

2017-05-12 No. *SD-481*

CERTIFICATION STATEMENT

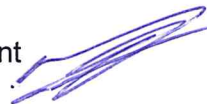
Referring to the provisions of the Article 24 of the Law on Securities of the Republic of Lithuania, we, the undersigned Eglė Čiužaitė, Chief Executive Officer, Mindaugas Kvekšas, Director of Finance and Administration Department, and Jelena Mordienė Head of Reporting Division of Verslo aptarnavimo centras UAB, hereby confirm that, to the best of our knowledge, Lietuvos energijos gamyba, AB condensed interim financial information for the three-month period ended 31 March 2017 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 Report for the three-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 Reporting Division,
acting under Order No. IS17-20 (signed 2017 02 22)



Jelena Mordienė

2017

LIETUVOS ENERGIJOS GAMYBA, AB

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



GAMYBA



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Condensed interim financial information was approved on 12 May 2017 by Lietuvos energijos gamyba AB General Manager, Finance and Administration Department Director, and Head of Reporting Division of Verslo Aptarnavimo Centras UAB (acting under Order No IS17-20 of 22 February 2017):



Eglė Čiužaitė
General Manager



Mindaugas Kvekšas
Finance and Administration
Department Director



Jelėna Mordienė
Head of Reporting Division of Verslo
Aptarnavimo Centras UAB (acting
under Order No IS17-20 of 22
February 2017)

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

(All amounts in EUR thousands unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 December 2016
ASSETS			
Non-current assets			
Intangible assets	4	8,820	12,157
Property, plant and equipment	4	636,505	645,054
Investments in associates		1,511	1,511
Other non-current assets		1,868	2,620
Other amounts receivable		5,674	7,178
Total non-current assets		654,378	668,520
Current assets			
Inventories		5,803	5,844
Prepayments		3,519	3,454
Trade receivables		16,993	16,331
Other amounts receivable		8,742	8,116
Prepaid income tax		-	22
Loans granted		19,296	18,098
Cash and cash equivalents		97,106	99,045
Total current assets		151,459	150,910
TOTAL ASSETS		805,837	819,430
EQUITY AND LIABILITIES			
Equity			
Share capital		184,174	184,174
Share premium		85,660	85,660
Legal reserve		12,871	10,872
Revaluation reserve		1,024	1,033
Retained earnings		63,106	73,827
Total equity		346,835	355,566
Non-current liabilities			
Borrowings		106,948	111,251
Finance lease liabilities		276	310
Grants		267,131	269,758
Other non-current amounts payable and liabilities		11,238	10,480
Deferred income tax liabilities		25,021	24,731
Total non-current liabilities		410,614	416,530
Current liabilities			
Borrowings		17,212	21,208
Finance lease liabilities		138	138
Trade payables		13,321	19,904
Advance amounts received		1,056	1,284
Income tax payable		112	-
Provisions for emission allowances		970	1,316
Other amounts payable and liabilities		15,579	3,484
Total current liabilities		48,388	47,334
Total liabilities		459,002	463,864
TOTAL EQUITY AND LIABILITIES		805,837	819,430

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

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the three-month period ended 31 March 2017

(All amounts in EUR thousands unless otherwise stated)

	Notes	1 January 2017- 31 March 2017	1 January 2016- 31 March 2016
Revenue			
Sales revenue		31,791	33,461
Other operating income	7	292	19,844
	6	32,083	53,305
Operating expenses			
Purchase of electricity and related services		(5,725)	(6,761)
Gas, biofuel and heavy fuel expenses		(7,665)	(12,883)
Depreciation and amortisation		(4,981)	(5,125)
Wages and salaries and related expenses		(1,947)	(1,978)
Repair and maintenance expenses		(896)	(907)
Emission allowance revaluation and provisions (expenses)/income		(3,025)	(4,744)
Impairment of other non-current assets		(752)	(1,208)
PP&E impairment (loss)/ reversal		(1,085)	11
Other expenses		(1,356)	(1,591)
Total operating expenses	6	(27,432)	(35,186)
OPERATING PROFIT		4,651	18,119
Finance income (costs):			
Other finance income		54	118
Other finance (costs)		(311)	(428)
		(257)	(310)
PROFIT BEFORE INCOME TAX		4,394	17,809
Current income tax (expense)			
Deferred income tax income/(expense)		(134)	(1,803)
		(290)	(2,049)
		(424)	(3,852)
NET PROFIT FOR THE PERIOD		3,970	13,957
Other comprehensive income (expense)			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,970	13,957
Basic and diluted earnings per share (in EUR)		0.006	0.022
Weighted average number of shares		635,083,615	635,083,615

