

2016-08-31 No. *SD-875*

CERTIFICATION STATEMENT

Referring to the provisions of the Article 23 of the Law on Securities of the Republic of Lithuania, we, the undersigned Eglė Čiužaitė, Chief Executive Officer, Mindaugas Kvekšas, Director of Finance and Administration Department, and Giedruolė Guobienė Head of Accounting service center of Verslo aptarnavimo centras UAB, hereby confirm that, to the best of our knowledge, Lietuvos energijos gamyba, AB condensed interim financial information for the six month period ended 30 June 2016 prepared according to International Accounting Standard 34 'Interim financial reporting' adopted by the European Union, give a true and fair view of Lietuvos energijos gamyba, AB assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report for the six-month period includes a fair review of the development and performance of the business.

Chief Executive Officer



Eglė Čiužaitė

Director of Finance and Administration Department



Mindaugas Kvekšas

Verslo aptarnavimo centras UAB,
Head of Accounting service center,
acting under Order No. V-088 (signed 2016 08 29)



Giedruolė Guobienė

2016

LIETUVOS ENERGIJOS GAMYBA, AB

COMPANY'S INTERIM REPORT AND CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016
PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT



GAMYBA



Group of energy
companies

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Translation note:

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

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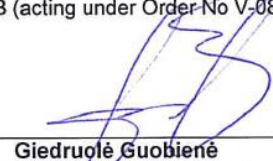
The condensed interim financial information was approved on 31 August 2016 by Lietuvos Energijos Gamyba AB General Manager, Finance and Administration Department Director, and Head of Accounting service center of Verslo Aptarnavimo Centras UAB (acting under Order No V-088 of 29 August 2016).



Eglė Čiužaitė
General Manager



Mindaugas Kvekšas
Finance and Administration Department
Director



Giedruolė Guobienė
Head of Accounting service center of
Verslo Aptarnavimo Centras UAB,
acting under Order No V-088 of 29
August 2016



Independent Auditor's Report

To the shareholders of Lietuvos Energijos gamyba, AB

Report on the condensed interim financial information

We have audited the accompanying condensed interim financial information of Lietuvos Energijos gamyba, AB ("the Company") set out on pages 35 to 51, which comprise the condensed interim statement of financial position as of 30 June 2016 and the condensed interim statements of comprehensive income for the three-month and six-month periods then ended, and the condensed interim statements of changes in equity and cash flows for the six month period then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the condensed interim financial information").

Management's responsibility for the condensed interim financial information

Management is responsible for the preparation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of condensed interim financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the Company's condensed interim financial information is prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union.

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
T: +370 (5) 239 2300, F: +370 (5) 239 2301, Email: vilnius@lt.pwc.com, www.pwc.com/lt

PricewaterhouseCoopers UAB, company code 111473315, is a private company registered with the Lithuanian Register of Legal Entities.



Report on other legal and regulatory requirements

Furthermore, we have read the interim report for the six-month period ended 30 June 2016 set out on pages 5 to 34 and have not noted any material inconsistencies between the information included in it and the audited condensed interim financial information for the six-month period ended 30 June 2016

On behalf of PricewaterhouseCoopers UAB

A handwritten signature in blue ink, appearing to be 'Rimvydas Jogėla', is written over the printed name and title.

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
31 August 2016

2016

LIETUVOS ENERGIJOS GAMYBA, AB INTERIM REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016



Lietuvos
energija

GAMYBA



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Reporting period for which the Interim Report has been prepared

The Interim Report provides information to shareholders, creditors and other stakeholders of Lietuvos Energijos Gamyba, AB (“the Company”) about the Company’s operations for the six-month period ended 30 June 2016.

Legal basis for the preparation of the Interim Report

The Interim Report of Lietuvos Energijos Gamyba, AB has been prepared by the Administration of the Company in accordance with the 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” (version: 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 Interim Report

Title	Name	Telephone
Chief Executive Officer of Lietuvos Energijos Gamyba, AB	Eglė Čiužaitė	+370 5 278 2907
Director of Finance and Administration Department of Lietuvos Energijos Gamyba, AB	Mindaugas Kvekšas	+370 5 278 2907

KEY INDICATORS OF LIETUVOS ENERGIJOS GAMYBA

		6 months of 2016	6 months of 2015	Change	
				+/-	%
KEY OPERATING INDICATORS					
Electricity generation volume	TWh	0.64	0.92	-0.28	-30.8
KEY FINANCIAL INDICATORS					
Revenues	EUR'000	89,324	107,377	-18,053	-16.8
Costs of purchase of electricity, fuel and related services	EUR'000	39,431	59,487	20,056	-33.7
Operating expenses ¹	EUR'000	8,705	14,553	5,848	-40.2
EBITDA ²	EUR'000	21,655	28,334	-6,679	-23.6
EBITDA margin ³	%	31.0	28.1	2.9 p. p.	
Net profit (loss)	EUR'000	17,794	19,256	-1,462	-7.6
		30/6/2016	30/6/2015	Change	
				+/-	%
Assets total	EUR'000	841,363	894,535	-53,172	-5.9
Equity	EUR'000	360,694	365,054	-4,360	-1.2
Financial debts	EUR'000	137,069	154,280	-17,211	-11.2
Net financial debts ⁴	EUR'000	39,70	98,617	-59,447	-60.3
Return on equity (ROE) ⁵	%	9.9	10.5	-0.7 p. p.	
Equity level ⁶	%	42.9	40.8	2.1 p. p.	
Net financial debts / 12-month EBITDA	%	90.4	174.0	-83.6 p. p.	
Net financial debts / Equity	%	10.9	27.0	-16.2 p. p.	

¹ Operating expenses (OPEX) = operating expenses 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.

CEO FOREWORD

Changes in the market led to decreased revenues of January–June 2016 of Lietuvos Energijos Gamyba compared to the result of January–June 2015. Still, the Company's profitability indicators and the benefits rendered to consumers have significantly increased.

In January–June 2016, the Company generated EUR 89.3 million in revenue, which is 16.8 percent less than in January–June 2015. The decrease of revenues was mainly affected by the fact that quotas for subsidized electricity production, including in the Elektrėnai complex owned by the Company, have no longer been allocated since 2016. It resulted in decreased production in Elektrėnai, which was 63.4 percent lower (January–June 2015 – 0.445 TWh, January–June 2016 – 0.163 TWh), and a decline in revenues.

Nevertheless, the Company exploited capacities of the Elektrėnai complex to the maximum considering the situation in the market – with the production of electricity in efficient combined cycle unit (CCU) and successful sale thereof on the exchange, about EUR 1.3 million in gross profit was earned. This amount respectively reduces the budget allocated for the Company to ensure the provision of public services, which renders direct benefit to each electricity consumer, because the public service obligation (PSO) component has been included in electricity tariff.

During January–June 2016, combined cycle unit in Elektrėnai was launched twice as much as in the whole last year. We have successfully exploited this powerful facility both contributing to the assurance of stability in electricity system and seeking for the maximum return for shareholders and value for all electricity consumers.

Thus, commercially successful CCU activities in January–June 2016, compared to January–June 2015, production in Kaunas Algirdas Brazauskas' Hydroelectric Power Plant having grown by 15.8 percent (from 0.175 TWh to 0.203 TWh) as a result of increased amount of water in Nemunas and responsible management of operating costs led to the fact that regardless of the reduction of the overall income level, the Company's profitability indicators grew.

Compared to the data of January–June 2015, the Company's EBITDA margin in January–June 2016 increased by 2.9 percentage points to 31 percent. EBITDA of the Company was EUR 21.7 million (compared to EUR 28.3 in January–June 2015). Based on resolution of the National Commission for Energy Control and Prices (NCC), the share of profit from commercial activities of Kruonis PSHP and Kaunas HPP for January–June 2016 – a total of EUR 9.2 million – was directed for covering fixed costs of the Company incurred in the performance of regulated activities providing PSO. Having excluded effects of NCC decisions currently appealed in courts, according to preliminary estimates, the Company's EBITDA in January–June 2016 would have been EUR 11.1 million greater (in January–June 2015 effects of these factors totalled EUR 6.9 million).

The Company's profit earned during January–June 2016 can be used to cover EUR 10.5 million of PSO funds, which is almost 38 percent of all PSO funds allocated for the Company in 2016 approved by the NCC.

Net profitability of the Company increased from 17.9 percent (in January–June 2015) to 19.9 percent during the year. Net profit in January–June 2016 was EUR 17.8 million (compared to EUR 19.3 million in January–June 2015). Sale of the wholesale electricity trade business share had a significant possible effect thereon. If it wasn't for significantly decreased market prices of emission allowances (EA), the Company's profit would have been even greater and would have exceeded last year's profit by a third. However now a loss of EUR 7.9 million as a result of the changed value of EA and accounted right to receive EA had to be reflected in financial statements of January–June 2016.

January–June 2016 was outstanding not in Elektrėnai alone. Kruonis PSHP also calculates that this year its emergency reserve was activated much more often than usually, with the amount of electricity getting into Lithuania having suddenly decreased. Upon the launch of new interconnections and change of the market, a very important function of our power plants, namely, provision of instant help to electricity system and a significant contribution in the assurance of its stability, became apparent. I am glad that our professional employees managed to quickly adapt to market changes and ensure that we were able to assure stable, reliable and most efficient electricity supply.

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

MOST-SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Since the start of 2016, decommissioning activities with regard to units 5 and 6 of the reserve power plant operating in the Elektrėnai Complex have been carried out. The start of their dismantling is planned following the end of dismantling of units 1 and 2. For more information see section [Important Events In The Company's Activities](#) of this report.

Since 1 January 2016, the ownership of the share of the commercial power wholesale business sold by the Company was transferred to Energijos Tiekimas UAB.

The sold share of business includes sale of derived financial instruments and the provision of the balancing services both not related to the physical sale of electricity. Having sold this part of business the Company will continue receiving income for the power produced in the power plants operated by it and for the provision of system services. For more information see [this report on the corporate action](#).

On 9 February 2016, in accordance with the resolution of the Government of the Republic of Lithuania, the process of the redemption of the shares of the former company with share capital LIETUVOS ELEKTRINĖ began. During the redemption, the shares were equated with the shares of the Company. Shareholders who were willing to sell the shares could apply till 9 May 2016. By 23 May 2016, "Lietuvos energija", UAB, which purchased the shares, settled accounts with most sellers of the shares. For more information, see the rest of this report and [the website of the Company](#).

On 19 February 2016, the Supervisory Board of the Company:

- Taking into consideration the request by Juozas Bartlingas, removed him from the office of the Chief Executive Officer of the Company and the chairman of the Management Board;
- Removed Vidmantas Salietis from the office of a member of the Management Board of the Company;
- Appointed Eglė Čiužaitė to the Management Board of the Company, who was elected to take the office of the Chief Executive Officer of the Company by the Management Board the same day.

For more information see section of this report [Company and Its Management Bodies](#) and [Important Events In The Company's Activities](#).

On 25 February 2016, the new version of the collective agreement of the Company was approved which will be in force for two years. For more information see section [Employees of the Company](#) of this report.

