, the Company sold nearly 2.229 TWh of electricity, which is 6% less than in 2014, when sales totalled slightly over 2.448 TWh (see Figure 3).

The Company sold 24% less on exchange and to independent suppliers. The main reason for the decrease is the fact that trading in derivative financial instruments (mainly Contracts for Difference) rather than trading in physical

electricity was having an increasingly larger share in the Company's electricity trading portfolio.

Since 8 January 2013 the Company is performing the functions of the designated entity, i. e. it buys the total amount of electricity projected to be generated at wind farms and sells it in the Lithuanian bidding area of Nord Pool Spot exchange. In 2015, 0.58 TWh of electricity generated at wind farms was sold on the exchange.

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



System services

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

The power reserving service is a means to ensure the reliable operations of the energy system when, in unforeseen (emergency) situations, power generation volumes drop or consumption increases suddenly. Power generating companies provide the service of maintaining the secondary and tertiary reserves. The secondary active power reserve is the power of the installations or hydroelectric units in operation maintained by the generating company and activated within 15 minutes. The tertiary reserve is the power of the generating sources maintained by the generating company and activated within 12 hours. Power plants managed by the Company provide the secondary and tertiary power reserve services. The secondary power reserve is ensured by Kruonis PSHP; the tertiary power reserve is ensured by Elektrėnai Complex. In 2015, the Company sold around 1.75 TWh of electricity as secondary power reserve and 2.37 TWh of electricity as tertiary power reserve. Sales of power reserves remained similar as in the 2014.

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

production, the Company increases generation volumes and sells the necessary amount of regulation power to the TSO. When there is a surplus of power in the energy system and the TSO gives instruction to reduce production, the Company reduces electricity generation volumes and purchases the surplus regulation power from the TSO. In 2015, the Company sold 0.01 TWh and purchased 0.022 TWh of regulation power (in 2014, 0.033 TWh and 0.028 TWh, respectively).

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

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

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

OTHER FACTORS DETERMINING FINANCIAL INDICATORS

Business Strategy of the Company

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

The Strategy envisages that in 2014–2020:

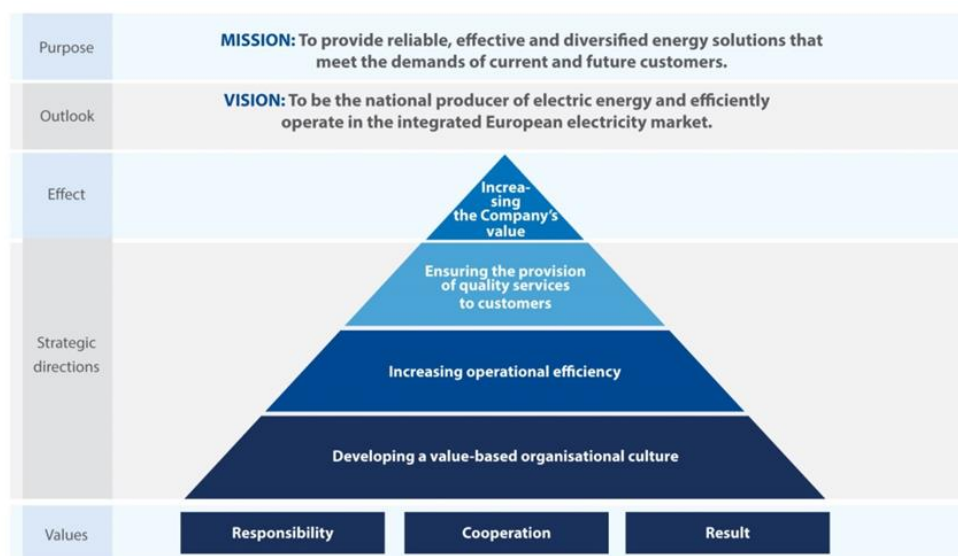
- profitability of the Company will increase in accordance with the general objectives of the Group provided for in the strategy of Lietuvos Energija, UAB, the main shareholder of the Company;
- until 2019, revenues of the Company will decrease due to stronger competition on the exchange and shrinking production volumes at the Elektrėnai Complex (market liberalisation effect), however, later stabilisation is expected due to additional revenues from commercial activities of the Company;
- approximately EUR 130–190 million are planned to be invested during 2014–2020 in the two main development projects (the biofuel thermal power plant and (if market conditions are favourable) the construction of Unit 5 of Kruonis PSHP).

Strategic Directions

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

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

Figure 4
Strategic Directions of the Company 2014–2020



Innovative activities

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

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

Research and development projects

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

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

- Modernisation of physical security systems (video, perimeter and access monitoring and control);
- Renovation of auxiliary integrated distribution equipment and integrated transformer substations at Kruonis PSHP;
- Works on the Obeniai lot (ash site) at the Elektrėnai Complex;
- Kruonis PSHP frequency converter;
- Installation of Unit 5 at Kruonis PSHP (if market conditions are favourable).

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

Installation of the gas turbine preservation system at the combined-cycle unit was finished in 2015.

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

The project of developing heat production installations in Elektrėnai

In 2015, the company completed the project "The construction of heat production capacities and steam production construction capacities in a Lithuanian power plant" and started to use assets created during the project: steam and biofuel boilers as efficient and cost-effective heat production capacities that are separate from the production of electricity.

The construction of a gas boiler room was completed at the beginning of 2015. A commission that had been formed as per the order of the general director recognised the boiler room as suitable for use on 16 January 2015. This 49.8

Since 2012, the Company's employees proposed 147 innovative ideas, 59 of which have been implemented.

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

MW steam boiler room was installed to maintain the heat reserves, to ensure heat production during the coldest time of the year, and to launch the units of the backup power plant. The boiler room ensures continuous heat production and cold start of electricity production capacities of the backup power plant.

In 2015, the construction of the biofuel boiler room was completed as well. Two biofuel boilers with condensing economisers, whose total thermal input is 40 MW, were fully installed. The construction of the structures of the biofuel boiler room was completed, the procedures of completing the structures were finished. The structures construction completion statement was signed by the commission on 6 May 2015, while a commission that had been formed as per the order of the general director of the Company recognised the biofuel boiler room as suitable for use on 9 October 2015.

Currently heat is produced in the biofuel and steam boiler rooms according to the needs of Elektrėnai, UAB Kietaviškių gausa and other consumers; the boiler rooms are operated by the operational staff of the Company.

Assessment of wind energy potential in the Kruonis PSHP

At the beginning of 2015, complex measurements of wind speed, direction, and other meteorological conditions, allowing to assess the primary potential of the land plot for constructing a wind farm, were completed in the territory of the Kruonis PSHP. On the basis of positive wind measurement results, the Company initiated preparatory works for constructing a wind farm in the territory of the Kruonis PSHP. The following was accomplished in 2015: a study regarding the impact of the Kruonis wind farm on NATURA 2000 territories, a feasibility study to evaluate wind resource and electricity production volumes, and an environmental impact assessment programme. Currently, an environmental impact assessment report is being prepared; the procedure is expected to be completed by the middle of 2016.

Syderiai underground gas storage project

All tests regarding the assessment of the suitability of Syderiai geological structure and possibilities to store natu-

ral gas in it were completed in 2014, so in 2015, in accordance with a resolution of the Government of the Republic of Lithuania, the goal was to attract a financial contribution from the European Union from the CEF fund for the implementation of the project. Since the project was not included

in the list of CEF priority projects of 2015–2017, further alternatives and prospects of implementing the project are being discussed.

The Company's main risks and contingencies

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

Risk of external regulation

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

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

Risk of market changes and competition

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

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

Risk of inaccurate trade forecast

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

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

Risk of technical fault

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

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

Risk of safety and health insecurity

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

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

Risk of information security

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

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

INFORMATION ABOUT AUTHORIZED CAPITAL AND SECURITIES OF THE COMPANY

Structure of Authorized Capital and Securities

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

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

The Company has not acquired or transferred own shares during the reporting period. The Company has not acquired its own shares. No subsidiary has acquired shares of the Company either.

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

ISIN code LT0000128571.

Abbreviation of securities – LNR1L.

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

Structure of Authorized Capital

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

Trading in the Company's Shares

Price and turnover of the Company's shares

		2012	2013	2014	2015
Last trading session price, EUR		0.381	0.394	0.780	0.671
Maximum price, EUR		0.455	0.411	0.854	0.940
Minimum price, EUR		0.373	0.360	0.395	0.650
Average price, EUR		0.410	0.382	0.639	0.805
Turnover, shares		705,095	801,754	1,545,602	642,148
Turnover, EUR MLN		0.29	0.31	0.99	0.52
Capitalisation, EUR MLN	Company	241.97	250.22	495.37	426.14
	Baltic Main List	4,502.46	4,449.63	4,438.23	4,885.76