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

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the three-month period ended 31 March 2017

(All amounts in EUR thousands unless otherwise stated)

	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Retained earnings	Total equity
Balance as at 1 January 2016	184,174	85,660	1,063	10,872	61,131	342,900
Total other comprehensive income	-	-	-	-	-	-
Net profit for the period	-	-	-	-	13,957	13,957
Total comprehensive income for the period	-	-	-	-	13,957	13,957
Depreciation of revaluation reserve	-	-	(8)	-	8	-
Balance as at 31 March 2016	184,174	85,660	1,055	10,872	75,096	356,857
Balance as at 1 January 2017	184,174	85,660	1,033	10,872	73,827	355,566
Total other comprehensive income	-	-	-	-	-	-
Net profit for the period	-	-	-	-	3,970	3,970
Total comprehensive income for the period	-	-	-	-	3,970	3,970
Legal reserve	-	-	-	1,999	(1,999)	-
Depreciation of revaluation reserve	-	-	(9)	-	9	-
Dividendai (Note 5)	-	-	-	-	(12,701)	(12,701)
Balance as at 31 March 2017	184,174	85,660	1,024	12,871	63,106	346,835

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

Lietuvos energijos gamyba, AB, company code: 302648707, address: Elektrinės st. 21, LT-26108, Elektrėnai, Lithuania
CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the three-month period ended 31 March 2017

(All amounts in EUR thousands unless otherwise stated)

	1 January 2017- 31 March 2017	1 January 2016- 31 March 2016
Net profit	3,970	13,957
Reversal of non-monetary expenses (income) and other adjustments		
Depreciation and amortisation expense	7,744	7,881
Loss on impairment of property, plant and equipment and impairment	1,085	-
Inventory write-down (reversal)	(4)	(4)
Loss on revaluation of emission allowances	3,417	6,028
Income tax expense	134	1,803
Change in deferred income tax liability	290	2,049
(Depreciation) of grants	(2,763)	(2,765)
(Decrease) increase in provisions	432	(1,348)
(Gain) loss on disposal/write-off of non-current assets (other than financial assets)	(10)	(26)
Elimination of results of financing and investing activities:		
- Interest (income)	(33)	(60)
- Interest expense	310	421
- Other finance costs (income)	-	(51)
Changes in working capital		
(Increase) decrease in trade receivables and other amounts receivable	216	(9,133)
Decrease (increase) in inventories and prepayments	(31)	9,018
(Decrease) in amounts payable and advance amounts received	(6,358)	(424)
Income tax (paid)	-	(12)
Net cash generated from operating activities	8,399	27,334
Cash flows from investing activities		
(Acquisition) of property, plant and equipment and intangible assets	(516)	(266)
Disposal of property, plant and equipment and intangible assets	10	28
Loans granted	(1,198)	-
Interest received	33	39
Net cash (used in) investing activities	(1,671)	(199)
Cash flows from financing activities		
Repayments of borrowings	(8,299)	(4,302)
Finance lease payments	(34)	(37)
Interest (paid)	(310)	(417)
Dividends (paid out)	(24)	(102)
Net cash (used in) financing activities	(8,667)	(4,858)
Net increase (decrease) in cash flows	(1,939)	22,277
Cash and cash equivalents at the beginning of the period	99,045	66,176
Cash and cash equivalents at the end of the period	97,106	88,453

The accompanying notes form an integral part of the 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.

Company is part of Lietuvos Energija group. „Lietuvos energija“, UAB is the parent company and controls 96.75 percent shares of the Company.

Company's investments in associates as at 31 March 2017 and 31 December 2016 were as follows:

Company	Registered office address	Company's ownership interest as at 31 March 2017	Company's ownership interest as at 31 December 2016	Profile of activities
Geoterma UAB	Lypkių st. 53, LT-94100 Klaipėda, Lithuania	23.44 %	23.44 %	Geothermal energy production
Technologijų ir Inovacijų Centras UAB	Juozapavičiaus st. 13, Vilnius, Lithuania	20.01 %	20.01 %	IT services
Verslo Aptarnavimo Centras UAB	P. Lukšio st. 5B, LT-08221 Vilnius, Lithuania	15.00 %	15.00 %	Public procurement, accounting and employment relations administration services

In the financial statements of the Company, results of operation of associates are accounted for using an equity method.