The emergency reserve service provided by the Kruonis Pumped Storage Hydroelectric Plant (Kruonis PSHP) was activated as many as 40 times from January to June in 2016; the combined cycle unit in the Elektrėnai complex was switched on 30 times during the aforementioned period. The emergency reserve of the Kruonis PSHP was primarily activated during disconnections of the cross-system power link to Sweden "NordBalt", which started operating in trial mode in 2016. The plant, which starts up within 2 minutes, ensures an uninterrupted supply of electricity until other sources of energy are found. Since the stock exchange prices of electricity tended to be high, the combined cycle unit, which, since no additional quotas were imposed on supported electricity generation, was periodically switched on, operated as a competitive installation and contributed to the stabilisation of prices. For more information, see the section "[Key Performance Indicators](#)".

ANALYSIS OF FINANCIAL INDICATORS OF THE COMPANY

		6 months of 2016	6 months of 2015	6 months of 2014
FINANCIAL INDICATORS				
Sales revenue	EUR'000	69,148	98,033	92,273
Other operating income	EUR'000	20,176	9,344	1,123
EBITDA ¹	EUR'000	21,655	28,334	34,327
Operating profit	EUR'000	23,037	22,762	25,469
Net profit (loss)	EUR'000	17,794	19,256	22,389
Profit before tax	EUR'000	22,790	21,659	25,553
Cash flows from operations	EUR'000	40,014	10,548	22,848
Liabilities to financial institutions	EUR'000	137,069	154,280	158,893
RATIOS				
Liabilities / equity		1.33	1.45	1.40
Financial liabilities / equity		0.38	0.42	0.42
Financial liabilities / assets		0.16	0.17	0.18
LOAN COVERAGE RATIO				
Loan coverage ratio (EBITDA / (interest costs + loans repaid in the reporting period)) ²		2.31	2.93	6.61
PROFITABILITY RATIOS				
Operating profit margin	%	25.79	21.20	27.27
Profit before tax margin	%	25.51	20.17	27.36
Net profit margin	%	19.92	17.93	23.97
Return on equity	%	9.87	10.55	11.89
Return on assets	%	4.23	4.31	4.95
Earnings per share	EUR	0.028	0.030	0.035
P/E (share price / earnings)		10.90	12.75	10.14

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 ratio.

Profitability ratio of the Company for the period of January to June 2016 are higher compared with the same period of 2015. However, the ROA (return on assets) and the ROE (return on equity) indicators slightly decreased.

The Company's EBITDA kept falling because of the decisions of the National Commission for Energy Control and Prices (hereinafter referred to as the "NCC") regarding the results of the inspection of the Company's performance during the 2010-2012 period and the recognition of the Company as having considerable impact in the electric power generation market that are currently challenged in the court. Due to these decisions, the Company was subject to the fixation of reduced prices for regulated services in 2016. Negative effects resulting from this action on EBITDA and net profit for the

period of January to June 2016 amounts to EUR 11.1 million and EUR 9.4 million accordingly. Financial statements on the comparative period, namely, the January–June 2015, reflect the effect of these decisions of the NCC on EBITDA equal to EUR 6.9 million and on net profit equal to EUR 6.0 million.

The biggest positive effect on the Company's net result for the period of January to June 2016 was caused by the sale of the share of business related to the wholesale electricity trading. The total final price of this transaction, if all terms and conditions specified in the agreement are fulfilled, can amount to EUR 21.1 million. However, the sale of the wholesale electricity business share has negative impact on the Company's EBITDA because having sold this share of

INTERIM REPORT

For the six-month period ended 30 June 2016

business on 1 January 2016 it no longer receives any income from this activity.

The income from regulated activities, i.e. generation of electrical power and thermal energy in the Elektrėnai Complex and the capacity reserve services provided by the Elektrėnai Complex and Kruonis PSHP accounted for about 46,9% of the total Company's income for the period of January to June 2016 (56,5% in January–June 2015).

Statement of Financial Position

The Company's liabilities to financial institutions totalled EUR 137.1 million on 30 June 2016. These are liabilities according to long-term loan agreements.

The most significant changes in the structure of the Company's assets occurred due to impairment loss recognised for long-term tangible assets of Units 5 and 6 of the reserve power plant in late 2015 (on 7 December 2015, the Management Board of the Company adopted the decision to terminate the use of units 5 and 6 as of 1 January 2016) and also because of the sale of business part which affected the changes in working capital.

Statement of Comprehensive Income

Revenue

Sales revenue of the Company totalled EUR 69.1 million in January to June 2016. Income from electricity trading, balancing power, regulation power, capacity reserve and PSO services as well as income from sale of heat energy account for the largest part of revenue. There has been a 29.5% decrease in the Company's revenue compared with the same period of 2015. This has been mainly determined by the fact that from 2016 no quotas are allocated for the sponsored electricity generation at the Elektrėnai Complex.

Expenses

Costs incurred by the Company amounted to EUR 66.3 million in January–June 2016. Costs of purchasing electricity and related services and costs of purchasing fuel for electricity and thermal power generation accounted for the largest part of the Company's costs (EUR 39.4 million or 59.5%). The same costs over the corresponding period of 2015 accounted for 70.3% of the operating costs or EUR 59.5 million. Depreciation and amortisation costs of the Company amounted to EUR 10.3 million in the first six months of 2016 and compared to the corresponding period of 2015 reduced by EUR 0.9 million.

Operating expenses of the Company, excluding purchases related to electricity, electricity and thermal power generation, depreciation and amortisation costs, costs of revaluation of emission allowances and impairment losses totalled EUR 8.7 million during the period of January to June 2016; They decreased by EUR 5.8 million compared with the for the period of January to June 2015. The Company sold the shares of its subsidiary Kauno Energetikos Remontas, UAB in January–June 2015, for this reason, the expenses of this period reflected the loss from the sale of the aforementioned shares. The operating expenses for the period of January to June 2016 also decreased due to lower repairs costs and changes in work organisation, besides, the expenses of services for business administration (procurement, accounting etc.) decreased.

Profit

EBITDA of the Company for the period of January to June 2016 is lower by EUR 6.7 million compared with the same period of 2015. The EBITDA margin, excluding the income from the sale of business part (2015: excluding sales revenue of the subsidiary), increased by 2.9 p. p. and was 31.0% in the period of January to June 2016.

The Company earned EUR 22.8 million as profit before tax and the net profit amounted to EUR 17.8 million in the period of January to June 2016.

Statement of Cash Flows

Net cash flows from operating activities of the Company were EUR 40.0 million in the period of January to June 2016. The net cash flows of the Company were EUR 10.5 million in the same period of 2015.

The Company's cash flow from financial activity was negative both in the period of January to June of 2016 and 2015 and amounted to EUR 9.7 million and EUR 31.2 million accordingly.

Investments in Non-Current Assets

The Company's investments in non-current tangible and intangible assets amounted to EUR 1.9 million in the period of January to June 2016, meanwhile, in the corresponding period of 2015 it amounted to EUR 10.4 million.

ANALYSIS OF OPERATING INDICATORS

Performance and Prospects





The Company brings together the state-controlled electricity generating facilities, namely, the reserve power plant and the combined-cycle unit in the Elektrėnai Complex, Kruonis Pumped Storage Hydroelectric Plant (Kruonis PSHP), and Kaunas Algirdas Brazauskas' Hydroelectric Power Plant (Kaunas HPP). The main objective of the Company is to contribute to ensuring the country's energy security by mobilising production capacity (see Fig. 1).

The biofuel boiler house built in the Elektrėnai Complex enables the Company to produce heat energy for the needs of Elektrėnai town, Kietaviškės greenhouses and its own needs.

The electricity generated by the Company is sold by Energijos Tiekimas, UAB, according to a corresponding agreement since 1 January 2016. Before that, the Company conducted trading on the wholesale electricity market itself (i.e. in the environment of communication between power producers and suppliers).

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

Figure 1
Operations and prospects of the Company

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 and strategic 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 dismantled as well (the capacity of all units is 150 MW per unit). Units 5 and 6 (300 MW each) are decommissioned, dismantling works are planned to start in 2017.</p> <p>The majority of electricity in the future is planned to be produced in the most effective (combined cycle) unit (455 MW). Units 7 and 8 (300 MW each) are in reserve.</p> <p>In 2015, the use of new heat production facilities (steam and biofuel boiler rooms) started.</p> <p><small>* The above mentioned power plant capacity 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, depending on natural conditions, is going to maximise the generation of green energy and to provide system services.</p>	 <p>The trading in the electrical power generated by the Company is conducted on the wholesale electricity market by Energijos Tiekimas UAB on the basis of a corresponding agreement since 2016.</p> <p>The emergence of links with Sweden and Poland enabled more active trading focusing on more opportunities to conduct trading in electricity and system services in the connected systems.</p>

Key Performance Indicators

Electricity generation indicators for the period of January to June 2016

The Company has permits of unlimited duration to produce electricity. In total, almost 0.637 TWh of electricity produced in the power plants managed by the Company were sold from January to June 2016. In comparison with the same period of 2015, the total amount of electricity produced in all power plants of the Company decreased by 30.7 per cent (from 0.919 TWh). This result was caused by the fact that from January to June 2016, less electricity was generated in the Elektrėnai complex; in addition, slightly less (in comparison with the period from January to June 2015) electricity produced by the Kruonis PSHP was sold. The activity of the power plants was greatly influenced by the cancellation of the supported electricity production quota from the beginning of 2016 and the new electricity interconnections with Sweden and Poland that started operating. Meanwhile, electricity production in the Kaunas HPP increased (see Fig. 2).

From January to June 2016, 0.163 TWh of electricity produced in the Elektrėnai complex were sold. From January to June 2015, 0.444 TWh were produced in Elektrėnai. This difference was caused by the fact that in 2015 a quota was still imposed on production in Elektrėnai and it was supported by the PSO budget. To ensure the safety of electricity supply, the operation of the units in the Elektrėnai complex in 2015 was oriented towards the warm season, so the combined cycle unit operated almost constantly from the middle of April to October. From 2016, electricity production quotas were cancelled, so from January to June 2016 the combined cycle unit operated during peak consumption of electricity, i.e. when the electricity price was the highest and it was possible to present a competitive proposal regarding production involving this unit in neighbouring countries. In almost all cases, the unit would be started in the morning and switched off in the evening. Consequently, from January to June 2016, although the combined cycle unit was frequently on, the amount of electricity that it produced and transferred to the electricity grid was almost three times smaller than during the period from January to June 2015

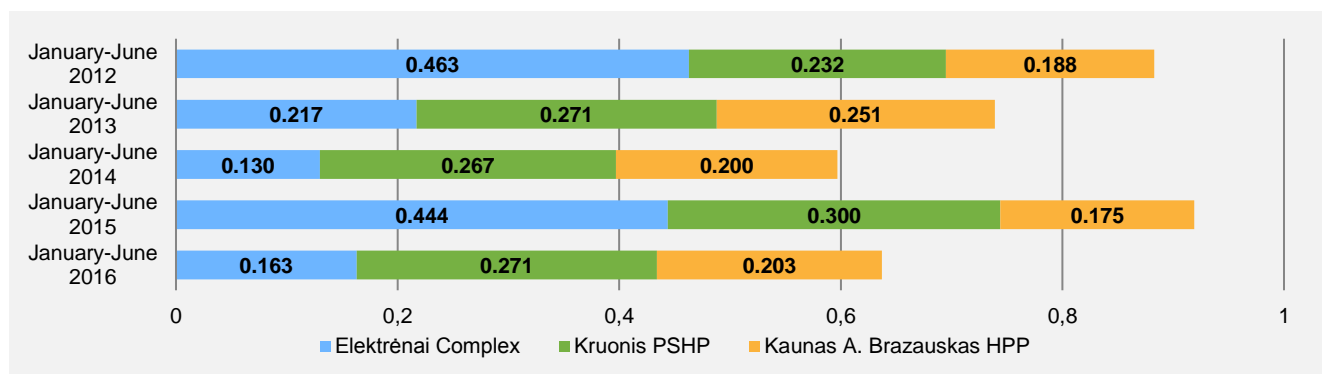
(0.154 TWh and 0.443 TWh respectively). From January to June 2016, the combined cycle unit was connected to the grid 30 times in total and as many as 14 times in June alone. From January to June 2015, the CCU was switched on only 7 times and 14 times throughout 2015.