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

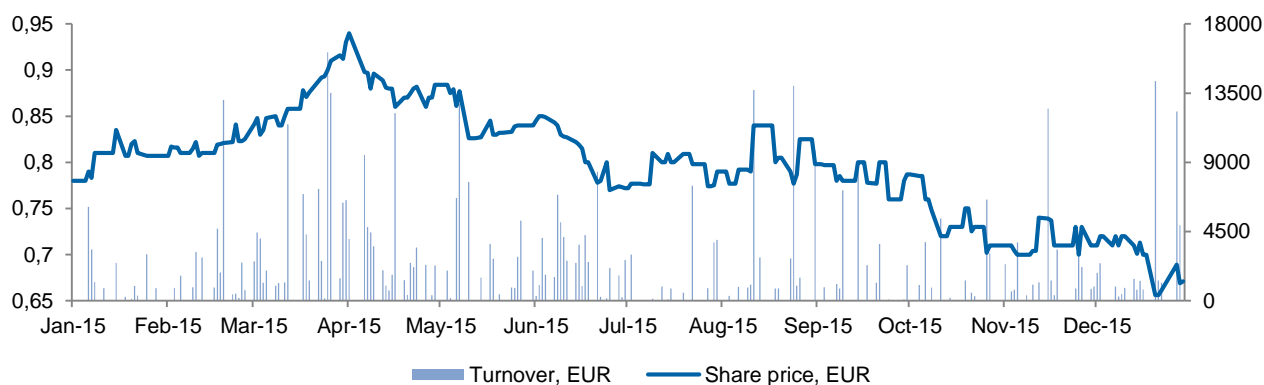


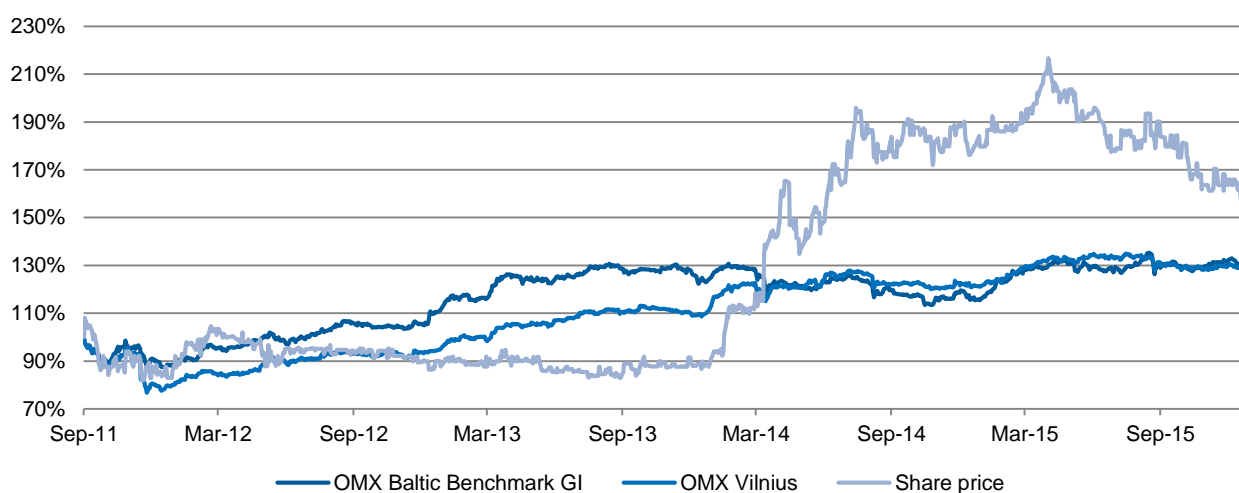
Figure 6

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



Figure 7

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



Information about shareholders of the Company

Total number of shareholders as of 31 December 2015: 6,109.

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

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

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

Structure of shareholders by country

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

The rights of the shareholders, shareholders with special control rights, and descriptions of those rights

All shareholders of the Company have equal property and non-property rights laid down in the legislation, other legal acts, and the articles of association of the Company. The management bodies of the Company create suitable conditions for implementing the rights of the shareholders of the Company.

Shareholders have the following property rights:

- To receive a share (dividend) in the profits of the Company;
- To receive the funds of the Company when the authorised capital of the Company is reduced to pay the funds of the Company to shareholders;
- To receive shares free of charge when the authorised capital is increased by using the funds of the Company, except for the exceptions provided for in the Law of the Republic of Lithuania on Companies;
- Exercise priority rights to acquire shares or convertible bonds issued by the Company, except for the case when the general shareholders' meeting, according to the procedure established in the Law of the Republic of Lithuania on Companies, decides to revoke the priority rights of all shareholders;
- To lend to the Company by using methods stipulated by laws, but the Company, when borrowing from its shareholders, does not have the right to pledge its assets to the shareholders. When the Company borrows from a shareholder, interest cannot exceed the average interest rate of commercial banks located in the lender's place of residence or business, which was valid at the moment of concluding the loan agreement. In this case, the Com-

pany and the shareholders are not allowed to agree on a higher interest rate;

- To receive a share of the assets of the company in liquidation;
- To transfer all shares of a part thereof to the possession of other persons;
- In cases and according to the procedure stipulated in the laws, to require other shareholders to compulsorily sell their shares to them or to require other shareholders to compulsorily buy shares from them;
- Other property rights provided for by the laws.

Shareholders have the following non-property rights:

- To participate in general shareholders' meetings;
- To submit questions regarding the items on the agenda of general shareholders' meetings to the company in advance;
- In accordance with the rights granted by the shares, to vote during general shareholders' meetings. One registered ordinary share grants one vote;
- To receive information about the Company to the extent allowed by the laws;
- To file a lawsuit in court asking for compensation for the damages incurred by the Company because the head of the Company and the members of the board failed to carry out their duties laid down in this law and other laws as well as in the articles of association of the Company, or carried them out improperly, as well as in other cases stipulated by the laws;
- Other non-property rights provided for by the laws.

None of the shareholders of the Company had special control rights.

Restrictions on voting rights

There were no restrictions on voting rights in the Group.

Agreements between shareholders on restrictions of the transfer of securities

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

Information on agreements with intermediary of public trading in securities

An agreement on keeping of accounting for the Company's securities and on management of personal securities accounts which was concluded on 9 December 2013 with Swedbank, AB, expired on 8 February 2016.

On 9 February 2016, an agreement on the accounting of the securities of the Company regarding the accounting of the securities issued by the Company and personal securities accounts was concluded with AB SEB Bank.

Dividends

During an ordinary general meeting of the Company's shareholders that took place on **27 April 2015**, the distribution of the profits of the Company of 2014 was approved and it was decided to allocate for the payment of dividends almost EUR 21.72 million (LTL 74.99 million), i.e. EUR 0.0342 (LTL 0.1181) of dividends per share. In 2014, the net profit of the Company from continuing activity comprised EUR 33.41 million, therefore, the indicator of dividends / net profit amounts to 0.65. Dividends were received by persons who at the end of the tenth working day after the general shareholders' meeting that made the decision regarding the payment of dividends, i.e. at the end of the working day on 12 May 2015, were shareholders of the Company.

During an extraordinary general meeting of the Company's shareholders that took place on **24 September 2015**, a decision was made on the allocation of dividends for a period shorter than a financial year to the shareholders of the Company. Dividends comprising EUR 0.0042 per one share of the Company (in total, EUR 2.67 million) were allocated for a period of six months that ended on 30 June 2015. From January to June 2015, the net profit of the Company from continuing activity comprised EUR 19.26 million, so the indicator of dividends paid for this period / net profit amounts to 0.14. Dividends were received by persons who at the end of the tenth working day after the general shareholders' meeting that made the decision regarding the payment of dividends, i.e. at the end of the working day on 8 October 2015, were shareholders of the Company.

CORPORATE SOCIAL RESPONSIBILITY

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

Promoting Community Spirit

To strengthen ties with the community of Elektrėnai region where its core operations are based, the Company organises a series of public events under the title 'Lietuvos Energijos Gamyba Presents'. In 2015, four meetings were held: with athletes from Kaunas 'Žalgiris' basketball club and Elektrėnai 'Energija' hockey club, singer Andrius Kulikauskas, inventors from Kaunas University of Technology and participants of expedition "Mission: Siberia". 13 meetings of this series have taken place so far. The Company organises them jointly with Elektrėnai Library. The events are aimed at rallying the community of the town and the region as well as employees of the Company by offering them unique meetings with well-known, interesting, original people.

Environment Clean-up Initiative

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

Educational activities

The Company organises free excursions to its facilities for members of the public: the combined cycle unit, Kruonis PSHP, and Kaunas A. Brazauskas HPP. In this way the Company seeks to increase public awareness of the energy sector, focussing, in particular, on the younger generation. In 2015, more than almost 2,500 people from various organisations including schools were received; there were delegations from foreign countries as well. The biggest part of these excursions took place in Kruonis PSHP.

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

Environmental Protection

The Company seeks to protect the environment during its activity, to use natural resources prudently, to use modern, effective and environmentally safe technologies in its operations, to comply with the requirements of legal acts and rules regulating environmental protection, to implement preventive measures in a professional manner to minimise negative impact on the environment.

The most important issues of environmental protection are the safe operation of installations, ecologically safe use of dangerous substances, waste management, ensuring permissible fluctuations of the water level in the Kaunas Reservoir and the Neman down the river from the Kaunas HPP. The Company fulfils all relevant environmental requirements.

In the facilities of the Company, Environmental Protection Management System is installed, which complies with the requirements of the standard LST EN ISO 14001:2005. In addition, the requirements of integrated pollution prevention and control permits with regard to monitoring air, surface water, underground water, and soil contamination and protection measures are being implemented as well.

In Elektrėnai complex, 39 t of biofuel ash, 132 t of sand waste, 440 t of liquid fuel ash, 7 t of adsorbent waste, 1.5 t of ethylene glycol waste, 22 t of waste of chemicals that are unsuitable for use, 16.35 t of activated carbon waste, 10.57 t of exchange resins waste, 1168 t of construction and insulation materials containing asbestos, 5 t of plastic and rubber waste, 5 t of paper and cardboard waste, and 2.5 t of waste wood were transferred to waste managers for recovery; 763 t of electrical equipment waste, 3300 t of ferrous metals scrap waste, 134 t of copper scrap waste, and 38 t of aluminium scrap waste were sold to metal waste buyers in 2015. Household waste collected in the territory of the facility is removed by a specialised contractor. 150 t of sulphite waste were moved to the Oberniai land plot.

Household waste collected in the territory of the Kruonis PSHP is removed by a specialised contractor. In 2015, 33.28 t of household waste were removed. In 2015, the Kruonis PSHP transferred for recovery: 21.27 t of hazardous waste (including 9.5 t of oily water, 0.04 t of fluorescent tubes, 0.035 t of used batteries, 0.4 t of oily wiping cloths, 0.28 t of electrical and electronic equipment, 11 t of petroleum products sludge, 0.01 t of oil filters), and 0.46 t of non-hazardous waste; it also sold 12.66 t of ferrous metals scrap waste.

In 2015, the Kaunas HPP transferred 0.158 t of hazardous waste and 0.88 t of non-hazardous waste for recovery; it also transferred 2.12 t of ferrous metals scrap waste. Household waste collected in the territory of the facility is removed by a specialised contractor; approximately 6.48 t of household waste formed in 2015.

Paper and cardboard waste in all power plants is transferred to companies that recycle such waste.

Preventive measures to ensure environmental safety

The requirements of integrated pollution prevention and control (hereinafter referred to as the IPPC) permits with regard to monitoring air, surface water, underground water, and soil contamination and protection measures are implemented in the subdivisions of the Company. The results of tests carried out in 2015 show that the maximum permissible environmental (air and water) pollution values set in the IPPC permits in the Elektrėnai complex, the Kruonis PSHP, and the Kaunas HPP were not exceeded. The Company constantly performs calculations with regard to contamination from stationary and movable contamination sources, keeps records of chemical substances, carries out the internal audit of chemical substances and preparations in use, the management of forming waste and sewage.

In 2014-2015, the project of implementing technological water treatment installations in the Elektrėnai complex was carried out and modern technological water treatment installations were fitted in the Chemistry section, allowing to lower technological water treatment costs by up to 25 per cent, and reducing water wastage by up to 20 per cent.