As at 31 March 2017, the Company had 404 (31 December 2016: 399) employees.

2 Accounting principles

2.1 Basis of preparation of condensed interim financial information

The Company's condensed unaudited interim financial information for the three-month period ended 31 March 2017 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 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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

2.2 Accounting policies

The accounting principles applied in preparing condensed interim financial information are the same as those applied in preparing annual financial statements for 2016.

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 2017, 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 2017 will have a material impact on the Company's financial statements.

(All amounts in EUR thousands unless otherwise stated)

3 Critical accounting estimates

Income from sale of part of business

Agreement on sale of the commercial part of wholesale electricity trade business signed on 12 October 2015 between the Company and Energijos Tiekimas UAB provides that additional amount of EUR 8 million (i.e. EUR 2 million per year) may be paid during the period until 2019, depending on the results of the disposed activities. The Company's management estimated an additional amount of income by assessing the probabilities to obtain additional income each year for the period up to 2019. Net present value of additional amount of income was estimated by discounting additional amount of income for the period up to 31 March 2019 using discount rate of 0.53%. The present value of the price premium was equal to EUR 4,673 thousand for the period ended 31 March 2017. As at 31 March 2017 the amounts receivable of EUR 4,673 thousand according EUR 1,186 thousand were reported within other non-current and EUR 3,487 thousand other current amounts receivable.

4 Non-current intangible assets and property, plant and equipment

The movement of the Company's non-current intangible assets and property, plant and equipment is presented below:

	Intangible assets	Property, plant and equipment
Period ended 31 March 2017		
Balance at the beginning of the period	12,157	645,054
Additions	-	239
Grants received	110	-
(Expenses) from revaluation of emission allowances	(3,417)	-
Reclassification from inventories	-	11
Impairment	-	(1,096)
Reversal of impairment	-	11
Amortisation/depreciation	(30)	(7,714)
Balance as at 31 March 2017	8,820	636,505

5 Dividends

During the Annual General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 24 March 2017, a decision was made to pay out dividends of EUR 0.020 per share for the second half year period ended 31 December 2016. Dividends payable accounted in the financial statement other amounts payable and liabilities.

Dividends (EUR'000)	12,701
Weighted average number of shares (units)	635,083,615
Dividends per share (EUR)	0.020

During corresponding period in 2016 there was no decision approved to distribute dividends.

(All amounts in EUR thousands unless otherwise stated)

6 Segment reporting

In 2017, 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 and 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 31 March 2017 and 31 December 2016, the Company's management analysed the Company's operations by separating them into regulated activities and commercial activities. The regulated activities include the Elektrėnai Complex's revenue from heat and electricity production, balancing and regulation, capacity reserve services, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, electricity production at Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses.

Information on the Company's segments for the three-month period ended 31 March 2017 is presented in the table below:

2017	Regulated activity	Commercial activity	Total
Total revenue of segments	20,278	11,805	32,083
Total expenses of segments	(19,127)	(8,305)	(27,432)
<i>Whereof: depreciation and amortisation expenses of non-current assets</i>	<i>(3,789)</i>	<i>(1,192)</i>	<i>(4,981)</i>
<i>Whereof: impairment of non-current assets</i>	<i>-</i>	<i>(1,085)</i>	<i>(1,085)</i>
Operating (loss) profit	1,151	3,500	4,651
Finance income			54
Finance costs			(311)
Profit before income tax			4,394
Income tax			(424)
Net profit for the period			3,970

Information on the Company's segments for the three-month period ended 31 March 2016 is presented in the table below:

2016	Regulated activity	Commercial activity	Total
Total revenue of segments	19,351	33,954	53,305
Total expenses of segments	(26,770)	(8,416)	(35,186)
<i>Whereof: depreciation and amortisation expenses of non-current assets</i>	<i>(3,847)</i>	<i>(1,278)</i>	<i>(5,125)</i>
<i>Whereof: impairment of non-current assets</i>	<i>-</i>	<i>11</i>	<i>11</i>
Operating (loss) profit	(7,419)	25,538	18,119
Finance income			118
Finance costs			(428)
Profit before income tax			17,809
Income tax			(3,852)
Net profit for the period			13,957

7 Other operating income

For the period ended 31 March 2017 and 2016 the Company's other operating income comprised as follows:

	31 March 2017	31 March 2016
Income from the sale of part of business (Note 3)	-	19,534
Sale of metal scrap	160	196
Other income	107	88
Gain on disposal of property, plant and equipment	10	26
Disciplinary Measures	15	-
Total	292	19,844

(All amounts in EUR thousands unless otherwise stated)

8 Related party transactions

The Company's transactions with related parties between January and March of 2017 and the balances arising on these transactions as at 31 March 2017 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Loans granted	Purchases	Sales
Associates of the Company	102	11	608	226	3
„Lietuvos energija“, UAB subsidiaries	592	4,803	5,767	1,751	33
Parent company „Lietuvos energija“, UAB	13,414	3,890	12,921	92	39
LITGRID AB	507	4,861	-	565	11,356
BALTPPOOL UAB	1	9,103	-	4	22,257
AB Amber Grid	2,456	-	-	6,167	-
UAB GET Baltic	-	259	-	253	-
Total	17,072	22,927	19,296	9,058	33,688

The Company fulfilled the functions of the designated person, i.e. the Company purchased all electricity projected to be generated at the wind power plants and sold it on the power exchange. In the above tables of transactions with related parties, the purchases and sales of electricity generated at the wind power plants cover the total amount of transactions.

The Company's transactions with related parties between January and March of 2016 and the balances arising on these transactions as at 31 December 2016 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Loans granted	Purchases	Sales
Associates of the Company	116	11	-	198	6
„Lietuvos energija“, UAB subsidiaries	2,051	4,808	4,773	3,301	19,586
Parent company „Lietuvos energija“, UAB	1,099	3,877	13,325	182	87
LITGRID AB	626	4,329	-	672	10,989
BALTPPOOL UAB	65	1	-	1	16,202
AB Amber Grid	-	-	-	9,472	-
UAB GET Baltic	-	-	-	770	-
Total	3,957	13,026	18,098	14,596	46,870

9 Compensation to key management personnel

	1 January 2017- 31 March 2017	1 January 2016- 31 March 2016
Employment-related payments	51	53
Whereof: other significant payments to key management personnel	12	13
Number of key management personnel at 31 March	5	4

In 2017 and 2016, key management personnel includes general manager and directors of departments (including the acting director of the department).

10 Events after the reporting period

There were no other significant events between 31 March 2017 and the date of approval of the financial statements.

2017

LIETUVOS ENERGIJOS GAMYBA, AB INTERIM REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017



Lietuvos
energija

GAMYBA



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Reporting period covered by the Interim Report

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 period of January-March 2017.

Legal basis for preparation of the Interim Report

The Interim Report of Lietuvos Energijos Gamyba AB has been prepared by the Company's Administration in accordance with the Lithuanian Law on Securities, the Rules for Preparation and Submission of Periodic and Additional Information approved under Resolution No 03-48 of the Board of the Bank of Lithuania of 28 February 2013 (as amended by Resolution No 03-22 of 11 February 2016), and Lithuanian Government Resolution No 258 of 7 March 2012 On approval of the guidelines for ensuring transparency of operations of state-owned entities and appointment of a coordinating body.

Individuals responsible for information contained in the Interim Report

Job title	Full name	Telephone number
Lietuvos Energijos Gamyba AB, CEO	Eglė Čiužaitė	+370 5 278 2907
Lietuvos Energijos Gamyba AB, Director of Finance and Administration Department	Mindaugas Kvekšas	+370 5 278 2907