The operation of the Kruonis PSHP from January to June 2016 was different from the previous years as well. This power plant provided first aid to the power system multiple times during the reporting period. From January to June 2016, the emergency reserve of the Kruonis PSHP was activated 40 times, including 14 times in June alone. As a comparison, throughout 2015 the emergency reserve in this power plant was activated only 20 times. The emergency reserve, which includes two assemblies of the power plant, is activated by the operator of the transmission system when it is necessary to compensate for a sudden decrease of electricity supply to Lithuania. A significant part of emergency reserve activations were caused by sudden disconnections of the cross-system power link to Sweden "NordBalt" that was operating in trial mode. Thus, a major part (approximately 0.041 TWh) of total electricity produced from January to June 2016 by this power plant comprised the emergency reserve. The remaining part (0.271 TWh) was sold by the Company on the market. From January to June 2015, the sold amount of electricity produced by this power plant increased by 9.7 per cent and amounted to 0.300 TWh.

A comparison of data of the period from January to June 2016 to the data of the period from January to June 2015 shows that the production of electricity in the Kaunas HPP increased. In this power plant, almost 0.203 TWh of electricity were produced and sold from January to June 2016. That is 16 per cent more, than during the same period of 2015 (0.175 TWh). The Kaunas HPP produced more electricity as a result of higher water levels in the Nemunas.

Figure 2

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



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 exchange.

0.141 TWh of electricity generated at wind farms was sold from April to June 2016, 0.308 TWh – from January to June 2016.

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. The Company sold around 1.747 TWh of electricity as secondary power reserve and 2.205 TWh of electricity as tertiary power reserve in the period of January to June 2016. Sales of capacity reserve services in the period of January to June 2015 were: secondary power reserve – 0.867 TWh, tertiary power reserve – 1.173 TWh.

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. The Company sold 0.008 TWh and purchased 0.019 TWh of regulation power in the period of January to June 2016 (0.003 TWh and 0.009 TWh, respectively in the period of January to June 2015).

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, total 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;
- 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 3
Strategic Directions of the Company 2014–2020



In March 2016, the Company updated its mission and vision. According to plans, given the changes that recently took place in the energy sector, the year 2016 will see the update of the Company's long-term performance strategy.

MISSION

- We are a reliable and advanced power generation company providing services required for the energy system security.

VISION

- Our aim is to become a competitive international centre of power generation and services.

Innovative Activities

To implement one of strategic axes – to increase operational effectiveness – the Company strives for constant improvement based on the optimisation of functions that are performed, technological progress, implementation of innovations, and improvement of operational processes.

The Company encourages and implements not only improvements provided for in operational plans, but also improvements suggested by employees. Experts and directors evaluate suggested ideas in terms of financial return, work safety, quality, promotion of the Company's values, and improvement of workplace ergonomics. Employees are given the opportunity to implement their ideas and thereby contribute to the development of the Company's activity and to the achievement of objectives.

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):

- Renovation of auxiliary integrated distribution equipment and integrated transformer substations at Kruonis PSHP;
- Overhaul of Unit 2 at Kruonis PSHP.
- Works on the Obeniai lot (ash site) at the Elektrėnai Complex;
- Installation of Unit 5 at Kruonis PSHP (if market conditions are favourable).

Research and development projects which were implemented in 2016 1Q:

The Project of the Wind Farm 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.

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 have been prepared; a programme of monitoring birds and bats in the territory has been completed, preparations for the publication and coordination of the report on environmental impact and the detailed territorial planning works are in progress; it is planned that the procedures will be completed by the end of 2016.

Fuel Facilities Management Programme

Due to the fact that Company reduced the use of fuel oil in its activities to the minimum and given the fact that consequently there is no need to preserve the state reserve

Since Q2 2016, the Company applies the lean Kaizen methodology, which encourages employees to submit and implement their proposals, in its activity. By the end of June, the Company's employees submitted almost 90 proposals related to operational improvements.

All subdivisions of the Company continue using visual management of day-to-day activity with integrated performance indicators and a cascaded meetings system. In accordance with LEAN culture and tools, instances of waste that do not create any value are being eliminated, problems are solved faster and more effectively, processes and steps are being improved according to the Company's priorities.

of fuel oil, the capacity of fuel facilities available in the Elektrėnai Complex no longer meet the actual needs of the Company. For this Reason, at the end of 2015, stage I of fuel facilities management programme was initiated. During this stage, tenders for sale / rent of part of the available reserves of fuel oil were launched, preparations for the liquidation of part of storage facilities started as well as preparations for optimisation of power network of the fuel facilities, demolition of storage tank heating equipment and overhead structure for fuel oil (discharge) I, etc.

Dismantling of units 1 and 2 of reserve power plant

After the end of the project on the expansion of heat generation facilities in Elektrėnai in 2015, the use of units 1 and 2 of the power plant, which were previously used to generate heat to the residents of Elektrėnai town and industry during the cold season, proved unnecessary. Therefore, having assessed the fact that the price for energy produced using these units is no longer competitive on the market and that their refusal will help reduce the need for public services along with the final rate for electricity charged to consumers, the decision was made to demolish these old and ineffective 150 MW capacity units of the back-up power plant, which were built in 1962-1965.

Thermal insulation, masonry of boilers, equipment and devices of the units have already been demolished and utilised by selling part of them as scrap-iron, and the rest – as suitable for further use. As much as 70 % of demolition activities had been carried out 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 natural 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 support 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, safety and occupational health risk, 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 and 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 exchange takes place in accordance with the "four-eye" 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. Business continuity plans are drawn up, updated, and constantly tested in order to ensure the activities of the Company.

Safety and occupational health risk

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 complex 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 secure safety and health, working places and work organisation quality are checked regularly, employees are briefed on safety and provided with personal protective 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.

On 1 September 2011, shares of the Company were admitted for listing on the Baltic Main List of NASDAQ OMX Vilnius. The shares of the Company are traded on NASDAQ OMX Vilnius Stock Exchange ("VSE").

ISIN code LT0000128571.

Ticker – 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 per share, EUR	Total par value, EUR	% of authorised capital
Ordinary registered shares	635,083,615	0.29	184,174,248.35	100.00

The Company's Share Price Dynamics and Share Turnover

Statistics on trading in the Company's shares

		6 months of 2013	6 months of 2014	6 months of 2015	6 months of 2016
Last trading session price, EUR		0.372	0.715	0.773	0.611
Maximum price, EUR		0.411	0.750	0.940	0.713
Minimum price, EUR		0.370	0.395	0.765	0.611
Average price, EUR		0.386	0.582	0.853	0.649
Turnover, shares		309,328	1,138,669	365,042	268,263
Turnover, EUR MLN		0.12	0.66	0.31	0.17
Capitalisation, EUR MLN	Company	236.25	454.08	490.92	388.04
	Baltic Main List	4,775.36	4,619.94	4,731.07	4,712.59

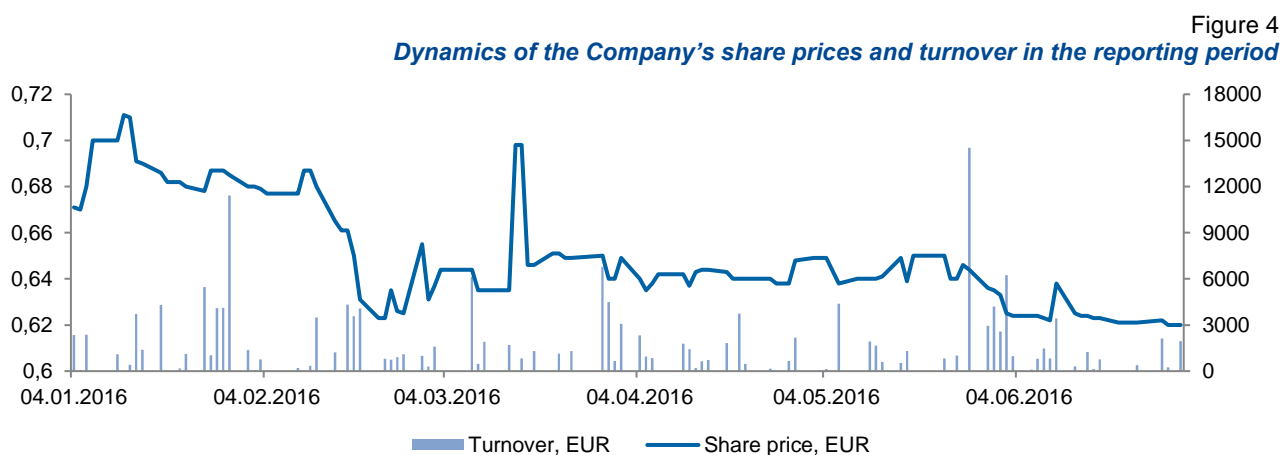


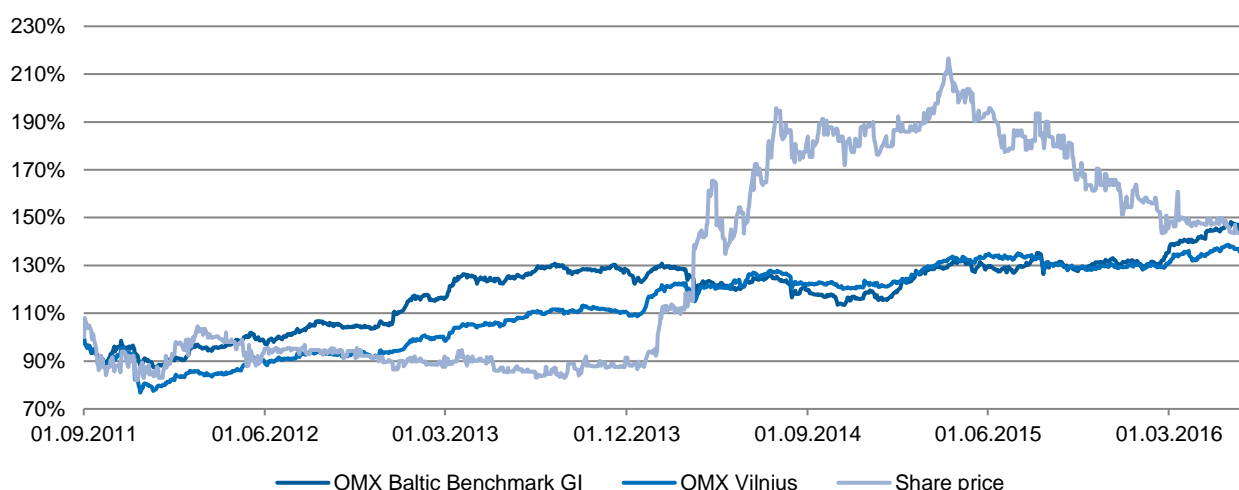
Figure 5

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



Figure 6

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 19 July 2016 (the day of identification of shareholders for the purposes of the Extraordinary General Meeting of Shareholders of the Company): 5,944.