In 2015, a new fenced area was built and lighting was installed in the area with waste sorting containers in the Elektrėnai complex, where it is possible to sort the waste that is accumulated during main activity. This area creates a new waste sorting culture, encouraging us not to contaminate our surroundings with waste, but to sort all waste in locations designated for that purpose.

In accordance with the latest requirements of legal acts, the Rules of Using and Maintaining the Elektrėnai Pond were updated in 2015.

THE COMPANY AND ITS MANAGEMENT BODIES

Information about the Company and its contact details

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

Core activities of the Company

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

Information about branches and representative offices of the Company

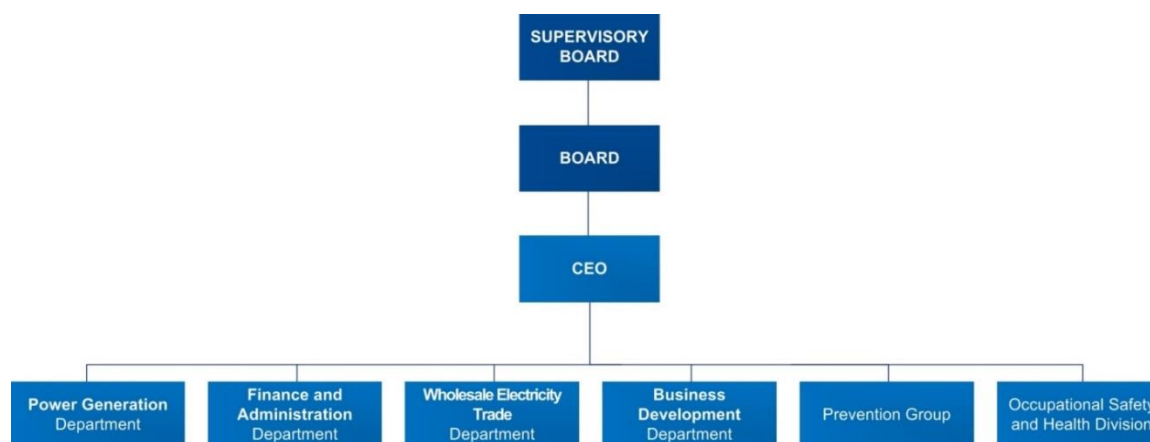
The Company has no branches or representative offices.

Divisions and organizational structure of the Company

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

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

Figure 8
*Structure of the Company (as of 31 December 2015)**



* Because of the sale of part of Company's commercial wholesale electricity trade business in 2015, the structure of the Company changed since 1 January 2016 – Wholesale Electricity Trade Department was excluded.

Information about the Group

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

Main types of operations of **UAB Kauno Energetikos Remontas** include: electrical engineering and mechanical repairs and maintenance works, manufacture of steel structures, management of investment projects, provision of the Training Centre's and laboratory services, and production of biofuel.

Energijos Tiekimas UAB is the largest independent electricity supplier, a company with Lithuanian capital invested. Its core activity is the sale of electricity in the free market. The company has over 6,000 customers, which is the largest customer base among the independent electricity suppliers operating in Lithuania. The company is the sole supplier of certified electricity produced in Lithuania from renewable energy resources, i. e. the 'green Lithuanian energy'.

CONSOLIDATED INTERIM REPORT For the twelve-month period ended 31 December 2015

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

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

On 30 September 2015, after the end of liquidation processes, the company AS NordicEnergy Link, which 25% of shares was administered by the Company, was unregistered

For December 31, 2015 the Company took part in the management of the following associated companies: UAB Geoterma (23.44 percent of the shares), UAB Technologijų ir Inovacijų Centras (20 percent) and UAB Verslo Aptarnavimo Centras (15 percent).

Figure 9
Shares of other companies owned by the Group (as of 31 December 2015)



Information about Management Bodies of the Company

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

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

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

General Meeting of Shareholders

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

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

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

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

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

3. The extraordinary meeting of shareholders of the Company held on 24 September resolved to approve the Company's interim financial statements for the six-month period ended on 30 June 2015 and to declare dividend for the Company's shareholders for a period shorter than the financial year. It has been resolved to pay 0.0042 EUR dividends per share.

4. The extraordinary general meeting of shareholders of the Company held on 21 December 2015 adopted the decision to elect Mr. Dominykas Tučkus to the Supervisory Board of the Company the end of the term of office of the present Supervisory Board.

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

Supervisory Board

As stated in the Articles of Association of the Company, the Supervisory Board is a collegiate body exercising supervision over operations of the Company. It consists of three

members – natural persons. At least one-third of the Supervisory Board's members are independent members. The Supervisory Board is elected for the period of four years by

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

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

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

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

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

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

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

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

Members of the Supervisory Board (during the reporting period)

Name	Term of Office	Shareholding in the Company	Participation in other companies and organisations	Interests in other companies (if over 5%)
Dalius Misiūnas Chairman	5 August 2013 – 2 December 2015	–	<ul style="list-style-type: none"> - Lietuvos Energija, UAB – Chief Executive Officer and chairman of the Board. - National Energy Association – President. - EURELECTRIC – Member of Council of Directors. - Association of KTU Alumni – President. - Lietuvos Energija Foundation, member of the Board - AB Energijos Skirstymo Operatorius, chairman on the Supervisory Board 	–
Mindaugas Keizeris Chairman	20 November 2014 – 5 August 2017	–	<ul style="list-style-type: none"> - Lietuvos Energija, UAB Director for Strategy and Development, member of the Board. - UAB Energetikos Paslaugų ir Rangos Organizacija, chairman of the Board 	–
Dominykas Tučkus Member	21 December 2015 – 5 August 2017	–	<ul style="list-style-type: none"> - Lietuvos Energija, UAB, Director for Production and Services, member of the Board. - UAB LITGAS, chairman of the Board. - UAB Lietuvos Dujų Tiekimas, member of the Board. - UAB Elektroninių mokėjimų agentūra, member of the Supervisory Board. - Energijos Tiekimas UAB, chairman of the Board. 	–
Pranas Vilkas Independent member	5 August 2013 – 5 August 2017	–	–	–

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* On 18 November 2015 the Company received a notification of resignation of Mr. Dalius Misiūnas, Chairman of the Supervisory Board of the Company, from the post of a member (chairman) of the Company's Supervisory Board. The last day of Mr. Misiūnas's term of office in the Company's Supervisory Board will be 2 December 2015.

The Supervisory Board of the Company was formed on 5 August 2013. During the reporting period Chairman of the Supervisory Board Dalius Misiūnas resigned and Dominykas Tučkus was elected as a member of the Supervisory Board. Mindaugas Keizeris was elected as a Chairman of the Supervisory Board. The expected end of the term of office of the current Supervisory Board of the Company is 5 August 2017.

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

In 2015, eight meetings of the Company's Supervisory Board were held. All of the meetings were attended by all three members.

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

	Pay in 2015, EUR	Other payments in 2015, EUR	Total, EUR
All members of the Supervisory Board collectively	–	4,992	4,992
Per member of the Supervisory Board on average *	–	4,992	4,992

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

Audit Committee

No committees have been formed in the Company. On 27 August 2013, the supervisory board of Lietuvos Energija, UAB, formed the audit committee, which was charged with analysing issues attributed to the competence of the committee and issues with regard to which the supervisory board applies to the committee as well as submitting them to the supervisory board. The activity of the audit committee applies to Lietuvos Energija, UAB, its directly or indirectly controlled subsidiaries, including Lietuvos Energijos Gamyba, AB, and other legal entities of a different legal form, where Lietuvos Energija, UAB, may exercise directly or indirectly a dominant influence.

The main functions of the audit committee are as follows:

- To supervise the process of making financial reports of Lietuvos Energija, UAB, and the companies of its group of companies;
- To monitor the effectiveness of internal control and risk management systems of Lietuvos Energija, UAB, and the companies of its group of companies, to analyse and review the need and suitability of these systems;
- To monitor how the chartered auditor and the audit company follow the principles of independence and

objectivity, to provide recommendations in relation to this;

- To supervise the auditing processes of Lietuvos Energija, UAB, and the companies of its group of companies, to assess the effectiveness of the audit and the response of the administration to the recommendations that the audit company submits to the management;
- To monitor the effectiveness of the internal audit function of Lietuvos Energija, UAB, and the companies of its group of companies, to analyse the need and suitability of this function, to give recommendations regarding the necessity and effectiveness of the internal audit function as well as regarding other issued related to internal audit.

Since 5 January 2015, a centralised internal audit function has been active in the group of companies. This decision helps to ensure the independence and objectivity of the internal audit function, a unified methodology and accountability, and to allocate available audit resources and competences more rationally.

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

Member	Shareholding in the Company	Term of Office	Institution/company and position
Rasa Noreikienė Chairperson	–	August 2013 – August 2017	Ministry of the Economy of the Republic of Lithuania, Vice-Minister
Aušra Vičkačkienė Member	–	August 2013 – August 2017	Ministry of Finance of the Republic of Lithuania, Director of Asset Management Department
Danielius Merkinas Independent Member	–	August 2013 – August 2017	UAB Nordnet, Finance Director

Gintaras Adžgauskas Member	–	August 2013 – August 2017	World Energy Council, Lithuania Committee, Director
Irena Petruškevičienė Independent Member	–	October 2014 – August 2017	- Member of European Commission Audit Development Committee - UN World Food Programme - ISM Business and Management School - State Control

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

The Board

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

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

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

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

The Board has the right to adopt decisions on:

- the Company's acting as a founder or a member of a legal person;
- any transfer to third parties or encumbrance of the shares/interests held by the Company, or of rights attached thereto;
- formation or termination of branches and representatives offices of the Company;
- bond emissions;
- disposal of facilities which are owned by the Company and which are specified in the Republic of Lithuania Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises Important to Ensuring National Security;
- transactions the value of which exceeds EUR 3 million;
- other decisions provided for in the Articles of Association of the Company.