KEY OPERATING AND FINANCIAL INDICATORS OF LIETUVOS ENERGIJOS GAMYBA

		3 months 2017	3 months 2016	Change	
				+/-	%
KEY OPERATING INDICATORS					
Electricity generation volume	<i>TWh</i>	0.24	0.31	-0.06	-20.67
KEY FINANCIAL INDICATORS					
Revenues	<i>tūkst. eurų</i>	32,083	53,305	-21,222	-39.81
Costs of purchase of electricity, fuel and related services	<i>tūkst. eurų</i>	13,390	19,644	-6,254	-31.84
Operating expenses ¹	<i>tūkst. eurų</i>	4,189	4,570	-381	-8.34
EBITDA ²	<i>tūkst. eurų</i>	14,504	9,558	4,946	51.75
EBITDA margin ³	%	45.2	28.3	16.9 p.p.	
Net profit (loss)	<i>tūkst. eurų</i>	3,970	13,957	-9,987	-71.56
		31/03/2017	31/03/2016	Change	
				+/-	%
Total assets	<i>tūkst. eurų</i>	805,837	839,253	-33,416	-3.98
Equity	<i>tūkst. eurų</i>	346,835	356,857	-10,022	-2.81
Financial debts	<i>tūkst. eurų</i>	124,574	141,924	-17,350	-12.22
Net financial debts ⁴	<i>tūkst. eurų</i>	27,468	53,471	-26,003	-48.63
Return on equity (ROE) ⁵	%	4.6	15.6	-11.1 p. p.	
Equity level ⁶	%	43.0	42.5	0.5 p. p.	
Net financial debts / 12-month EBITDA	%	47.3	139.9	-92.5 p. p.	
Net financial debts / Equity	%	7.9	15.0	-7.1 p. p.	

¹ Operating expenses less costs of purchase of electricity and related services, costs of fuel used for production, depreciation and amortisation costs, impairment losses, revenues/expenses of revaluation of emission allowances and costs of write-offs of property, plant and equipment.

² Profit (loss) before tax + financial activities costs – financial activities income – dividends received + depreciation and amortisation costs + impairment losses + revenues/expenses of revaluation of emission allowances + write-offs of property, plant and equipment.

³ EBITDA / Revenues.

⁴ 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 Net profit (loss), restated annual value // Equity at the end of the period.

⁶ Equity at the end of the period / Total assets at the end of the period.

MESSAGE FROM THE CHAIRWOMAN OF THE BOARD

Dear customers, partners, employees, shareholders,

The Company's sales revenue of the January-March period of 2017 are EUR 31.79 million and are 5 percent smaller than the revenue of the January-March period of 2016 (EUR 33.46 million).

The main reason for the loss of sales revenue is a huge decrease of electricity production in Elektrėnai Complex, which produced only 6 GWh of electricity during the first three months of 2017. The electricity production units in Elektrėnai were not generating electricity due to fairly smaller prices of electricity in exchange, which were smaller than the prices at the beginning of 2016. As a result, the combined cycle gas turbine unit in Elektrėnai Complex could not operate competitively, hence, it was activated only once. Last year in the same period it was activated nine times and produced nearly nine times more electricity (34 GWh).

The generation of Kruonis pumped storage power plant produced was by third smaller during the January-March period of 2017 compared to the same period of 2016 (104 GWh and 153 GWh respectively).

The Company's profit of the January-March period of 2017, excluding interest, taxes, depreciation and amortization (EBITDA) reaches EUR 14.50 million and is 52 percent bigger than the profit of January-March period of 2016 (EUR 9.56 million).

One of the major reasons for the increase in EBITDA earnings is the flood, which made the Kaunas Algirdas Brazauskas Hydroelectric Power Plant generate a greater amount of energy. During the January-March period of 2017 this power plant produced 132 GWh of electricity, i. e. 12 percent more than in the same period in 2016 (118 GWh). Overall, the power plants of the Company produced 242 GWh of electricity during the January-March period of 2017 – 21 percent less than during the same period in 2016 (305 GWh).

The increase in EBITDA is also stimulated by the fact that in 2017 Company's revenue from regulated activities was not reduced due to the regulation of commercial production and inspection of the Company's activity in 2010-2012. As a result of the decisions of The National Commission for Energy Control and Prices, financial reports of the Company in 2016 January-March did not acknowledge a part of regulated activity income and this had a negative impact of EUR 5.8 million on the EBITDA indicator of the Company.

The Company's net profit of the January-March period of 2017 reaches EUR 3.97 million and is 72 percent smaller than the net profit of January-March period of 2016 (EUR 13.96 million).

The change in the Company's net profit (compared to the results of January-March period of 2017 and January-March period of 2016) emerged due to the effect of one-off factors – the selling result of the business part, which was calculated in early 2016 (EUR 19,5 million). If the sale of the part of the business was excluded, the Company would be experiencing an increase in net profit.

“The changing market conditions imply that our power plants face a greater rivalry. We take this challenge seriously, therefore, we effectively manage our costs. In addition, we support the availability of operating facilities in order to be able to start producing electricity in time and contribute to a proper supply of electricity to customers and to the stabilization of electricity prices on the market. We are also actively implementing the Company's strategy which is aimed at making our employees dedicate their competency and time to delivering new services – in March we provided the first maintenance services to external customers”, – chairwoman of the Company's board and CEO of the Company Eglė Čiužaitė points out the most important activity issues for 2017.