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

List of shareholders whose shares account for more than 5% of the Company's authorised capital (as of 30 June 2016)*

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	614,453,540	96.75	96.75
Other shareholders	Ordinary registered shares	20,630,075	3.25	3.25
TOTAL	Ordinary registered shares	635,083,615	100.00	100.00

* The redemption of the shares of former LIETUVOS ELEKTRINĖ, AB started on 9 February 2016 in accordance with the Resolution No. 1126 of the Government of the Republic of Lithuania of 26 October 2015 (ended on 9 May 2016). According to the data of contracts which came in to effect until 30 June 2016, 3,938,025 shares of the Company were transferred to Lietuvos Energija, UAB (they comprise 0.62 per cent of the total issue of the Company's shares).

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 cases provided for in the Law of the Republic of Lithuania on Companies;
- Exercise pre-emptive 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 funds 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 Company 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 or 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.

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 **29 March 2016**, the distribution of the profit (loss) of the Company of 2015 was approved. No distributions of dividends were provided for the six-month period, ended 31 December 2015.

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 operations comprised EUR 19.26 million, so the ratio of dividends paid for this period / net profit amounts to 0.14.

To be reminded, 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

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'. A meeting with a well-known Swedish publicist, director, and translator Jon Ohman was held in March as professional sports journalist team from Lithuanian National Radio and Television (LRT) shared their experience in June of 2016. In total, as many as 15 meetings of this cycle have been already organised. The Company organises them in cooperation with Elektrėnai Library. The aim is to encourage the urban and district communities as well as the Company's employees to gather in one place and to offer them take part in unique meetings with famous, interesting and ingenious people.

As the Company contributes to environment cherishing every year it helped to foresters of Kaišiadoriai to plant 2 hectares of forest on May cleaning up surroundings of the plants in Elektrėnai, Kruonis and Kaunas too.

Educational activities

The Company gladly and free of charge accepts visitors in its objects, namely, the unit of combined cycle, Kruonis PSHP, Kaunas A. Brazauskas' HPP. The Company also seeks to contribute to teaching the public, in particular, the young generation, about the energy sector. In the period from January to June 2016, the above-mentioned power plants received about 1000 visitors from different enterprises, schools and other institutions as well as foreign delegations. The highest number of visits over the aforementioned period was organised in Kruonis PSHP.

The Company co-operated closely with Vilnius Academy of Arts of Kaunas subdivision in time of April-May. The community was invited to participate in contest called "Me and Kaunas Reservoir in my life: recreation, health, energy". About 30 students from higher classes represented their drawings.

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 put every effort in preserving the environment while conducting its activities, also in trying to use natural resources efficiently and to apply modern, effective and safe (in terms of the environmental impact) technologies in carrying out its production-related operations. The Company also fulfils the requirements of legislation regulating environmental protection, and tries to apply preventive measures reducing negative impact on environment in a professional manner.

The most important environmental issues are as follows: safe use of facilities, safe use of materials considered hazardous in terms of ecology, waste management, ensuring the allowable water level fluctuations in Kaunas Lagoon (Kauno Marios) and the Nemunas flowing below Kaunas A. Brazauskas' HPP, etc. The Company complies with all applicable environmental requirements.

The Company has implemented the Environmental Protection Management System meeting the requirements of EN ISO 14001:2005. In addition, the requirements set forth in the licences of Integrated Pollution Prevention and Control (IPPC).

A modern waste sorting yard installed in the Elektrėnai Complex is capable of sorting 18 types of waste. Any hazardous and non-hazardous waste resulting from the activities of the Company are transferred to waste management entities. Waste from ferrous and non-ferrous metals is sold to scrap collection centres for the market price.

Hazardous and non-hazardous wastes resulting in the Company's units are sorted and transferred to the companies providing public/utility services.

Preventive measures to ensure safe environment

The Company's divisions fulfil the requirements laid down in the licences of Integrated Pollution Prevention and Control (hereinafter referred to as the "IPPC Licences") with regard to the monitoring of air, surface water, underground water, soil pollution and protection measures. The results of the research carried out in 2016 show that the highest allowable values of (air and water) pollution as set forth in the IPPC Licences issued to Elektrėnai Complex, Kruonis PSHP, Kaunas A. Brazauskas' HPP have not been exceeded.

The Company conducts periodical calculations of pollution produced by stationary and mobile pollution sources, continuous accounting of chemical substances and preparations, accounting of resulting and managed waste, used water and discharged wastewater.

In the early 2016, procurement of service and contract work commenced according to the updated plan of the project on the management of Obeniai land plot of the Elektrėnai Complex. It is expected that the territory of the Obeniai land plot will be recultivated in the next coming years and will meet the environmental requirements of legislation.

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

Energy generation and 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

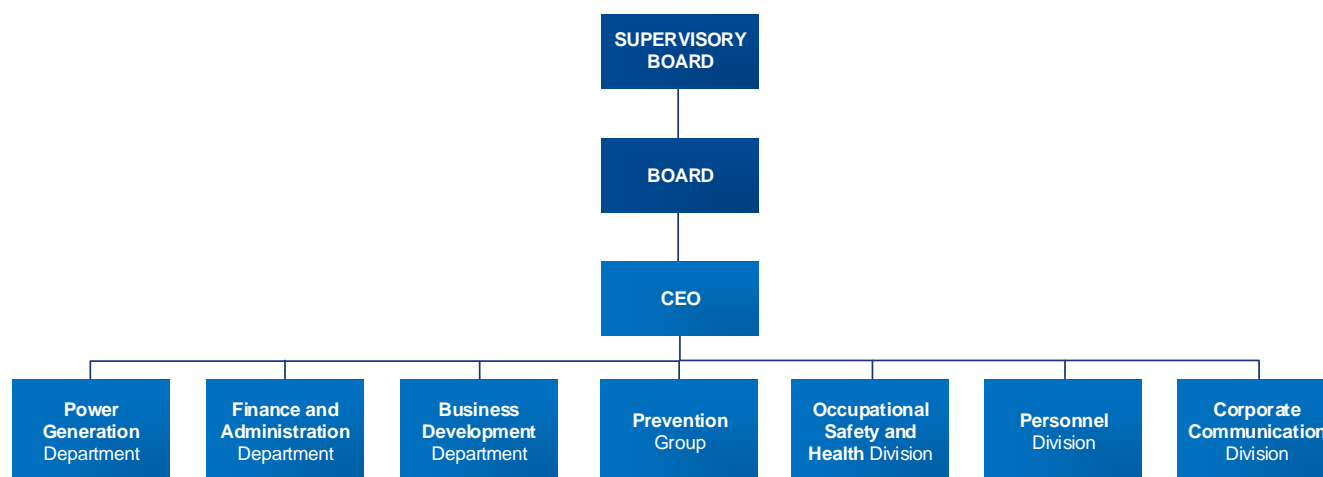
The Company has no branches or representative offices.

Divisions of the Company

The Company operates all 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 7
Structure of the Company (as of 30 June 2016)



Information on Shares of Other Companies

As at June 30 2016 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 (20.01 percent) and UAB Verslo Aptarnavimo Centras (15 percent).

Information about Management Bodies of the Company

According to the Articles of Association valid as of 30 June 2016, 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 available in the Company's website section 'Management of the Company'.

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme managing 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 approved by a qualified majority vote which shall be not less than 2/3 of the voting rights carried by the shares of the shareholders present at the meeting.

One general meeting of shareholders were held in January–June 2016:

1. During an ordinary general meeting of the Company's shareholders that took place on 29 March 2016, the audited consolidated financial statements and distribution of the profit (loss) of the Company of 2015 was approved. No allocations of dividends were provided for the six-month period, ended 31 December 2015.

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

Supervisory Board

As stated in the Articles of Association of the Company, the Supervisory Board is a collegiate body exercising supervision over operations of the Company. It consists of three members – natural persons. At least one-third of the Supervisory Board's members are independent members. The Supervisory Board is elected for the period of four years by

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

The 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 decisions on declaring dividend for a period shorter than one financial year and on approving interim financial statements and interim report for this purpose;
- making proposals to the Board and the Chief Executive Officer for recalling the 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 the 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%)
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. - UAB Elektrinių Mokėjimų Agentūra, chairman of the Supervisory Board. - UAB Vilniaus Kogeneracinė Jėgainė, chairman of the Board. - Lietuvos Energija Foundation, Member 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. - Energijos Tiekimas UAB, chairman of the Board. - UAB Elektroninių Mokėjimų Agentūra, member of the Supervisory Board. - Eurakras, UAB, member of the Board. - Tuulueenergia OU, member of the Board. 	–

Pranas Vilkas Independent member	5 August 2013 – 5 August 2017	–	–	–
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The Supervisory Board of the Company was formed on 5 August 2013. There were no changes in the composition of the Supervisory Board during the reporting period. 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.

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

	Pay in January–June 2016, EUR	Other payments in January–June 2016, EUR	Total, EUR
All members of the Supervisory Board collectively	–	1,476	1,476
Per member of the Supervisory Board on average *	–	1,476	1,476

* 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.

The Board

The Board is a collegiate body of the Company. The scope of competence and the procedure for the adoption of decisions and election and recalling 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 nominates 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 Company, and any person who is not entitled to occupy such position on other grounds established in legal acts.

In case 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;
- agreements 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 gives 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%)
Eglė Čiužaitė Chairwoman of the Board, Chief Executive Officer	19 February 2016 – 17 September 2017	–	- UAB Geoterma, member of the Board. - Lietuvos Energija Foundation, Member of the Board (from 19 April 2016). - UAB Technologijų ir Inovacijų Centras, member of the Board (until 7 April 2016)	–
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.	–
Darius Kucinas Member of the Board, Director of Production Department	17 September 2013 – 17 September 2017	–	–	–
Mindaugas Kvekšas Member of the Board, Director of Finance and Administration Department	31 December 2015 – 17 September 2017	–	- UAB Verslo Aptarnavimo Centras, member of the Board	–
Juozas Bartlingas Chairman of the Board, Chief Executive Officer	17 September 2013 – 19 February 2016	–	- National Energy Association, member of the Board (until 15 March 2016). - Lietuvos Energija Foundation, Member of the Board (until 19 April 2016).	–
Vidmantas Saliėtis Member of the Board, Director of Wholesale Department	17 September 2013 – 19 February 2016	–	- Nord Pool electricity exchange – Member of Client Advisory Council - Union of the Electricity Industry EURELECTRIC – Member of Market Committee. - Energijos Tiekimas UAB, General Manager	–

The Management Board of the Company was formed on 17 August 2013. During the reporting period, Juozas Bartlingas submitted a request on the resignation from the office of the Member (Chairman) of the Company's Board and the office of Chief Executive Officer on 19 February 2016. The Supervisory Board of the Company satisfied the request the same day and assigned Eglė Čiužaitė to the Board. The same day, Vidmantas Saliėtis was removed from the office in the Board

of the Company. He has taken the lead over Energijos Tiekimas, UAB since November, 2015. 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](#).

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

	Pay in January–June 2016, EUR	Other payments* in January–June 2016, EUR	Total, EUR
All members of the Board collectively	88,428	24,378	112,806
Per member of the Board on average	22,107	6,095	28,202
Per member of the Board who is not the Company's employee**	–	1,438	1,438

* For the functions/activities of a member of the Board.

** Payment to Vidmantas Saliėtis for the functions/activities of a member of the Board who took the office of a member of the Board until 19 February 2016, however, held no other position in the Company over the reporting period.