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

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

Members of the Board (during the reporting period)

Name	Term of Office	Shareholding in the Company	Participation in other companies and organisations	Interests in other companies (if over 5%)
Juozas Bartlingas* Chairman of the Board, Chief Executive Officer	17 September 2013 – 19 February 2016	–	- National Energy Association, member of the Board. - Lietuvos Energija Foundation, Member of the Board.	–
Eglė Čiužaitė* Member of the Board, Director of Finance and Legal Department	17 September 2013 – 2 December 2015	–	- UAB Geoterma, member of the Board. - UAB Verslo aptarnavimo centras, member of the Board	–
Adomas Birulis Member of the Board, Director of Business Development Department	17 September 2013 – 17 September 2017	–	- UAB Technologijų ir Inovacijų Centras, member of the Board.	–

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Darius Kucinas Member of the Board, Director of Production Department	17 September 2013 – 17 September 2017	–	–	–
Vidmantas Salielis* Member of the Board, Director of Wholesale Department	17 September 2013 – 19 February 2016	–	–	–
Mindaugas Kvekšas Member of the Board, Acting Director of Finance and Administration Department	31 December 2015 – 17 September 2017	–	–	–

* After the reporting period, on 19 February 2016 Juozas Bartlingas, Chairman of the Board and Chief Executive Officer of the Company, submitted a notice of resignation as a member (the chairman) of the Board and the Chief Executive Officer. The Supervisory Board of the Company made a decision to recall Juozas Bartlingas and appoint Eglė Čiužaitė to the Board of the Company. On the same day the Supervisory Board made the decision recall Vidmantas Salielis from his post as a member of the Board of the Company. More information is provided in the Section "Important events in the Company's activities" of this Report.

The Board of the Company was formed on 17 August 2013. During the reporting period member of the Board Eglė Čiužaitė was recalled and Mindaugas Kvekšas was appointed as a member of the Board. The expected end of the term of office of the current Board of the Company is 17 September 2017.

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

In 2015, the Board met for 35 times. All meetings were attended by all five Board members.

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

	Pay in 2015, EUR	Other payments in 2015, EUR	Total, EUR
All members of the Board collectively	293,670	58,296	351,966
Per member of the Board on average	58,734	11,659	70,393

Management Bodies

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

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

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

	Pay in 2015, EUR	Other payments in 2015, EUR	Total, EUR
Chief Executive Officer Juozas Bartlingas	72,460	17,377	89,837
Chief Financier*	-	-	-

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

Employees of the Company

The main goal of the human resources management policy of the Company is to attract and retain qualified employees, to ensure long-term partnership relations and the common successful future of the Company on the basis of the mutual benefit principle.

companies, which are followed in the entire Group to manage human resources and to achieve strategic goals; in addition, particular attention was paid to making the management of human resources more effective.

Continuing the formation of organisational culture, the Company implemented the principles of the human resources management policy of Lietuvos Energija group of

The remuneration system of the Company stipulates that the salary of all employees of the Company, including the directors of the Company, consists of a constant part, a variable part, and additional remuneration.

The constant part of the remuneration is set up for employees on the basis of the level of post and a particular employee's expertise. The variable part of the remuneration is paid for measurable work results – for reaching goals or indicators set for each particular post. Directors and specialists of supporting activity subdivisions have annual goals; the variable remuneration part of production specialists and workers depends on monthly activity results.

Additional monetary remuneration encompasses social support, material support, additional paid vacation, one-time bonuses granted to employees for additional work load, notable work results, proposals and implementation of innovative ideas. Additional non-monetary remuneration includes training paid for by the Company, events organised by the Company for the employees and their children, services of the medical aid station, and vaccinating the employees against seasonal diseases.

The goal of the system for managing the employees' activity is to coordinate the goals of the employees with the goals of the Company and to direct the employees' activity to achieving desired results. The activity evaluation process starts with a 360° investigation, which evaluates general and leadership competences of directors and specialists. Competences are evaluated by the employees themselves, the employees' managers and colleagues. The procedure of managing the employees' activity stipulates that an annual activity evaluation conversation between a manager and an employee takes place in the company every year. During the annual conversation, the manager and the employee evaluate the achievement of goals during the last year and set new goals; in addition, on the basis of competence evaluations, they agree on competences that need improvement as well as on specific employee education means for the next year.

Voluntary employee turnover in the Company is insignificant – 1.5 per cent. When a new employee is needed, internal selections are organised first. If there are no suitable candidates for the position in question within the Company, the search continues outside the Company. While looking for employees according to the internal rotation system, 27 employees of the Company were promoted in 2015 (vertical career), 15 employees were transferred to similar posts in other subdivisions (horizontal career). To expand career opportunities of the employees and to encourage the movement of employees within the companies of the Lie-

tuvos Energija group, 11 employees were transferred to other companies in the group.

To integrate new employees into the activity and the team of the Company more effectively, adaptation plans are prepared for newcomers, which provide for special measures, meetings with directors and employees who are responsible for certain spheres of activity. Thus, a new employee becomes familiar with the working environment and company culture faster as well as receives all necessary work-related information.

The number of the employees of the Company; the change within the reporting period

As at 31 December 2015, 429 employees worked in the Company (including employees on parental leave); 61 per cent of them were specialists and medium-level managers, 38 per cent were workers, and 1 per cent were highest level managers. At the end of 2014, 474 employees worked in the Company. The main reasons for the change of the number of employees: employees of the internal audit subdivision moved to work in Lietuvos Energija, employees of the Electricity Wholesale Trade Department were transferred to Energijos Tiekimas, long-term employees retired. Several employees left the Company because of work organisation changes.

Men comprise 83 per cent of the employees of the Company, women comprise 17 per cent. Almost 53 per cent of the employees of the Company have higher education, 35 per cent have post-secondary and professional education, and 12 per cent have secondary education.

Most employees of the Company are 35-54 years old and have 10 or more years of work experience in the Company. They are highly qualified, experienced specialists who form the foundation of the staff in the production subdivisions of the Company, where important knowledge and experience of the employees are kept. Employees of this age group comprised 54 per cent of all employees of the Company. Approximately 17 per cent of the employees of the Company are 25-34 years old.

The distribution of employees according to post levels and their average salaries are indicated in the table below. The specified salary amounts include the constant salary part, the variable salary part and additional bonuses paid for notable work results, for working on weekends and holidays, for overtime work and work at night.

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

	CEO	Top management	Line management	Experts, specialists and workers
Numbers of employees by position levels	1	4	33	391
Average pay*, EUR	6.038	4.502	2.153	1.126

The collective agreement, the staff trade unions

There are four trade unions in the Company, which unite approximately 300 employees of the Company. A collective agreement is valid in the Company, which ensures a more favourable social benefits package for the staff of the Company in comparison with the requirements of the Labour Code of the Republic of Lithuania.

In accordance with the collective agreement, the employees receive support in case of accidents, illness, death of family members; they are provided with additional payments after the birth of a child or if a family has many children; additional paid vacation days are granted after the birth of a child, after marriage, after the death of a family member and in other cases.

Organisational culture, development of competences, training, practice opportunities

For two consecutive years, employee involvement research has been carried out in the Company to help determine the areas important for increasing further employee involvement. After the research, discussion of the results takes place in all subdivisions of the Company and specific measures are agreed upon at the level of the Company as well as individual subdivisions, the goal of which is to improve the areas of activity of the Company that were insufficiently highly evaluated by the employees and to encourage the employees' involvement.

In 2015, the Company continued the values dialogue project intended for values communication. The values game sessions were conducted by a group of ambassadors of twelve values chosen from the staff of the Company for the project. The main goal of this project was to talk about values and specific behaviours that reflect them in various situations from real work life. Thus, models of new work behaviours corresponding to the values and the main activity goals of the Company were created and implemented. Within two years, eight values dialogue sessions were organised in total, with most employees of the Company participating.

In the context of forming organisational culture, the code of conduct of the Company's staff was updated as well to reflect the values of the Company and specific behaviours.

To notice and reward the employees' achievements and their contribution to the common result, best employees are selected in the Company every year, who are distinguished not only because of their professional contribution, but also because of their behaviour that corresponds to the values and serves as an example for colleagues.

The Company prioritised proactive communication with employees. In March, June, September and December, traditional meetings of the directors and board members of the Company with the employees of all subdivisions took place. During the meetings, results of the Company's activity, the news of current and future projects, and other issues important to the employees were discussed.

On the basis of activity goals, competence evaluations and the need to improve it, the Company educates the employees in a purposeful manner and takes care of their training.

During professional training, employees update their technical knowledge that is crucial for their work and obtain necessary certificates. During seminars and conferences, employees familiarise themselves with innovations in their activity fields, as well as with innovations and best practices in the energy sphere.

In 2015, 225 employees of the Company participated in technical training, and 168 employees took part in management training. In 2015, 316 unique employees (i.e. if the same employee took part in several training programmes, he or she is counted as one employee) in total participated in training. In addition, employees are taken on excursions to other production companies to familiarise themselves with the work organisation of production subdivisions, innovations, production equipment, problem solutions, etc.

In order to attract young highly qualified professionals, the Company actively cooperates with educational institutions, creates opportunities for higher education and vocational training students to apply theoretical knowledge and acquire practical skills during practice. In March 2015, the Company participated in Career Days events organised by Kaunas University of Technology, Vilnius Gediminas Technical University, and ISM University of Management and Economics. In 2015, 13 students did practical training in the Company: 5 from Kaunas University of Technology, 3 from Elektrėnai Vocational Training Centre, 2 from Vilnius Gediminas Technical University, and 3 from other universities.

Particular attention was paid in 2015 to the employees substitution programme, where the main goal is to ensure that when necessary, the Company will have employees with necessary qualifications. In accordance with this programme, deputies are trained, i.e. employees who, with purposefully organised education, will be able to substitute, when necessary, for employees holding positions important for the continued activity of the Company – employees whose training takes a long time, who are difficult to find on the labour market due to the specific nature of the activity and the necessary experience. The deputies programme is mostly intended for the subdivisions of the Production Department. We see substitution as an opportunity for growth and improvement, for strengthening our professional competences.

Information on other Committees

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

Risk Management Supervision Committee

Main functions of the Committee:

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

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

Member	Shareholding in the Company	Term of Office	Institution/company and position
Antanas Danys Chairperson	–	August 2013 – August 2017	- Paskolų klubas (UAB Neo Finance), Chairman of the Board - “Grinvest” (Singapore), director
Tomas Garasimavičius Member	–	August 2013 – August 2017	Energy Advisor to the Prime Minister of the Republic of Lithuania
Raimundas Petrauskas Independent member	–	August 2013 – August 2017	Schmitz Cargobull Baltic, UAB, Chief Executive Officer
Donatas Kauburys Independent member	–	October 2013 – October 2017	The Lithuanian Association of People with Disabilities, Project Manager in Klaipėda and Tauragė regions

Nomination and Remuneration Committee

Main functions of the Committee:

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

Members of the Nomination and Remuneration Committee (as of 31 December 2015)

Member	Shareholding in the Company	Term of Office	Institution/company and position
Aloyzas Vitkauskas Chairperson	–	August 2013 – August 2017	Ministry of Finance of the Republic of Lithuania, Vice-Minister
Tomas Garasimavičius Member	–	August 2013 – August 2017	Energy Advisor to the Prime Minister of the Republic of Lithuania
Virginijus Lapeška Independent member	–	August 2013 – August 2017	UAB Organizacijų Vystymo Centras, Chairman of the Board

IMPORTANT EVENTS IN THE COMPANY'S ACTIVITIES

Significant agreements

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

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

Information on related party transactions

Information on significant related party transactions is disclosed in the Notes forming part of interim financial information for the year ended 31 December 2015.