Management of the Company's

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

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

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

	Pay in January–June 2016, EUR	Other payments in January–June 2016, EUR	Total, EUR
Chief Executive Officer			
Juozas Bartlingas	8,080	2,397	10,477
Eglė Čiužaitė	22,774	4,344	27,118
Total	30,854	6,741	37,595
Chief Financier*	–	–	–

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

Employees of the Company

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

On 31 December 2015 the Company had 429 employees, on 30 June 2016 – 401 employees (including those workers who are on parental leave). Specialists and middle management accounted for 60% of them, workers – 39%, top level managers – 1%. The main reasons for the changes in the number of employees are the following: employees of the Wholesale Electricity Trading Department were transferred to Energijos Tiekimas UAB since 2016, employees having worked for the Company for a number of years have retired. A few people left the Company for the reason of changes in work organisation.

Men account for 84% of the Company's personnel, women – 16%, accordingly. Almost 51% of the Company's employees have higher education, 39% – higher non-university (college) degree education, 10 % – secondary education.

The highest number of employees in the Company is aged from 35 to 54 who have 10-year or more experience in the Company. These are skilled, experienced specialists who form the basis of the Company's team in production divisions where knowledge and experience play an important role. Employees of the aforementioned age group accounted for 54% of all the Company's workers. Around 17% of the Company's employees are 25-34 aged people.

The distribution of employees according to position 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 the January–June 2016)

	Numbers of employees by position levels	Average pay*, EUR
CEO	1	5,142
Top level managers	3	3,177
Middle level managers	29	1,958
Experts, specialists	217	1,346
Workers	151	873
Total	401	1,229

* The increase of average pay in all categories of employees is apparent when the data is compared with the information presented in the Interim Report for a three-month period, published at the end of May 2016. This is because the variable part of pay were paid in the period of April-June. The workers receive variable part of their pay once a month, other employees – once in a quarter or once in a year. The same trend of the average pay statistics is seen in the Company every year.

Career Opportunities and Employee Attraction

Voluntary employee turnover in the Company is low, i.e. 0.75%. When the need for a new employee occurs, first internal selection is organised. If there are no candidates for the new position within the Company, the search is conducted beyond the boundaries of the Company. During the search for employees based on the principle of internal rotation as many as 14 employees of the Company were promoted over the six months of 2016 (vertical career). 12 employees were transferred to similar positions in a same or other divisions of the Company (horizontal career). While expanding career opportunities for employees and promoting employee movement among/within the Lietuvos Energija Group, 7 employees moved to other companies of the group, 2 employees arrived from other enterprises of the group.

Training

Over the period of January to June 2016, trainings of technical nature were attended by 95 employees of the Company, 118 employees took part in management field trainings. In total, 169 unique employees participated in trainings in the period of January to June 2016 (where the same employee participated in several types of training, s/he

Other events

February 2016, a new collective agreement of the Company was signed. It guarantees a more favourable package of social benefits to the Company's employees which exceed the requirements of the Labour Code of the Republic of Lithuania. The new collective agreement stipulates that employees are provided with support in the event of accident, illness, relatives' deaths, additional benefits are paid when a baby is

To attract young skilled specialists the Company is actively cooperating with educational institutions, students of higher and vocational schools are provided with opportunity to apply their theoretical knowledge in practice and gain practical skills during internships. In 2016 1Q, the Company participated in the events of Career Days organised by Kaunas University of Technology, Vilnius Gediminas Technical University and Kaunas Technical College. As many as 6 students did their internships in the Company over the period of January to June 2016: 2 – from Elektrėnai Vocational Training Centre, 1 from Kaunas University of Technology, 1 from the Lithuanian University of Educational Sciences, 1 from Vilnius Gediminas Technical University, 1 from Vilnius University.

is calculated as one person). Besides, employees' visits are organised to other manufacturing companies to get acquainted with work organisation in production departments, with innovation, production equipment, problem solving, etc.

born or to families with many children, additional paid rest days are given when a baby is born, in the event of marriage, or when a relative dies, etc.

In total, there are four trade unions operating in the Company. Around 270 Company's employees are the members of these trade unions.

Information on Committees

There are no Committees in the Company as Lietuvos Energija, UAB group has formed the Audit Committee, Nomination and Remuneration Committee and the Risk Management Supervision Committee.

Audit Committee

The supervisory board of Lietuvos Energija, UAB, formed the audit committee on 27 August 2013, which was responsible for 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 its group of companies;
- To monitor the effectiveness of internal control and risk management systems of Lietuvos Energija, UAB, and 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 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 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 30 June 2016)

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 – October 2018	- Member of European Commission Audit Development Committee - UN World Food Programme - ISM Business and Management School - National Audit Office of Lithuania

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

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 its group 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 its group 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 30 June 2016)

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 responsible for the supervision of suitability of buildings for the persons with disabilities in Klaipėda and Tauragė regions

No changes took place in the membership of the Risk Management Supervision Committee during the reporting period.

Nomination and Remuneration Committee

Main functions of the Committee:

- make assessments and proposals for the long-term remuneration policy of Lietuvos Energija, UAB and its group companies (fixed pay, performance-based pay, pension insurance, other guarantees and remuneration forms, compensations, severance pay, other items of the remuneration package) 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 its group companies with international practice and good governance practice guidelines, make proposals for the improvement of such policies;
- make proposals for tantiemes in the process of appropriation of profit (loss) of Lietuvos Energija, UAB and its companies for a financial year;

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- assess terms and conditions of agreements between Lietuvos Energija, UAB and its group companies with the members of the management bodies of Lietuvos Energija UAB and its group companies;
- assess the procedures for recruitment and hiring of candidates to positions in management bodies and top management of Lietuvos Energija, UAB and its group 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 its group companies;
- oversee the process of informing members of management bodies and employees of Lietuvos Energija, UAB and its group 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 its group 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 30 June 2016)

Member	Shareholding in the Company	Term of Office	Institution/company and position
Virginijus Lepeška Independent member, Chairperson	–	August 2013 – August 2017	UAB Organizacijų Vystymo Centras, Chairman of the Board
Tomas Garasimavičius Member	–	August 2013 – August 2017	Energy Advisor to the Prime Minister of the Republic of Lithuania
Agnė Bagočiūtė Member	–	June 2016 – August 2017	Vice-Minister of Finance of the Republic of Lithuania

Changes took place in the membership of the Nomination and Remuneration Committee during the reporting period. Former Chairperson of the Committee and Vice-Minister of Finance of the Republic of Lithuania Aloyzas Vitkauskas was replaced by Agnė Bagočiūtė and Virginijus Lepeška was appointed as Chairperson of the Committee since June 2016.

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 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 condensed financial information for the six-month period, ended 30 June 2016.

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

Notices of Material Events During the Reporting Period

Lietuvos Energija, UAB is under obligation to redeem the shares of the former 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 No 1K-6 issued on 6 January 2016 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' (hereinafter referred to as the 'Order'. The Order obligates "Lietuvos energija", UAB to implement the Resolution of the Government of the Republic of Lithuania No 1126 of 26 October 2015 'On the redemption of shares'

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 the former 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](#)

Process of redemption of shares of the former 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 the former 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 16 February 2016 the Company announced preliminary unaudited financial indicators for January-December 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 leaves 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 executive officer of the Company to the Company and the parent company Lietuvos Energija, UAB, to recall Juozas Bartlingas, the chairman of the board and the chief executive manager of the Company, from his post as a member (the chairman) of the Board of the Company as from the day of the decision.
- To recall Vidmantas Salielis from his post as a member of the Board of the Company as from the day of making this decision. V. Salielis will be recalled 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.

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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 chief executive officer 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 chief executive 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](#)

Ordinary general meeting of shareholders of the Company is convened

By the initiative and resolution of the Board of 7 March 2016 an ordinary general meeting of shareholders of the Company is convened on 29 March 2016.

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.](#)

The Supervisory Board passed a resolution

On 9th March 2016 the Supervisory Board of the Company passed a resolution to approve the consolidated Annual Report of the Company for the year 2015, the consolidated and Company's Annual Financial Statements for the year 2015, audited by PricewaterhouseCoopers, UAB, the Company's auditor, and the allocation of profit (loss) of the Company for the year 2015. The Supervisory Board also decided to present a review on the approval to the General Meeting of Shareholders of the Company, which will be held on 29th March 2016.

Link to the notification on material event: [Regarding resolution of the Supervisory Board of Lietuvos Energijos Gamyba, AB.](#)

Other Events During the Reporting Period

Use of units 5 and 6 terminated in Elektrėnai

Implementing the Company's performance strategy and taking into consideration of the decision of the Board of the Company made on 7 December 2015, units 5 and 6 of the reserve power plant of the Company was decommissioned from 1 January 2016. Dismantling of units 5 and 6 are planned once the dismantling of units 1 and 2 is completed (preliminary, in the early 2017).

Units 5 and 6 were launched in 1967-1968 (both of 300 MW capacity). Recently conservation of the units has been carried out. Decommissioning activities of the units have been carried out due to their poor technical condition, low potential of their use in the future and high maintenance costs.

Ordinary general meeting of shareholders took place

The ordinary general meeting of the Company's shareholders held on 29 March 2016 approved the set of annual financial reports of the Company and audited consolidated reports of 2015 and the distribution of the Company's profit (loss) of 2015. No dividends for the six-month period, ended 31 December 2015, were allocated.

Link to the notification on material event: [Regarding decisions adopted at the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB, on 29 March, 2016.](#)

The Company announced preliminary indicators

On 16 May 2016, in order to give more information to investors, the Company announced preliminary unaudited financial indicators for 3 months of 2016.

Link to the notification on material event: [Preliminary pre-audited results of Lietuvos Energijos Gamyba, AB in Q1 2016.](#)

The process of share redemption of former LIETUVOS ELEKTRINĖ, AB has ended

On 24 May 2016 the Company published a notification on material event on the information received from Lietuvos Energija, UAB, on a letter received from AB SEB Bank, which represented Lietuvos Energija during the process of redemption of shares, whereby the Bank stated that during the process 1,144 agreements on purchase-sale of shares had been registered until 23 May of 2016. On the basis of these agreements, 3,866,497 (three million eight hundred sixty-six thousand four hundred and ninety-seven) shares of the Company were transferred to Lietuvos Energija. The remained agreements came into effect later.

Link to the notification on material event: [Regarding Shares Acquired by Lietuvos Energija, UAB, during the Redemption of Shares of LIETUVOS ELEKTRINĖ, AB](#)

Annual information of the Company announced

On 29 March 2016, the ordinary general meeting of shareholder's of the Company accepted the Company's consolidated annual report 2015 and approved the set of the Company's annual financial statements 2015 audited by PricewaterhouseCoopers, UAB.

The 2015 performance results of the national electricity producer Lietuvos Energijos Gamyba evidently reflect significant decisions made by the regulator and the Company itself. The Company will further seek to annul the Regulator's decisions in the court. Meanwhile, the decisions made by the Company provide it with opportunities to operate in a more competitive manner and reduce the burden of subsidies imposed on consumers. For more information – [click the link](#).

Notices of Material Events after the end of the Reporting Period

Extraordinary general meeting of shareholders of the Company is convened

By the initiative and resolution of the Board of 4 July 2016 an extraordinary general meeting of shareholders of the Company is convened on 26 July 2016 for election of the audit company and terms of remuneration for audit services.

On 12 July 2016 a notice was received from shareholder Lietuvos Energija, UAB in which Company has been informed about the recommendation of Lietuvos Energija, UAB Supervisory Board on the proposed audit company. It was proposed to select PricewaterhouseCoopers, UAB as the audit company, which will perform the audit of Lietuvos Energijos Gamyba, AB financial statements during the period 2016-2018 and will be paid no more than 102,450.00 EUR (VAT not included) for the year 2016–2018 for audit services.

Link to the notification on material event: [Regarding The Extraordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB](#)

The audit Company elected

On 26 July 2016 PricewaterhouseCoopers UAB was elected as the audit company for the audit of Lietuvos Energijos Gamyba, AB by the Extraordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB for the year 2016–2018. For audit services will be paid no more than 102,450.00 EUR (VAT not included) for the year 2016–2018.

Link to the notification on material event: [On 26 July 2016 the Extraordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB adopted a decision on the election of the audit company](#)

The Company announced preliminary indicators

The Company announced preliminary unaudited financial indicators on 16 August for the first six months of 2016.

Link to the notification on material event: [Preliminary pre-audited results of Lietuvos Energijos Gamyba, AB for January-June 2016.](#)

OTHER IMPORTANT INFORMATION

The Main Characteristics of the Internal Control and Risk Management Systems in Relation to Drawing up of Financial Statements

Financial statements of the Company are drawn up in accordance with the International Financial Reporting Standards (IFRS) approved by the EU.

Employees of the company which provides the Company with accounting/bookkeeping services take care that

financial statements are compiled correctly and properly, that data is collected timely and in a proper manner. The compilation of the Company's financial statements, internal control and financial risk management systems, legislation regulating the compilation of financial statements are controlled and managed.

2016

LIETUVOS ENERGIJOS GAMYBA, AB

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH AND THREE-MONTH PERIODS ENDED 30 JUNE 2016
PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34,
'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION,
PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT



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Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
30 June 2016

All amounts in EUR thousands unless otherwise stated

	Note	At 30 June 2016	At 31 December 2015
ASSETS			
Non-current assets			
Intangible assets	5	8,343	16,819
Property, plant and equipment	6	660,199	673,900
Investments in associates		1,374	1,374
Other non-current assets		1,784	3,288
Other amounts receivable	7	10,881	8,435
Total non-current assets		682,581	703,816
Current assets			
Inventories		6,298	6,997
Prepayments		4,019	9,651
Trade receivables		13,513	20,059
Other amounts receivable	7	16,846	22,888
Prepaid income tax		258	3,887
Loans granted	8	19,949	-
Cash and cash equivalents		97,899	66,176
Total current assets		158,782	129,658
TOTAL ASSETS		841,363	833,474
EQUITY AND LIABILITIES			
Equity			
Authorised share capital	9	184,174	184,174
Share premium		85,660	85,660
Legal reserve		10,872	10,872
Revaluation reserve		1,048	1,063
Retained earnings		78,940	61,131
Total equity		360,694	342,900
Non-current liabilities			
Borrowings	10	119,857	128,462
Finance lease liabilities		379	448
Grants	11	276,171	280,343
Other non-current amounts payable and liabilities	12	17,081	8,418
Deferred income tax liabilities		21,597	18,162
Total non-current liabilities		435,085	435,833
Current liabilities			
Borrowings	10	17,212	17,212
Finance lease liabilities		138	138
Trade payables		14,967	13,827
Advance amounts received		10,434	14,671
Provisions for emissions	13	322	3,735
Other amounts payable and liabilities		2,511	5,158
Total current liabilities		45,584	54,741
Total liabilities		480,669	490,574
TOTAL EQUITY AND LIABILITIES		841,363	833,474

The accompanying notes form an integral part of this condensed interim financial information.

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the six-month period ended 30 June 2016

All amounts in EUR thousands unless otherwise stated

	Note	1 January 2016 – 30 June 2016	1 January 2015 – 30 June 2015
Revenue			
Sales revenue		69,148	98,033
Other income	15	20,176	7,397
Fair value gain on derivative financial instruments		-	1,947
		89,324	107,377
Operating expenses			
Purchases of electricity or related services		(13,150)	(20,946)
Gas, biofuel and heavy fuel expenses		(26,281)	(38,541)
Depreciation and amortisation	5,6,11	(10,254)	(11,156)
Wages and salaries and related expenses		(3,757)	(4,243)
Repair and maintenance expenses		(2,038)	(4,702)
Emission allowance revaluation (expenses)		(6,330)	(312)
(Reversal of impairment)/impairment of other non-current assets		(1,504)	31
Inventory write-down reversal/(allowance)		(33)	23
Reversal of impairment of property, plant and equipment		22	125
Other expenses		(2,962)	(4,894)
Total operating expenses		(66,287)	(84,615)
OPERATING PROFIT		23,037	22,762
Finance income/(costs):			
Other finance income		557	172
Other finance (costs)		(804)	(1,275)
		(247)	(1,103)
PROFIT BEFORE INCOME TAX		22,790	21,659
Current year income tax (expense)			
		(1,561)	(49)
Deferred income tax (expense)			
		(3,435)	(2,354)
		(4,996)	(2,403)
NET PROFIT FOR THE PERIOD		17,794	19,256
Other comprehensive income/(loss)			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17,794	19,256
Basic and diluted earnings per share (in EUR)		0.028	0.030
Weighted average number of shares		635,083,615	635,083,615

The accompanying notes form an integral part of this condensed interim financial information.

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the three-month period ended 30 June 2016

All amounts in EUR thousands unless otherwise stated

	1 April 2016 – 30 June 2016	1 April 2015 – 30 June 2015
Revenue		
Sales revenue	35,687	64,245
Other income	332	466
Fair value gain on derivative financial instruments	-	1,661
	36,019	66,372
Operating expenses		
Purchases of electricity or related services	(6,389)	(9,628)
Gas, biofuel and heavy fuel expenses	(13,398)	(35,753)
Depreciation and amortisation	(5,140)	(5,542)
Wages and salaries and related expenses	(1,779)	(2,037)
Repair and maintenance expenses	(1,131)	(3,712)
Emission allowance revaluation (expenses)/income	(1,586)	61
Other non-current assets impairment (expenses)/income	(296)	336
Inventory write-down (allowance)/reversal	(37)	24
Reversal of impairment of property, plant and equipment	22	125
Other expenses	(1,367)	(2,153)
Total operating expenses	(31,101)	(58,279)
OPERATING PROFIT	4,918	8,093
Finance income/(costs):		
Other finance income	439	79
Other finance (costs)	(376)	(544)
	63	(465)
PROFIT BEFORE INCOME TAX	4,981	7,628
Current year income tax (expense)	242	597
Deferred income tax (expenses)/income	(1,386)	(890)
	(1,144)	(293)
NET PROFIT FOR THE PERIOD	3,837	7,335
Other comprehensive income (loss)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,837	7,335
Basic and diluted earnings per share (in EUR)	0.006	0.012
Weighted average number of shares	635,083,615	635,083,615

The accompanying notes form an integral part of this condensed interim financial information.

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2016

All amounts in EUR thousands unless otherwise stated

	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Equity Total
Balance at 1 January 2015	183,933	85,660	1,097	10,872	85,716	367,278
Other comprehensive income for the period	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	19,256	19,256
Total comprehensive income for the period	-	-	-	-	19,256	19,256
Depreciation of revaluation reserve	-	-	(20)	-	20	-
Dividends paid	-	-	-	-	(21,721)	(21,721)
Result of the conversion of the nominal value of shares	241	-	-	-	-	241
Balance at 30 June 2015	184,174	85,660	1,077	10,872	83,271	365,054
Balance at 1 January 2016	184,174	85,660	1,063	10,872	61,131	342,900
Other comprehensive income for the period	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	17,794	17,794
Total comprehensive income for the period	-	-	-	-	17,794	17,794
Depreciation of revaluation reserve	-	-	(15)	-	15	-
Balance at 30 June 2016	184,174	85,660	1,048	10,872	78,940	360,694

The accompanying notes form an integral part of this condensed interim financial information.

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2016

All amounts in EUR thousands unless otherwise stated

	Note	1 January 2016 – 30 June 2016	1 January 2015 – 30 June 2015
Net profit for the period		17,794	19,256
Reversal of non-cash expenses (income) and other adjustments:			
Depreciation and amortisation expenses	5,6	15,785	16,784
Inventory write-down/(reversal)		33	(23)
(Gain) on disposal of investments in subsidiaries and associates		-	(5,003)
Expenses/(income) of revaluation of emission allowances		6,330	(312)
Other impairments		1,509	21
Income tax expense		1,561	49
Change in deferred income tax liability		3,435	2,355
(Income) from grants	11	(5,531)	(5,628)
Increase/(decrease) in provisions		(414)	1,603
Change in fair value of derivative financial instruments		-	(1,947)
Reversal of impairment of property, plant and equipment	6	(22)	(125)
(Gain)/loss on disposal/write-off of non-current assets (other than financial assets)		(25)	-
Elimination of results of financing and investing activities:			
- Interest (income)		(124)	-
- Interest expense		795	1,001
- Other finance (income) costs		(424)	102
- (Gain) on disposal of a part of the business	3,15	(19,534)	-
Changes in working capital			
(Increase) decrease in trade receivables and other receivables		9,085	(4,431)
(Increase) decrease in inventories and prepayments		6,254	(4,710)
Increase (decrease) in amounts payable and advance amounts received		3,525	(7,322)
Income tax (paid)		(18)	(1,122)
Net cash flows generated from operating activities		40,014	10,548
Cash flows from investing activities			
(Acquisition) of property, plant and equipment and intangible assets		(1,553)	(10,013)
Disposal of property, plant and equipment and intangible assets		28	-
Loans granted		(19,949)	-
Disposal of subsidiaries		2,821	2,821
Disposal of investments in associates		7,400	7,400
Disposal of a part of the business		12,480	-
Grants received		-	405
Interest received		95	-
Dividends received		40	-
Net cash flows generated from investing activities		1,362	613
Cash flows from financing activities			
Repayments of borrowings		(8,605)	(8,606)
Finance lease payments		(74)	-
Interest (paid)		(787)	(1,053)
Dividends (paid)		(187)	(21,589)
Net cash flows used in financing activities		(9,653)	(31,248)
Net increase (decrease) in cash and cash equivalents		31,723	(20,087)
Cash and cash equivalents at the beginning of the period		66,176	75,750
Cash and cash equivalents at the end of the period		97,899	55,663

The accompanying notes form an integral part of this condensed interim financial information.

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 profit-seeking entity of limited civil liability, which was 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 indefinite period. The Company's registered office address is: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania.

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 the nominal value of EUR 0.29 each. All the shares have been 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 30 June 2016 and 31 December 2015, the Company had not acquired its own shares.

During 2016 and 2015, the Company was engaged in electricity generation and electricity trading 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), at Kaunas Hydro Power Plant named after Algirdas Brazauskas and at 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 (hereinafter - NCCPE), Lietuvos Energijos Gamyba, AB obtained a licence of an independent electricity supplier.

This condensed interim financial information contains condensed interim financial information of Lietuvos Energijos Gamyba, AB as a separate entity. This condensed interim financial information has been prepared following the provisions of Lithuanian Law on Companies paragraph No. 60¹.

As at 30 June 2016, the Company had no subsidiaries. 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.