Detrimental transactions

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

Material events during the reporting period

The Court accepted the Company's complaint

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

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

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

The Court accepted the Company's complaint

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

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

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

The Company will publish preliminary unaudited indicators

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

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

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

The Company has transferred shares of the subsidiaries

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

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

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

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

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

Ordinary general meeting of shareholders of the Company is convened

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

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

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

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

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

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

Sold shares of NT Valdos UAB

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

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

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

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

The Court rejected the company's complaint

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

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

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

Development of production activities is estimated

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

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

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

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

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

The Company pledged steam boiler facilities

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

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

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

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

The Company announced preliminary indicators

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

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

The Court accepted the Company's appeal

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

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

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

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

The Court closed the case

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

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

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

Extraordinary general meeting of shareholders of the Company is convened

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

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

The Company's auditor was appointed

The extraordinary general meeting of shareholders of the Company held on 1 July 2015 adopted the decision to appoint UAB PricewaterhouseCoopers as the auditor of financial statements for 2015 of Lietuvos Energijos Gamyba,

AB, and to fix a fee not exceeding EUR 35.000,00, VAT excluded, for the above mentioned audit services.

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

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

On 28 July 2015 the Company received the Letter from Lietuvos Energija, UAB, with the information on decisions adopted by the Supervisory Board to approve the nomination of the Company's Board Member Eglė Čiužaitė to the Board of the new electricity and gas distribution company which will continue in operation after the pending reorganisation of AB LESTO and AB Lietuvos dujos and the nomination of the Company's Board Member Vidmantas Salielis to the post of the General Manager of Energijos Tiekimas UAB.

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

The Company announced preliminary indicators

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

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

Extraordinary general meeting of shareholders of the Company is convened

By the 31 August, 2015 initiative of the "Lietuvos energija", UAB,, to disburse dividends for shareholders of the Company and the resolution of the Board of the Company, an extraordinary general meeting of shareholders of the Company will be held on 24 September, 2015.

Link to the notification on material event: [Regarding the Agenda and Proposed Draft Resolutions of The Extraordinary General Meeting of Shareholders of "Lietuvos energijos gamyba", AB](#)

Informed about intention to sell part of business

On 3 September, 2015 the Company informed about its intention to sell part of commercial wholesale electricity trading business to Energijos tiekimas UAB.

Link to the notification on material event: [Regarding agreement on sale of commercial part of business of wholesale electricity trade of Lietuvos Energijos Gamyba, AB](#)

The Court accepted the Company's claim

On 16 September, 2015 Lithuanian supreme administrative court decided to satisfy Company's claim on the dismissal of Vilnius regional administrative court decision dated 25 May 2015. By this decision 2015 Lithuanian supreme administrative court also decided to return the case to the court of first instance for renewed proceedings.

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

The Court rejected the Company's claim

On 21 September, 2015 Vilnius Regional Administrative Court rejected Company's claim on the dismissal of the resolution „On the results of “Lietuvos energijos gamyba”, AB audit” (the Resolution), dated 30/09/2014, No. O3-818, of the NCC.

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

Shareholders of the Company decide to pay dividends

The extraordinary meeting of shareholders of the Company held on 24 September resolved to approve the Company's interim financial statements for the six-month period ended on 30 June 2015 and to declare dividend for the Company's shareholders for a period shorter than the financial year. It has been resolved to pay 0.0042 Eur dividends per share.

Link to the notification on material event: [Regarding decisions adopted at the extraordinary general meeting of shareholders of public company “Lietuvos energijos gamyba”, AB, on 24 September 2015.](#)

The Court accepted the Company's appeal

On 8 October, 2015 the Company informed, that on 7 October, 2015 Company's appeal on Vilnius Regional Administrative Court decision dated 21 September, 2015 by which Vilnius Regional Administrative Court dismissed Company's claim on the dismissal of the resolution „On the results of “Lietuvos energijos gamyba”, AB audit” (the Resolution), dated 30/09/2014, No. O3-818, of the National Commission for Energy Control and Prices (the Commission) was accepted.

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

Signed an agreement on sale of part of business

On 12 October 2015 Company and Energijos tiekimas UAB signed agreement on sale of commercial part of business of wholesale electricity trade. The part of business consists of the trade activities, which are not related to physical electricity trading, through financial derivatives and the provision of balancing services. Title of ownership of the part of business will pass to Energijos tiekimas on 1 January 2016.

Link to the notification on material event: [Regarding signing of the agreement on sale of commercial part of business of wholesale electricity trade of “Lietuvos energijos gamyba”, AB](#)

The redemption of shares was approved

On 26 October 2015 the Government of the Republic of Lithuania approved the draft government resolution 'On the redemption of shares'(hereinafter referred to as the 'Resolution'). The Government decided to propose that Lietuvos Energija, UAB, would acquire the redeemable shares of former public company LIETUVOS ELEKTRINĖ under a judgment of the Supreme Court of Lithuania handed down on 19 November 2014 in civil case No 3K-3-370/2014. The

Government assigned the Ministry of Finance of the Republic of Lithuania to make decisions and take actions necessary to implement the share acquisition referred to in Clause 1 of the Resolution.

Link to the notification on material event: [Concerning redemption of shares under a judgment of the Supreme Court of Lithuania](#)

Member of the Company Board will take a new position

Member of the Company Board and Director of Wholesale Electricity Trade Department Vidmantas Saliotis starting from 2 November, 2015, additionally to his position at the Company, is appointed as Chief Executive Officer of the Energijos tiekimas UAB.

Link to the notification on material event: [Regarding additional duties of the Member of the Board of Lietuvos Energijos Gamyba, AB](#)

The Company announced preliminary indicators

On 16 November, 2015, in order to give more information to investors, the Company announced preliminary unaudited financial indicators for six months of 2015.

Link to the notification on material event: [Preliminary unaudited financial indicators of “Lietuvos energijos gamyba”, AB of January–September 2015](#)

The Court rejected the Company's appeals

On 17 November 2015 Vilnius Regional Administrative Court decided to dismiss the Company's appeals regarding repeal of Resolution No. O3-875 of the NCC of 30 October 2014 “On recalculation of the price components of heat production by “Lietuvos energijos gamyba”, AB, Lietuvos elektrinė” and of Resolution No. O3-934 of the NCC of 11 December 2014 “On unilateral determination of the price of heat production by “Lietuvos energijos gamyba”, AB, Lietuvos elektrinė”.

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

Chairman of the Supervisory Board of the Company resigns

On 18 November 2015 the Company received a notification of resignation of Mr. Dalius Misiūnas, Chairman of the Supervisory Board of the Company, from the post of a member (chairman) of the Company's Supervisory Board.

Link to the notification on material event: [Regarding resignation of Dalius Misiūnas from the Supervisory Board of “Lietuvos energijos gamyba”, AB](#)

Extraordinary general meeting of shareholders of the Company is convened

By the 30 November 2015 initiative and resolution of the Board an extraordinary general meeting of shareholders of the Company is convened on 21 December 2015 regarding the election of new member of Supervisory Board.

Link to the notification on material event: [Notice of The Extraordinary General Meeting of Shareholders of “Lietuvos energijos gamyba”, AB](#)

Member of the Board was recalled

On 2 December 2015 the Supervisory Board of the Company decided to recall Ms. Eglė Čiužaitė from the post of a member of the Company's Board from the date of the decision.

Link to the notification on material event: [Regarding the recall of Eglė Čiužaitė from the Board of "Lietuvos energijos gamyba", AB](#)

The Court accepted the Company's appeal

On 3 December 2015 the Company informed about the accepted appeal on the decision of Vilnius Regional Administrative Court dated 17 November 2015.

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

The decision on decommissioning Units 5 and 6 is adopted

Implementing the strategy of the Company and taking into account the opinion of the the Supervisory Board, adopted the decision on 7 December 2015 on decommissioning of Units 5 and 6 of the Lithuanian Power Plant from 1 January 2016. Dismantling of the Units 5 and 6 is expected to start once dismantling of the Units 1 and 2 of the Lithuanian Power Plant is completed (preliminarily, early 2017).

Link to the notification on material event: [Regarding the decommissioning of the units 5 and 6 of Lithuanian power plant owned by "Lietuvos energijos gamyba", AB](#)

Biofuel Boiler Plant has been pledged

In accordance with the decision of the Board of the Company and the decision of general meeting of shareholders of the Company and in order to carry out the obligations laid down in Loan agreement dated 26 June, 2013, signed between the Company and „Nordea Bank AB“ Lithuanian branch and AB DNB bank, on 9 December, 2015 pledged part of the property, which was created during the Investment project of Construction of heat energy generation capacities at Elektrėnai complex – Biofuel Boiler Plant.

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

Other events during the reporting period

Decommissioning of units 1 and 2 in Elektrėnai

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

Member of the Supervisory Board has been elected

The extraordinary general meeting of shareholders of the Company held on 21 December 2015 adopted the following decision to elect Mr Dominykas Tučkus as Member of the Supervisory Board of Lietuvos Energijos Gamyba, AB until the end of the term of office of the present Supervisory Board.

Link to the notification on material event: [Regarding Decision adopted at the extraordinary general meeting of shareholders of "Lietuvos energijos gamyba", AB on 21 December 2015](#)

Investors Calendar has been published

Following the amended part 1 of the Article 24 of the new version of Law on Securities of the Republic of Lithuania, which became effective on 4 December 2015, and seeking to meet the expectations of the Company's shareholders to become acquainted with the latest information on the Company's operations, also with the view of ensuring transparency and publicity of the Company's operations, the Company will prepare and release interim financial information for 3, 9 and 12 months.

Link to the notification on material event: [Reporting dates in 2016](#)

Certificate of delivery and acceptance of a business part has been signed

On 31 December 2015 the Company informed that on 30 December 2015 the Company and Energijos tiekimas UAB signed a certificate of delivery and acceptance of a business part. By this, Energijos tiekimas UAB acquired ownership of the commercial part of Company's wholesale electricity trading business (starting from 1 January 2016).