As at 30 June 2016 and 31 December 2015, the Company's investments in associates were as follows:

Company	Registered office address	Company's ownership interest at 30 June 2016	Company's ownership interest at 31 December 2015	Profile of activities
Geoterma UAB	Lypkių g. 53, LT-94100 Klaipėda, Lithuania	23.44%	23.44%	Geothermal energy generation
Technologijų ir Inovacijų Centras UAB	Juozapavičiaus g. 13, Vilnius, Lithuania	20.01%	20.01%	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

As of 30 June 2016, the number of employees of the Company was 401 (31 December 2015: 429).

Seasonality does not affect the Company's operations.

Functional and presentation currency

This condensed interim financial information is presented in the national currency the euro (EUR), which is the Company's functional and presentation currency.

2 Accounting policies

2.1 Basis of preparation

The Company's condensed interim financial information for the six-month period ended 30 June 2016 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').

This financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Company's financial year coincides with the calendar year.

All amounts in EUR thousands unless otherwise stated

2.2 Accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are consistent with those that were applied in the preparation of the annual financial statements for 2015.

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 with effect from 2016, and that would have a material impact on the Company's financial information.

The Company's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Company's reporting periods beginning on or after 1 January 2016 will have a material impact on the Company's financial statements.

3 Critical accounting estimates and judgements

The preparation of the condensed interim financial information 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 2015.

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 2016 and 2015, the Company reviewed depreciation rates of property, plant and equipment. After the completion of the review, the applicable depreciation rates were determined to be appropriate and were left unchanged.

Revaluation of property, plant and equipment

On 30 June 2016 and 31 December 2015, no independent valuation was performed for the 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 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 2016 and 2015, the Company accounted for property, plant and equipment, except for the assets of Hydro Power Plant, Pumped Storage Power Plant, Elektrėnai Complex (Reserve Power Plant and Combined-Cycle Unit) at the revalued amount in accordance with IAS 16, 'Property, Plant and Equipment'.

As at 30 June 2016 and 31 December 2015, 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 passed 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. The dismantling works of units 5 and 6 are expected to start at the beginning of 2017 after the completion of the dismantling of units 1 and 2.

As at 31 December 2015, impairment test was carried out for property, plant and equipment of the Reserve Power Plant, Combined-Cycle Unit, Biofuel and Steam Boiler Houses (hereinafter collectively referred to as the Elektrėnai Complex), and it was determined that the recoverable amount exceeded its carrying amount of EUR 542 million, hence no impairment was recognised. In the opinion of the Company's management there were no significant changes in the Company's operating environment during the first half of 2016 that would affect assumptions of the previous impairment test, therefore, on 30 June 2016 no impairment test was carried out for property, plant and equipment of the Elektrėnai Complex with the carrying amount of EUR 531 million.

All amounts in EUR thousands unless otherwise stated

3 Critical accounting estimates and judgements (continued)

Provisions for emissions

The Company estimates provisions for emissions based on actual emissions over the reporting period multiplied by the market price for one unit of emission allowances. The quantity of actual emissions is approved by a responsible state-controlled agency over the course of four months after the end of the year. Based on historic experience, the Company's management does not expect any significant differences to arise between the estimated provision at 30 June 2016 and the quantity of emissions which will be approved in 2017.

Accrual of Public Service Obligation (PSO) income and capacity reserve service income

A part of fees received for PSO and tertiary capacity reserve services is allocated for the maintenance of the infrastructure of the Elektrėnai Complex and for the covering of expenses related to the testing of the necessary electricity generation facilities. Infrastructure maintenance expenses include fuel, emission allowances and other generation expenses incurred during the generation of thermal power necessary for the maintenance of the infrastructure, as well as expenses related to electricity consumed by the Elektrėnai Complex and gas consumption capacity fees.

The amount of PSO service fees and the capacity reserve service fees for the next calendar year are determined by National Control Commission for Prices and Energy taking into account the forecasted Company's expenses. The Company recognises the revenues from these services in the financial statements on accrual basis based on actual expenses incurred.

As at 30 June 2016, the Company recognised the refundable PSO fees amount of EUR 16,111 thousand within 'Other non-current amounts payable and liabilities' (Note 12), which included the refundable PSO fees amount of EUR 12,976 thousand (to be refunded during 2018) recognised during the first half of 2016, and the refundable amount of EUR 3,135 thousand recognised in 2015 (to be refunded during the second half of 2017). The PSO fees refundable for the first half of 2016 were recognised due to a higher than estimated in the PSO service tariff operating profit from commercial (non-regulated) activities of Kruonis Pumped Storage Power Plant and Kaunas Hydro Power Plant, and due to lower actual fixed and variable costs incurred in providing regulated services. Based on the decision of NCCPE, the commercial (non-regulated) profit must be used to cover the Company's fixed costs incurred in carrying out the regulated activities under the PSO scheme. As at 30 June 2016, non-current PSO fees amounts payable were accounted at amortised cost, using the effective interest method and discounting PSO amounts payable over the repayment term using a discount rate of 1.01%. The discounting effect was equal to EUR 288 thousand and was recognised within 'Other finance income'.

As at 31 December 2015, the Company recognised the PSO service fees of EUR 7,018 thousand refundable which will be repaid in 2017 (Note 12).

Based on the Methodology for establishing the prices for electricity and capacity reserve services approved by Resolution No. O3-229 of the NCCPE, the Company's management accounted for receivable amount of capacity reserve services income equal to EUR 267 thousand as at 30 June 2016 under the line item 'Other non-current amounts receivable' to be compensated during 2017 (Note 7) (31 December 2015: receivable amount of capacity reserve services income equal to EUR 533 thousand to be compensated during 2017).

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

In 2014, the National Control Commission for Prices and Energy completed the audit of the Company's regulated activity for the period 2010-2012 and made the decision on the restatement of expenses and revenue attributed to the regulated activities. As a result of this restatement, PSO services fees allocated to the Company for 2015 were reduced by EUR 6.14 million, and capacity reserve revenue established for the years 2015-2016 was reduced by EUR 7.44 million. In addition, in 2014 the NCCPE passed a decision whereby it recognised the Company as an operator with a significant market power in the electricity generation services. As a result of the latter decision, PSO services fees approved for the first half of 2016 for the Company were additionally reduced by EUR 1.4 million (PSO services fees approved for 2015 were additionally reduced by EUR 5.44 million). All decisions of the NCCPE pertaining to the above-mentioned audit of the regulated activities and the Company's recognition as an operator with a significant market power in the electricity generation services, are considered to be unsubstantiated, in respect of which the Company has filed complaints to the court.

As a result of these disputed decisions of the NCCPE the capacity reserve revenue of EUR 1.86 million and PSO service fees of EUR 9.19 million were not recognised in the Company's statement of comprehensive income for the six-month period ended 30 June 2016. Accordingly, the total amount of the Company's contingent assets related to these decisions was equal to EUR 26.98 million as at 30 June 2016. As a result of these disputed decisions of the NCCPE the capacity reserve revenue of EUR 1.85 million and PSO service fees of EUR 5.04 million were not recognised in the Company's statement of comprehensive income for the six-month period ended 30 June 2015. Accordingly, the total amount of the Company's contingent assets related to these decisions was equal to EUR 15.93 million as at 31 December 2015.

Disposal of subsidiaries and associates

On 31 March 2015, Lietuvos Energija, UAB acquired from the Company 15,244,112 ordinary registered shares of Kauno Energetikos Remontas UAB for EUR 4,778 thousand. 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, in view of the fact that the loss from the Biofuel Boiler House Project increased, the Company's management estimated that the sale price of the shares of Kauno Energetikos Remontas UAB should be EUR 436 thousand lower. As at 31 December 2015, the change in the price was recorded under the line item 'Other expenses' in the Company's statement of comprehensive income.

All amounts in EUR thousands unless otherwise stated

3 Critical accounting estimates and judgments (continued)

On 27 April 2015, Lietuvos Energija, UAB acquired from the Company 1,232,897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB. The share sale agreement stipulates that the sale price premium will be paid to the Company by 31 March 2019, if NT Valdos, UAB meets financial covenants set forth in the agreement. As at 30 June 2016 and 31 December 2015, the Company accounted for the sale price premium under the line item 'Other amounts receivable' in the statement of financial position, because, management believes that financial covenants set forth in the sale agreement will be achieved.

Based on judgement of the Company's management, in 2016 there were no changes in the assumptions that were used in 2015 in estimating the sale price of shares of Kauno Energetikos Remontas UAB and the sale price premium of NT Valdos, UAB.

Disposal of a part of the business

The agreement on the sale of a part of the wholesale commercial electricity trading activity signed between the Company and Energijos Tiekimas UAB on 12 October 2015 stipulates that the sale price is equal to EUR 13.1 million base price which will be paid by Energijos Tiekimas UAB to the Company in cash in equal portions until 31 March 2017 and EUR 8 million price premium, i.e. EUR 2 million may be paid additionally per year depending on the results of the sold business until 2019. Having assessed the possibilities of receiving additional revenues for the period until 2019 the Company's management has estimated the additional income. The present value of additional income (being the price premium) was calculated by discounting the price premium over the period until 31 March 2019 using the discount rate of 0.71%. The present value of the price premium was equal to EUR 6,434 thousand for the period ended 30 June 2016. Gain on the disposal of a part of the business equal to EUR 19.5 million was recognised under the line item 'Other income' in the Company's statement of comprehensive income (Note 15). As at 30 June 2016, the amounts receivable of EUR 2,648 thousand and EUR 4,405 thousand related to this transaction (Note 7) were reported within other non-current and other current amounts receivable, respectively, in the Company's statement of financial position.

4 Financial risk management

The 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 2015.

There have been no changes in risk management or risk management policy since 31 December 2015.

Fair value of financial assets and financial liabilities

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

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

The 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. The 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

Movements in the Company's intangible assets were as follows:

	Computer software	Emission allowances	Other intangible assets	Total
At 31 December 2015				
Cost	1,132	16,438	128	17,698
Accumulated amortisation	(763)	-	(116)	(879)
Net book amount at 31 December 2015	369	16,438	12	16,819
Period ended 30 June 2016				
Opening net book amount	369	16,438	12	16,819
Additions	5	-	-	5
Grant received	-	1,733	-	1,733
Emission allowances utilised	-	(2,999)	-	(2,999)
Revaluation costs of emission allowances	-	(7,120)	-	(7,120)
Amortisation	(91)	-	(4)	(95)
Net book amount at 30 June 2016	283	8,052	8	8,343
At 30 June 2016				
Cost	1,137	8,052	128	9,317
Accumulated amortisation	(854)	-	(120)	(974)
Net book amount at 30 June 2016	283	8,052	8	8,343

The fair value of emission allowances is determined using the prices quoted in an active market, therefore, it is attributable to Level 1 in the fair value hierarchy. At the end of each reporting period, the value of emission allowances is estimated with reference to the market prices prevailing at the closing day, and the difference is included in operating expenses.