Link to the notification on material event: ["Lietuvos energijos gamyba", AB and Energijos tiekimas UAB signed a certificate of delivery and acceptance of business part](#)

Member of the Board has been elected

On 31 December 2015 Supervisory Board of the Company adopted a decision to elect Mr. Mindaugas Kvekšas as Member of the Board of the Company starting from today until the end of the term of office of the present Board. Mr. Kvekšas will be responsible for the fields of finance and administration.

Link to the notification on material event: [Member of the Board of "Lietuvos energijos gamyba", AB, has been elected](#)

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

The Company became a Market Maker for EPAD RIGA

On January 2015, the Company was the first among Lithuanian electricity market players to become a Market Maker

and to begin offering derivatives pegged to the price differential between the price that forms in the Latvian bidding area and the overall Nord Pool Spot system price EPAD RIGA (Electricity Price Area Differential, EPAD).

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

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

Please find more information on Company's website.

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

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

The Company is a member of the "Global Compact" initiative by the United Nations and submits an annual progress

Material events after the end of the reporting period

Lietuvos Energija, UAB, is under obligation to redeem the shares of LIETUVOS ELEKTRINĖ AB

On 12 January 2016 the Company was notified by Lietuvos Energija, UAB, which controls 96.13% of shares in the Company, about an Order issued by the Minister of Finance of the Republic of Lithuania 'On the implementation of the provisions of Resolution of the Government of the Republic of Lithuania No 1126 of 26 October 2015 'On the redemption of shares' No 1K-6 of 6 January 2016' (hereinafter referred to as the 'Order').

In addition, the Company was informed by Lietuvos Energija, UAB that on 11 January 2016 its Board had decided, having regard to the Resolution and the Order, to redeem the shares of minority shareholders of LIETUVOS ELEKTRINĖ AB (which ceased to exist upon reorganisation of LIETUVOS ENERGIJA AB and LIETUVOS ELEKTRINĖ AB on 5 August 2011) on the terms and conditions set out in the Resolution and the Order.

Link to the notification on material event: [Concerning redemption of shares under a judgment of Supreme Court of Lithuania](#)

report, which is prepared in accordance with the ten principles of Global Compact.

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

The safety of strategic objects will be secured by modern technology

In September 2015, a new heavy vehicle SCANIA was officially transferred to Elektrėnai Fire and Rescue Service (EFRS). In addition, the end of the EFRS technical base modernisation project was marked: since now, both the specialists operating the Company's objects in Elektrėnai and citizens may feel safer.

A modern, functional and powerful (331 kW) SCANIA fire truck, which is in the EFRS garage now, will allow the firemen to be more flexible in difficult situations and more efficient while performing fire and rescue works.

The process of the EFRS technical modernization took several years. Earlier, a mobile foam cannon and a fire ladder-hoist VOLVO was bought using the Company's funds. In case of emergency, the SCANIA car, as well as other equipment purchased by the Company, can be used not only for the Company's objects, but within the territory of Elektrėnai, in 5 km radius from the fire fighters' base, as well.

Process of redemption of shares of LIETUVOS ELEKTRINĖ AB has begun

On 8 February 2016 The Company received a notification from its major shareholder Lietuvos Energija, UAB, on the initiated redemption of the shares of LIETUVOS ELEKTRINĖ AB.

The redemption of the shares shall be effected in accordance with (i) the ruling of the Supreme Court of Lithuania of 19 November 2014 adopted in Civil Case No. 3K-3-370/2014 (hereinafter – the Court's ruling), and (ii) Resolution No. 1126 of the Government of the Republic of Lithuania of 26 October 2015 (hereinafter – the Resolution).

Link to the notification on material event: [Regarding the beginning of redemption of shares under the ruling of Supreme Court of Lithuania](#)

The Company announced preliminary indicators

On 15 February 2016 the Company announced preliminary unaudited financial indicators for twelve months of 2015.

Link to the notification on material event: [Preliminary pre-audited results of Lietuvos Energijos Gamyba, AB for twelve months of 2015](#)

Eglė Čiužaitė takes over from Juozas Bartlingas as the head of Lietuvos Energijos Gamyba; Vidmantas Salielis will leave the Board as well

During the meeting on 19 February 2016, the Supervisory Board of the Company made the following decisions:

- Considering that Juozas Bartlingas submitted a notice of resignation as a member (the chairman) of the Board and the chief general manager of the Company to the Company and the parent company Lietuvos Energija, UAB, to recall Juozas Bartlingas, the chairman of the board and the general manager of the Company, from his post as a member (the chairman) of the board of the Company as of the day of the decision.
- To recall Vidmantas Salielis from his post as a member of the Board of the Company as of the day of making this decision. V. Salielis shall be removed from the board as per the project implemented by the Company to transfer commercial electricity wholesale

trade activity to Energijos Tiekimas UAB and according to the corresponding changes of the structure of the Company.

- In accordance with the opinion of the Supervisory Board of the parent company Lietuvos Energija, UAB, to appoint Eglė Čiužaitė to the Board of the Company from the day of this decision to the end of the term of office of the current Board.

During the meeting that took place on the same day, the Board of the Company made a decision to elect E. Čiužaitė to the post of the chairwoman of the board of the Company and the general manager of the Company. E. Čiužaitė will start to fulfil the duties of the chairwoman of the Board on the day of making the decision, and her term of office as the general manager will begin on 22 February 2016.

Link to the notification on material event: [Regarding the decisions made by the Supervisory Board and the Board of Lietuvos Energijos Gamyba, AB](#)

OTHER IMPORTANT INFORMATION

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

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

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

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

Information about the audit

During an extraordinary general meeting of the Company's shareholders that took place on 1 July 2015, it was decided to select UAB "PricewaterhouseCoopers" (J. Jasinskio Str. 16B, 01112 Vilnius, Lithuania) as the auditor of the financial

reports of the Company of 2015 and to allocate a payment of not more than EUR 35,000, excluding VAT, for the aforementioned audit services.

Other contractual arrangements with the auditors

In 2015, the Company did not enter any other contractual arrangements with the company that carried out the audit of its financial information and regulate activities for the year ended 31 December 2015.

Annex 1. Notice of the compliance with the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius

The public limited liability company Lietuvos Energijos Gamyba, AB (hereinafter referred to as the “Company”), acting in compliance with Article 22(3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB NASDAQ Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on NASDAQ Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with are indicated and the reasons for such non-compliance are specified. In addition, other explanatory information indicated in this form is provided.

Summary of the Corporate Governance Report:

Lietuvos Energijos Gamyba, AB, is a part of the Lietuvos Energija Group of Companies (Lietuvos Energija Group), shareholder of which is the State of Lithuania. Lietuvos Energija Group aims at ensuring the efficient and transparent operations. To achieve this, restructuring of governance was started in June 2013, during which corporate group governance was rearranged and enhanced.

Most advanced international and national practice was applied, recommendations published by Organization for Economic Co-operation and Development were used, Corporate Governance Code of companies listed on NASDAQ Vilnius Stock Exchange and governance guidelines recommended by the Baltic Institute of Corporate Governance for state-owned enterprises were taken into account in the preparation of the new Lietuvos Energija Group governance structure and model. The corporate governance model of energy group was implemented following the governance guidelines approved by the Ministry of Finance of the Republic of Lithuania on 7 June 2013 ([link to the document](#) (in Lithuanian)).

Corporate governance activities are focused in the parent company of the Lietuvos Energija Group – Lietuvos Energija, UAB, which coordinates in the Lietuvos Energija Group companies the areas of finance, law, planning and monitoring, human resources, risk management, audit, technology, communication and other common areas.

Activities of companies of the Lietuvos Energija Group in these areas are based on mutual agreement – cooperation focusing on the pursuit of overall result, and is coordinated by policies – general provisions and norms applicable to all Group companies.

Description of principles of corporate governance of the Lietuvos Energija Group and system of governance and control could be found on Lietuvos Energija’s webpage ([link](#)).

More information on the management bodies and its members, committees etc. is provided in the section “[The Company and its Management Bodies](#)” of this Report and in the table below, in which information on compliance with the Corporate Governance Code for the Companies listed on NASDAQ Vilnius is disclosed.

Structured table for disclosure:

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company’s development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Company has publicly announced its long-term business strategy, strategic directions and goals on its website. The main directions of Company’s development are publicly available on annual and interim reports, press releases etc.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	All key strategic decisions affecting shareholder value growth (optimizing Company’s operational functions and structure, other actions aimed at increasing operational efficiency and cost savings) are made by the Company’s supervisory board and board of directors.
1.3. A company’s supervisory and management bodies should act in close co-operation in order to	Yes	The Company has a supervisory board, board of directors and a Chief Executive Officer. These

attain maximum benefit for the company and its shareholders.		management bodies cooperate to attain the greatest possible benefit to the Company and its shareholders.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	Supervisory and management bodies of the company respect the rights and interests of persons participating in and connected with company's operations: 1. Since its establishment the company cooperates and is involved in social partnership with employee representatives (allocates funds for the implementation of collective agreement, employee development etc.). 2. The Company fulfils its financial and other obligations in accordance with the budget approved by the board of directors.
Principle II: The corporate governance framework		
The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	In accordance with corporate articles of association the Company has the following management bodies: a general shareholders' meeting, supervisory board, board of directors and Chief Executive Officer.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	Supervisory board of the Company is a collegial body responsible for the supervision of Company's activities. Supervisory board appoints and removes members of the board of directors, supervises activities by the board of directors and Chief Executive Officer, delivers opinions and proposals to the general shareholders' meeting on matters of importance to the Company. The supervisory board also has an additional authority on other matters of importance to the Company. In accordance with corporate articles of association the board of directors reports to the supervisory board and the general shareholders' meeting. The board of directors analyses, considers, approves and assesses Company's activities and operational circumstances, plans activities, and makes important decisions in connection with Company's governance. The board of directors takes account of the opinions of the supervisory board and nominates and removes Chief Executive Officer of the Company.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Yes	The Company has a supervisory board, see commentary under clause 2.2.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV	Yes	The Company has implemented recommendations set out in Principles III and IV. The Company has a supervisory board, see commentary under clause 2.2.