All amounts in EUR thousands unless otherwise stated

6 Property, plant and equipment

Movements in the Company's property, plant and equipment were as follows:

	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 hardware, communication and other office equipment	Other PP&E	Construction in progress	Total
At 31 December 2015											
Cost	1,880	657	2,966	205,122	496,997	387,943	138	46	166	2,852	1,098,767
Accumulated amortisation	-	(28)	(216)	(79,296)	(259,748)	(47,581)	(90)	(33)	(85)	-	(387,077)
Accumulated impairment	-	-	-	-	(37,567)	-	-	-	-	(223)	(37,790)
Net book amount at 31 December 2015	1,880	629	2,750	125,826	199,682	340,362	48	13	81	2,629	673,900
Period ended 30 June 2016											
Opening net book amount	1,880	629	2,750	125,826	199,682	340,362	48	13	81	2,629	673,900
Additions	-	-	-	3	72	-	-	-	6	1,845	1,926
Disposals	-	-	-	-	(2)	-	-	-	-	-	(2)
Write-offs	-	-	-	-	(1)	-	-	-	-	-	(1)
Reversal of impairment	-	-	-	-	22	-	-	-	-	-	22
Reclassifications between groups	-	-	-	828	832	-	-	-	-	(1,660)	-
Reclassification from/to inventories	-	-	-	59	(35)	20	-	-	-	-	44
Depreciation	-	(7)	(60)	(3,985)	(4,242)	(7,375)	(8)	(5)	(8)	-	(15,690)
Net book amount at 30 June 2016	1,880	622	2,690	122,731	196,328	333,007	40	8	79	2,814	660,199
At 30 June 2016											
Cost	1,880	657	2,966	206,006	497,622	387,963	138	46	172	3,037	1,100,487
Accumulated amortisation	-	(35)	(276)	(83,275)	(263,749)	(54,956)	(98)	(38)	(93)	-	(402,520)
Accumulated impairment	-	-	-	-	(37,545)	-	-	-	-	(223)	(37,768)
Net book amount at 30 June 2016	1,880	622	2,690	122,731	196,328	333,007	40	8	79	2,814	660,199

As at 30 June 2016, the Company pledged to the banks property, plant and equipment with the value of EUR 338,630 thousand (31 December 2015: EUR 345,297 thousand).

All amounts in EUR thousands unless otherwise stated

7 Other non-current and current amounts receivable

The Company's other non-current amounts receivable as at 30 June 2016 and 31 December 2015 comprised as follows:

	At 30 June 2016	At 31 December 2015
Receivables for the sale of shares	7,537	7,439
Receivable for the sale of a part of the business (Note 3)	2,648	-
Receivable for capacity reserve services (Note 3)	267	533
Receivables for emission allowances lent	185	214
Receivables for apartments	126	130
Other amounts receivable	840	1,014
Total	11,603	9,330
Less: allowance for doubtful receivables	(722)	(895)
Carrying amount	10,881	8,435

The Company's other current amounts receivable as at 30 June 2016 and 31 December 2015 comprised as follows:

	At 30 June 2016	At 31 December 2015
Receivables for the sale of shares	10,562	20,791
Receivable for the sale of a part of the business (Note 3)	4,405	-
Receivable excise on heavy fuel	690	690
VAT receivable from the state budget	1,018	-
Other amounts receivable	387	1,620
Total	17,062	23,101
Less: allowance for doubtful receivables	(216)	(213)
Carrying amount	16,846	22,888

8 Loans granted

On 27 April 2016, the Company signed the Group account (cash-pool) agreement under which the Company's current loans granted to companies of Lietuvos Energija UAB group amounted to EUR 19,949 thousand as at 30 June 2016. The market interest rate is applied to these loans.

9 Authorised share capital

As at 30 June 2016 and 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. All the shares have been fully paid. The number of shareholders as at 30 June 2016 was 5,944 (31 December 2015: 6,109).

On 8 February 2016, the redemption of the shares of former public limited liability company LIETUVOS ELEKTRINĖ was announced which was completed on 9 May 2016. After the redemption of shares Lietuvos Energija UAB holds 614,453,540 shares of the Company.

As at 30 June 2016 and 31 December 2015, the Company's shareholder structure was as follows:

Shareholders	Authorised share capital At 30 June 2016		Authorised share capital At 31 December 2015	
	(in EUR)	%	(in EUR)	%
Lietuvos Energija, UAB	178,191,526.60	96.75	177,049,499.35	96.13
Other shareholders	5,982,721.75	3.25	7,124,749.00	3.87
Total	184,174,248.35	100.00	184,174,248.35	100.00

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

All amounts in EUR thousands unless otherwise stated

10 Borrowings

The Company's borrowings by maturity grouping are as follows:

	At 30 June 2016	At 31 December 2015
Non-current borrowings		
Loan from Nordea Bank AB Lithuania branch, in EUR, to be repaid by 31 March 2027	11,952	12,565
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	107,905	115,897
Total non-current borrowings	119,857	128,462
Current borrowings and current portion of non-current borrowings		
Loan from Nordea Bank AB Lithuania branch, in EUR, to be repaid by 31 March 2027	1,226	1,226
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	15,986	15,986
Total current borrowings and current portion of non-current borrowings	17,212	17,212

As at 30 June 2016 and 31 December 2015, the Company had no borrowings and overdrafts not withdrawn. Average interest rate payable on the Company's borrowings was 1.25% as at 30 June 2016 (31 December 2015: 1.25%).

As at 30 June 2016, the fair value of the Company's borrowings was approx. equal to EUR 128,562 thousand (31 December 2015: EUR 137,590 thousand). The fair value was estimated using a discount rate of 2.41% (31 December 2015: 2.46%). The fair value of borrowings is attributed to Level 2 in the fair value hierarchy.

The Company has pledged property, plant and equipment to secure the repayment of loans granted (Note 6).

11 Grants

The balance of grants includes grants received to finance the acquisition of assets. Movements in grants during the six-month periods ended 30 June 2016 were as follows:

	Asset-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 2016	28,044	252,268	31	280,343
Grants received	-	-	1,733	1,733
Depreciation of immovable property, plant and equipment	(318)	(5,213)	-	(5,531)
Utilisation of grant for emission allowances	-	-	(374)	(374)
Balance at 30 June 2016	27,726	247,055	1,390	276,171

During the six-month period ended on 30 June 2016, the Company's assets-related grants decreased by EUR 5,531 thousand, i.e. by the amount of depreciation of property, plant and equipment (by EUR 5,628 thousand during a respective period of 2015). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of comprehensive income.

12 Other non-current amounts payable and liabilities

The Company's other non-current amounts payable and liabilities comprised as follows:

	At 30 June 2016	At 31 December 2015
Advance amounts of PSO service fees received (Note 3)	15,823	7,018
Non-current payables for material valuables	813	904
Provisions for pension payments and indemnification for damages	445	496
Total	17,081	8,418

All amounts in EUR thousands unless otherwise stated

13 Provisions for emission

Movements in provisions for emission allowances were as follows:

	2016	2015
Balance at 1 January	3,735	2,839
Emission allowances utilised	(3,735)	(2,882)
Provisions for emissions*	322	1,493
Balance at 30 June	322	1,450

* For the purpose of the statement of comprehensive income, expenses of provision for emission allowances utilised were reported net of government grants (Note 11).

14 Segment reporting

In 2016, the management distinguished operating segments based on the reports reviewed by the Board. The Board is the principal decision-making body on the Company 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 Company's operations.

As at 30 June 2016 and 30 June 2015, the Company's management analysed the Company's operations by separating them into regulated activities and commercial activities. The regulated activities include the Reserve Power Plant'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, electricity production at Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services and other activity. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses.

Information on the Company's segments for the six-month period ended 30 June 2016 is presented in the table below.

2016	Regulated activities	Commercial activities	Total
Total revenue of segments	41,924	47,400	89,324
Total expenses of segments	(49,805)	(16,482)	(66,287)
Whereof: depreciation and amortisation expenses	(7,695)	(2,559)	(10,254)
Operating (loss)/profit	(7,881)	30,918	23,037
Finance income	-	557	557
Finance (costs)	(789)	(15)	(804)
(Loss) profit before income tax	(8,670)	31,460	22,790
Income tax			(4,996)
Net profit			17,794

Information on the Company's segments for the six-month period ended 30 June 2015 is presented in the table below.

2015	Regulated activities	Commercial activities	Total
Total revenue of segments	60,646	46,731	107,377
Total expenses of segments	(55,556)	(29,059)	(84,615)
Whereof: depreciation and amortisation expenses	(8,074)	(3,082)	(11,156)
Operating profit	5,090	17,672	22,762
Finance income	-	172	172
Finance (costs)	(989)	(286)	(1,275)
Profit before income tax	4,101	17,558	21,659
Income tax			(2,403)
Net profit			19,256

All amounts in EUR thousands unless otherwise stated

15 Other income

As at 30 June 2016 and 30 June 2015, the Company's other income comprised as follows:

	2016	2015
Gain on disposal of a part of the business (Note 3)	19,534	-
Sale of metal scrap	435	292
Gain on disposal of property, plant and equipment	26	2
Disposal of subsidiary	-	6,666
Other income	181	437
Total	20,176	7,397

As disclosed in Note 3, the Company transferred a part of the wholesale commercial electricity trading activity to Energijos Tiekimas UAB from 1 January 2016.

16 Related-party transactions

The Company's transactions with related parties between January and June of 2016 and the balances arising on these transactions as at 30 June 2016 are presented below:

Related party	Amounts payable and accrued expenses	Amounts receivable and unbilled revenue	Purchases	Sales
Associates of the Company	104	7	421	10
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	4,991	9,757	10,281	19,613
Lietuvos Energija, UAB	15	35,627	82	177
LITGRID AB	542	5,576	2,380	24,779
BALTPPOOL UAB	2	5,587	6	30,697
Amber Grid AB	2,903	-	16,948	2
GET Baltic UAB	-	647	773	-
Total	8,557	57,201	30,891	75,278

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

Related party	Amounts payable and accrued expenses	Amounts receivable and unbilled revenue	Purchases	Sales
Associates of the Company	127	3	593	10
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	975	11,564	38,136	90,724
Lietuvos Dujos AB	4	-	14	-
Lietuvos Energija, UAB	-	28,254	972	49,815
LITGRID AB	654	1,621	2,736	7,715
BALTPPOOL UAB	1	6,352	-	37,220
Amber Grid AB	77	-	4,015	2
GET Baltic UAB	-	232	711	-
Total	1,838	48,026	47,177	185,486

In 2016 and 2015, the Company carried out the functions of a designated entity, i.e. bought the total quantity of electricity produced by wind-power generators and sold it at the power exchange. In 2016 and 2015, purchases and sales of electricity produced by wind-power generators as reported in the tables on the related-party transactions cover the total amount of the transaction.

In the table on the related-party transactions conducted in 2015 the Company's sales to LESTO AB, a company indirectly controlled by the Ministry of Finance of the Republic of Lithuania (from 1 January 2016 –Energijos Skirstymo Operatorius AB) and to Energijos Tiekimas UAB cover the total amount of the sale transactions, however, in the Company's statement of comprehensive income only income earned from intermediation services is recorded in respect of a part of these transactions as according to the service agreements signed with LESTO AB (2015) and Energijos Teikimas UAB (2015) the Company provided only intermediation services.

The major sale transactions in 2016 and between January and June of 2015 comprised transactions with LITGRID AB and BALTPPOOL UAB. Transactions with state-owned entities other than those controlled by the Ministry of Finance included regular business transactions and therefore they are not disclosed.

All amounts in EUR thousands unless otherwise stated

17 Compensation to key management personnel

	1 January 2016 – 30 June 2016	1 January 2015 – 30 June 2015
Employment-related payments	113	134
Whereof: Other significant payments to key management personnel	24	29
Number of key management personnel	4	5

In 2016 and 2015, key management personnel includes the general manager and directors of departments (including acting directors of departments).

18 Events after the reporting period

There were no significant events after 30 June 2016 and until the date of approval of the condensed interim financial information.