<p>should apply to the board as long as that does not contradict the essence and purpose of this body.</p>		
<p>2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.</p>	<p>Yes</p>	<p>In accordance with Article 20 of corporate articles of association the supervisory board of the Company comprises 3 (three) members. In accordance with Article 37 of corporate articles of association the board of directors comprises 5 (five) members.</p> <p>The Company believes that the above mentioned numbers of members on the supervisory board and board of directors are sufficient as they ensure expedient and effective decision-making.</p> <p>The supervisory board and board of directors adopt decisions in board meetings. A meeting of the supervisory board is deemed effective and may pass decisions when the meeting is attended by more than half of its members. A meeting of the board of directors is deemed effective and the board may pass decisions if the meeting is attended by at least 4 (four) of its members.</p>
<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	<p>Yes</p>	<p>The supervisory board is elected for a term of 4 (four) years. The duration of the term of office of members on the supervisory board is the maximum term of office provided for by the Law on Companies of the Republic of Lithuania.</p> <p>A general shareholders' meeting may remove both the entire supervisory board and individual members thereof before the end of their term of office.</p>
<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	<p>Yes</p>	<p>The supervisory board elects chairman of the supervisory board from among its members.</p> <p>Article 23 of corporate articles of association sets out that director general, member of the board of directors, member of a supervisory body, management body or administration of an entity engaged in the transmission of electricity or gas, or some other person who cannot hold the office under applicable legislation, cannot be a member of the supervisory board of the Company. The Company also complies with the requirements set out in Article 31 of the Law on Companies of the Republic of Lithuania.</p>
<p>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</p> <p>The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	<p>In accordance with Article 22 of corporate articles of association every candidate to become a member of the supervisory board must produce to the general shareholders' meeting a declaration of candidate's interests specifying all circumstances that could lead to a conflict of candidate's and company's interests.</p> <p>Supervisory board of the company is elected by the general shareholders' meeting in compliance with the requirements set out in the Law on Companies of the Republic of Lithuania.</p>

<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes</p>	<p>At present the company essentially follows this recommendation. The company continuously collects, stores and presents in its annual reports and company's website information on offices held by the members of its supervisory board and/or their involvement in activities of other businesses.</p> <p>Article 21 of corporate articles of association defines that a person proposing a candidate to members of the supervisory board has the obligation to produce written explanations to the general shareholders' meeting as to the qualifications of each candidate proposed to members of the supervisory board, candidate experience of managerial work, and fitness to hold the office of a member of the supervisory board. Information on candidates to become members of the supervisory board is produced to shareholders before the day of the general shareholders' meeting in accordance with the procedure prescribed in legislation.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes</p>	<p>Information on qualifications, work experience and office held, as well as other information describing particular competence of the candidate is made available to shareholders (Article 21 of corporate articles of association).</p> <p>Information on offices held by the members of the supervisory board of the company, or their participation in activities of other businesses, is continuously collected, stored and presented in annual reports of the company.</p>
<p>3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.</p>	<p>Yes/No</p>	<p>In accordance with the Law on Companies of the Republic of Lithuania the supervisory board is elected and simultaneously qualifications of its members are evaluated by the general shareholders' meeting. The supervisory board cannot determine its own composition. It should also be noted that the main activities of the company are the production and import and export of and trade in electricity, and ensuring energy security and the majority of members on the supervisory board are experts in the field of energy.</p> <p>As to the audit committee, see commentary under clause 4.14.</p> <p>As to the remuneration committee, see commentary under clause 4.13.</p>
<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>Yes/No</p>	<p>Once elected members of the supervisory board are familiarized with activities of the company, its organizational and governance structure, operational and financial plans.</p> <p>It should also be noted that members of the supervisory board are regularly updated on the activities of the company during board meetings and personally if required or requested by the members.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>Yes</p>	<p>Corporate articles of association establish that at least 1/3 (one third) of members on the supervisory board shall be independent members.</p> <p>Currently one of the three elected members of the supervisory board is independent.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the</p>	<p>Yes</p>	<p>Terms of agreements with members of the supervisory board and criteria of member independence are defined by the general shareholders' meeting taking into account</p>

<p>management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the 		<p>statutory requirements and good practice of corporate governance.</p> <p>Terms of the agreement with an independent member of the supervisory board approved by the general shareholders' meeting contain a statement of independence of a member of the supervisory board as stipulated in the provisions on independent members of a Company's supervisory board set out in the Corporate Governance Code for the Companies Listed on NASDAQ Vilnius.</p> <p>Also see commentary under clause 2.7.</p>
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<p>supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>		
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>	<p>Yes/No</p>	<p>These criteria are established in corporate articles of association and agreements of activities of an independent member of the supervisory board and approved by the general shareholders' meeting. The formation of a supervisory board and election of independent members are attributed to the competence of the general shareholders' meeting.</p> <p>See commentaries under clauses 2.7 and 3.7.</p>
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	<p>Yes</p>	<p>The Company discloses in its annual reports which members of the supervisory board it considers to be independent.</p> <p>Also see commentaries under clauses 3.6 and 3.8.</p>
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	<p>No</p>	<p>See commentary under clause 3.9.</p>
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.</p>	<p>Yes</p>	<p>Corporate articles of association establish that independent members of the supervisory board may be remunerated for their work on the supervisory board if the general shareholders' meeting decides so.</p>
<p>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</p> <p>The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.</p>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial</p>	<p>Yes</p>	<p>Corporate articles of association establish that the supervisory board produces to the general shareholders' meeting opinions and proposals as to the annual financial statements of the</p>

<p>statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.</p>		<p>Company, draft profit (loss) distribution proposal, annual report of the Company, and activities of the board of directors and Chief Executive Officer. The supervisory board produces to the board of directors opinions regarding the operational strategies of the Company, budget drafting, execution of transactions involving Company's assets, candidates to the office of Chief Executive Officer and members of management bodies of Company's subsidiaries, supervises activities of the board of directors and of the Chief Executive Officer, also performs other supervisory functions with regards to the Company and its governance bodies attributed to the competence of the supervisory board.</p>
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	<p>Yes</p>	<p>The duties set out in this recommendation are embedded in the agreement of activities of a member of the supervisory board, and agreement of activities of an independent member of the supervisory board signed by all members of the supervisory board. All members of the supervisory board act in good faith towards the Company and in the best interests of the Company.</p>
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	<p>Yes</p>	<p>Members of the supervisory body are actively involved in the meetings of the supervisory board. All members of the supervisory board were in attendance in all meetings of the board that were held in 2015. Names of the members of the supervisory board in attendance are recorded in the minutes of the meeting.</p>
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	<p>Yes</p>	<p>Shareholders are notified of Company's strategies, risk management, and resolutions of conflicts of interests in accordance with the procedure prescribed in legislation.</p> <p>The role of members of the supervisory board in communicating and committing to shareholders is defined in accordance with statutory requirements and corporate articles of association.</p> <p>See commentary under clause 4.1.</p>
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision</p>	<p>Yes/No</p>	<p>Management bodies of the Company conclude and approve transactions in accordance with the requirements set out in applicable legislation and corporate articles of association. Corporate articles of association set out that a general shareholders' meeting passes decisions with regards to the terms and conditions of agreements with members of the supervisory board for activities on the supervisory board.</p>

<p>concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>		<p>See commentaries under clause 3.11 and other.</p>
<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advise the human resources department, executive directors or collegial management organs of the company concerned.</p>	<p>Yes/No</p>	<p>The supervisory board acts independently in passing decisions that are of significance to Company's operations and strategies. The Company ensures that the supervisory board is supplied with all necessary resources (technical support during board meetings, provision of all required information). Agreement of activities of a member of the supervisory board defines that the Company commits to creating proper working conditions for the supervisory board and its members by supplying them with technical and administrative tools required for work. Corporate articles of association set out that the supervisory board has the right to apply to the board of directors and Chief Executive Officer asking for documents and information pertaining to Company's operations, and the board of directors and Chief Executive Officer must ensure that the documents and information so requested are produced to the supervisory board within reasonable time. The provision regarding supply of information is also included in the agreement of activities of a member of the supervisory board. The Company has no remuneration committee, see commentary under clause 4.13.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>Yes/No</p>	<p>In accordance with corporate articles of association the supervisory board passes decisions in key areas. The supervisory board produces opinions to the board of directors as to the candidacy of Chief Executive Officer of the Company. Corporate articles of association stipulate that the division discharging internal audit functions reports to the supervisory board. Based on the opinion of the board of directors the supervisory board decides on the nomination and removal of the head of the structural division performing internal audit functions, approval of his/her job description, promotion and disciplinary action. The Company has no audit, nomination or remuneration committees. These committees were formed in the parent Company and activities of the said committees include the coordination of the Company's activities. The Company believes that work of the supervisory board is sufficiently effective, balanced and well organized meaning that the supervisory board can discharge all functions attributed to these committees properly. No special or exclusive voting rights are conferred on independent members of the supervisory board. Independent members of the board can always express their opinion which is then recorded in the minutes of the meeting. In accordance with the Law on Audit of the Republic of Lithuania a public interest Company which is a subsidiary and prepares consolidated financial statements may omit the requirement to form an audit committee defined in the Law on</p>

		<p>Audit of the Republic of Lithuania if its parent Company has the required committee. Since the parent Company, i.e. Lietuvos Energija UAB, has an audit committee, there is no need or the obligation for the Company to have a separate audit committee.</p> <p>Lietuvos Energija UAB, being the parent Company, also has nomination and remuneration, and risk management committees. In addition to other functions, the nomination and remuneration committee at Lietuvos Energija UAB inter alia evaluates and drafts proposals as to long-term remuneration policy of the Company, policy of annual bonuses (tantiems); evaluates terms and conditions of agreements concluded with corporate management bodies; evaluates recruitment and selection procedures for candidates to members of management bodies and senior management of the Company, and their qualification requirements; regularly evaluates the structure of corporate governance and supervisory bodies, their size, composition and activities.</p> <p>Risk management committee at Lietuvos Energija UAB monitors the assessment and management of risks relevant to the achievement of Company's goals; assesses the adequacy of internal control procedures and risk management measures to identified risks; assesses risks and Company's risk management plan; and monitors the implementation of risk management process.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>Yes/No</p>	<p>See commentaries under clauses 4.7, 4.12, 4.13, and 4.14.</p>
<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>	<p>Yes/No</p>	<p>The company implements the recommendation through the committees of the supervisory board formed at Lietuvos Energija UAB.</p> <p>See commentaries under clauses 4.7, 4.12, 4.13, and 4.14.</p>
<p>4.10. Authority of each of the committees should be</p>	<p>Yes/No</p>	<p>See commentaries under clauses 4.7, 4.12, 4.13,</p>

<p>determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>		<p>and 4.14.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	<p>Yes/No</p>	<p>See commentaries under clauses 4.7, 4.12, 4.13, and 4.14.</p>
<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ul style="list-style-type: none"> • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. <p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	<p>Yes/No</p>	<p>The company has no nomination committee but its functions are indirectly performed through the nomination and remuneration committee of Lietuvos Energija UAB.</p> <p>See commentaries under clauses 4.7, 4.13, and 4.14.</p>
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p>	<p>Yes/No</p>	<p>The company has no remuneration committee but its functions are indirectly performed through the nomination and remuneration committee of Lietuvos Energija UAB.</p>

<ul style="list-style-type: none"> • Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. <p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ul style="list-style-type: none"> • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of</p>		<p>See commentaries under clause 3.4 and other.</p>
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<p>the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p> <p>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.</p>		
<p>4.14. Audit Committee.</p> <p>4.14.1. Key functions of the audit committee should be the following:</p> <ul style="list-style-type: none"> • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the</p>	<p>Yes/No</p>	<p>The Company has no audit committee but its functions are indirectly performed through the audit committee of Lietuvos Energija UAB. See commentaries under clauses 4.7, 4.12 and 4.13.</p>

<p>company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p> <p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p> <p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved</p>		
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>No</p>	<p>Up until now there was no need or practice in the Company for the supervisory board to conduct a formal performance review and publish its findings since no requirements to this effect were established in legislation.</p> <p>Performance of the supervisory board is assessed by Company's shareholders in accordance with applicable legislation.</p>

Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	<p>In accordance with corporate articles of association and approved work regulations of both the supervisory board and board of directors this recommendation is implemented in the Company.</p>
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month .</p>	<p>Yes</p>	<p>Meetings of collegial bodies of the Company are held in accordance with an annual schedule of meetings. Intervals at which meetings should be held are defined in corporate articles of association and work regulations of the supervisory board and board of directors. As per corporate articles of association, meetings of the supervisory board must be held at least once in three months, and meetings of the board of directors at least once in two calendar weeks.</p>
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	<p>Yes</p>	<p>Work regulation of the supervisory board sets out that attendees of the meeting should be notified of the convocation of the meeting at least 3 (three) working days before the day of the meeting (unless there are no objections as to a shorter term of notice), and they are supplied with all material required to discuss matters on the meeting's agenda.</p> <p>Work regulation of the board of directors sets out that attendees of the meeting should be notified of the convocation of the meeting at least 3 (three) working days before the day of the meeting (unless there are no objections as to a shorter term of notice), and they are supplied with all material required to discuss matters on the meeting's agenda.</p>
<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-ordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	<p>Yes</p>	<p>Members of the supervisory board and board of directors and board chairmen cooperate actively and closely and exchange important information in order to meet best interests of the Company.</p>

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

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6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company consists of ordinary registered shares at par value of 0,29 EUR which grant the same property and non-property rights to all their owners.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The articles of association, published in the website of the Company, provide information concerning the rights attached to the shares.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	Articles 17 and 18 of the Company's articles of association provides the transactions that shall be approved by the general shareholders' meeting. The transactions only partially correspond to the provided recommendation.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	<p>The venue, date, and time of the convened general shareholders' meeting is indicated in order to ensure equal opportunities to participate at the meeting to all shareholders, procedures of convening and conducting a general shareholders' meeting are implemented under the Joint Stock Company Law of the Republic of Lithuania.</p> <p>The shareholders of the Company are enabled to get acquainted with the agenda and documentation under the order determined by laws.</p>
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	<p>Following the Joint Stock Company Law of the Republic of Lithuania, the Company places information about the calling of a general shareholders' meeting, agenda, and prepared draft resolutions of the general shareholders' meeting in Lithuanian and English in its publicly accessible website in advance.</p> <p>Information about resolutions adopted by the general shareholders' meeting is published in Lithuanian and English in the website of the Company.</p> <p>Following the Company's articles of association and other laws, the information is also published in NASDAQ Vilnius Stock Exchange and an e-journal of the Centre of Register.</p>
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders may implement their right to participate in the general shareholders' meeting in person and through a representative if the person has an appropriate authorization or an agreement on the transfer of the right to vote was made with the person under the order determined by laws. The Company enables the shareholders to vote by completing the general voting ballot as it is provided by the Joint Stock Company Law of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general	No	On request of the shareholders and considering objective circumstances, the Company would allow the shareholders to vote using telecommunication terminal equipment, however, it is not applied yet because it needs extra

<p>meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.</p>		<p>investment.</p>
<p>Principle VII: The avoidance of conflicts of interest and their disclosure</p> <p>The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</p>		
<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	<p>The Company follows the recommendations. Responsibilities deriving from this recommendation are entrenched in the Company's articles of association.</p>
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>	<p>Yes</p>	<p>The Company follows the recommendations.</p>
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	<p>Yes</p>	<p>The Company follows the recommendations.</p>
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	<p>Yes</p>	<p>Members of the Company's supervisory and management bodies shall abstain from voting and do not vote in case a conflict of a member's and the Company's interest may arise when voting on those issues (Rules of procedure of the supervisory board and the management).</p> <p>Moreover, according to laws, the Company's supervisory and management bodies have to avoid situations where their personal interests are or may contradict the interests of the Company.</p>
<p>Principle VIII: Company's remuneration policy</p> <p>Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</p>		

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<p>8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.</p>	<p>No</p>	<p>Following Article 25(5) of the Law on Energy of the Republic of Lithuania, the Company makes publicly available the information about the remuneration of the members of the Company's management bodies and other payments related to the functions of the members of the Company's management bodies.</p>
<p>8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.</p>	<p>No</p>	<p>Annual statement does not include the directors' remuneration policy of the Company for the following year and the subsequent years.</p>
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ul style="list-style-type: none"> • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information. 	<p>No</p>	<p>Annual statement includes information about the sums of money attributed to the members of the Company's supervisory and management bodies (wages, other payments, bonuses and other benefits from profit), the disposed property and guaranties given to the members of the management bodies, also other information related to remunerations to the members of the supervisory and management bodies.</p> <p>See the comment of clause 8.1</p>
<p>8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>	<p>No</p>	<p>See the comment of clause 8.1</p>
<p>8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was</p>	<p>Not applicable</p>	<p>See the comment of clause 8.1</p>

<p>paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ul style="list-style-type: none"> • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ul style="list-style-type: none"> • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. <p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ul style="list-style-type: none"> • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>		
<p>8.6. Where the remuneration policy includes variable components of remuneration, companies should set</p>	<p>Yes/No</p>	<p>See the comment of clause 8.1</p>

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limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.		
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Yes	See the comment of clause 8.1
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes/No	See the comment of clause 8.1
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	Not applicable	See the comment of clause 8.1
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Not applicable	See the comment of clause 8.1
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Not applicable	See the comment of clause 8.1
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	Not applicable	See the comment of clause 8.1
8.13. Shares should not vest for at least three years after their award.	Not applicable	See the comment of clause 8.1
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	Not applicable	See the comment of clause 8.1
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	See the comment of clause 8.1
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	See the comment of clause 8.1
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	See the comment of clause 8.1
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be	Not applicable	See the comment of clause 8.1

<p>put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>		
<p>8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	<p>Not applicable</p>	<p>See the comment of clause 8.1</p>
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ul style="list-style-type: none"> • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. <p>Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</p>	<p>Not applicable</p>	<p>See the comment of clause 8.1</p>
<p>8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>	<p>Not applicable</p>	<p>See the comment of clause 8.1</p>
<p>8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>	<p>Not applicable</p>	<p>See the comment of clause 8.1</p>
<p>8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under</p>	<p>Not applicable</p>	<p>See the comment of clause 8.1</p>

<p>incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>		
<p>Principle IX: The role of stakeholders in corporate governance</p> <p>The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The corporate governance framework ensures that the rights of shareholders that are protected by law are respected.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.</p>	<p>Yes</p>	<p>The Company follows the recommendations. For instance, representatives of the employees of the Company participate in consultations, negotiation and meetings regarding the processes of performance optimization that are implemented in the Company. According to the Company's collective agreement signed with the representatives of the employees of the Company, the Company provides information to the representatives of trade unions about the expected changes in the Company, the Company's financial situation, etc. The shareholders may participate in the management of the Company to the extent provided by laws.</p>
<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>	<p>Yes</p>	<p>The Company follows the recommendations.</p>
<p>Principle X: Information disclosure and transparency</p> <p>The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</p>		
<p>10.1. The company should disclose information on:</p> <ul style="list-style-type: none"> • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>	<p>Yes</p>	<p>The Company discloses information indicated in the recommendation in the following ways:</p> <ol style="list-style-type: none"> 1. announces the information as key events under the order determined by laws (ex.: structural changes in the management of the Company, election of new members of management, financial results of the Company, etc.), 2. information is placed on the publicly accessible website of the Company (ex.: Company's objectives), NASDAQ Vilnius Stock Exchange and the e-journal of the Centre of Register, 3. announces the information in the annual statement (ex.: members of the management bodies, director of the Company and his/her remuneration, possible major risk factors, etc.). <p>The Company provides information about the consolidated results of the entire group of companies (i.e. Lietuvos Energijos Gamyba, AB and its subsidiary companies).</p>
<p>10.2. It is recommended to the company, which is the parent of other companies, that consolidated results</p>	<p>Yes</p>	<p>The Company follows the recommendation and discloses information about the consolidated</p>

of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.		results of the Company and the group of its subsidiary companies. Information related to the parent Company Lietuvos Energija, UAB is announced by the parent Company itself.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	Yes	Information provided in the recommendation is available in the annual statement of the Company (director's professional experience, participation of the members of supervisory and management bodies in the activity of other companies and other information) and its website.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	The Company discloses information about the links between the Company and its stakeholders in the annual statement of the Company. This information is also announced during press releases and placed on the Company's website under the order determined by laws.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes/No	The Company provides information in Lithuanian and English simultaneously using the information disclosure system of NASDAQ OMX Vilnius. The Company announces information before, during or after a trading session of the Vilnius Stock Exchange and simultaneously provides it to all markets that trade in its stock. The Company does not disclose information that may have influence to its stock change in comments, interviews or in other ways as long as the information is disclosed via the information system of the stock exchange.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	Besides the way of information disclosure indicated in the comment of clause 10.5, the Company uses various means of media (newspapers, e-publications, news agencies, publicly accessible website of the Company) in order to ensure that information would reach as many interested people as possible. Information placed on the Company's website is available in Lithuanian and English languages.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	The Company places all information enumerated in this recommendation in its website.
<p>Principle XI: The selection of the company's auditor</p> <p>The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes/No	An independent audit of the Company's annual financial accountability and annual statement is performed in the Company. A review or an audit of the interim financial

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		accountability is performed.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	No	A selected firm of auditors is proposed by the Company's board to the general shareholders' meeting.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	The Company follows the recommendations.