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

MOST SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On 6 January 2017, according to the instruction of the transmission system operator (hereinafter referred to as the TSO), **the Company tested unit 7 of the backup power plant of the Elektrėnai complex**, which has been ensuring the tertiary active power reserve service of 224 MW in production since 1 January 2017, with heating oil as the main fuel. The test was successful; the conclusions confirming the successful test were received on 11 January 2017. Unit 8 of the backup power plant is used by the Company to provide the tertiary power reserve service at 260 MW and the Company has two fuel types available for this purpose: heating oil and gas. After optimising its production capacities, the Company supplies the entire quantity of the tertiary power reserve service (484 MW) to the transmission system operator of 2017 for EUR 32.2 million, i.e. for EUR 10.4 million less than was established for the provision of this service as necessary costs if heating oil as well as gas are used.

On 6 January 2017, the Supervisory Board of the Company adopted a decision **to elect Mr. Mindaugas Gražys as a member of the Board** starting from 6 January 2017 until the end of the term of office of the present Board.

In January 2017, the project for decommissioning of 5 and 6 units was initiated. In January 2016, units 5 and 6 were decommissioned. Given the fact that the price of electricity produced at these units is no longer competitive on the market and that their abandonment will help reduce the final tariffs of electricity for end users, the decision was made to dismantle these obsolete and ineffective 300 MW capacity units of the reserve power plant.

On 1 March 2017, the updated organisation structure of the Company came into force. The changes were initiated in accordance with the Company's strategy, in order to make the processes and work organisation at different power plants uniform and to define the functions of individual production subdivisions and supporting activities clearly. This created additional opportunities for managing materials and works in the sphere of technical maintenance in a centralised manner, for operating faster, more efficiently and flexibly. After the structure was changed, it became possible to allocate more time and human resources to the development of new

services, as provided for in the activity strategy of the Company that was approved in autumn 2016.

On 10 March 2017, the National Commission for Energy Control and Prices (hereinafter referred to as the NCC) imposed a fine comprising EUR 5,643 on the Company because the Company failed to submit audited statements regarding the regulated heat production activity in 2014 (including the supply of heat to UAB "Elektrėnų komunalinis ūkis") by an independent auditor that are required by the NCC on time. The Company stated that it disagrees with the imposed sanction procedure and presented its arguments to the NCC. The main reason why the audited statements were delayed is the lack of clarity in the legislative framework and the repeated procurement of audit services that the Company was forced to carry out. It should be noted that repeated procurement of audit allowed the Company to save more than EUR 50 thousand, which would have been included in the costs of regulated activity and thereby increased the heat price for the residents of Elektrėnai.

At the Ordinary General Meeting of Shareholders held on 24 March 2017, a decision was made to approve the proposed profit (loss) appropriation for the year 2016. A decision was made on distribution of dividends to the shareholders of the Company for the six-month period ended 31 December 2016. Dividends of EUR 0.02 per share of the Company (in total, EUR 12.7 million) were distributed.

In the end of March 2017 the Company completed decommissioning project of the units 1 and 2. As the Company completed the project for expansion of heat generation facilities in Elektrėnai in 2015, the units 1 and 2 of the reserve power plant (which have been used so far for heat production to satisfy the needs of population of Elektrėnai town during the cold season) appeared to be longer necessary.

In March 2017, LEG employees performed the first technical maintenance tasks for external customers.

More information about these events and other events important to the Company is available in this notice below and on the Company's website at www.gamyba.lt.

ANALYSIS OF PERFORMANCE AND FINANCIAL INDICATORS

		3 months 2017	3 months 2016 m.	3 months 2015	3 months 2014	3 months 2013
FINANCIAL INDICATORS						
Sales revenue	EUR'000	31,791	33,461	37,233	41,793	61,476
Other operating income	EUR'000	292	19,844	6,931	439	644
EBITDA ¹	EUR'000	14,504	9,558	18,407	16,116	16,816
Operating profit	EUR'000	4,651	18,119	17,828	10,247	3,544
Net profit (loss)	EUR'000	3,970	13,957	14,822	9,294	2,023
Profit before tax	EUR'000	4,394	17,809	17,190	10,586	2,990
Cash flows from operations	EUR'000	8,399	27,334	2,269	20,021	3,544
Liabilities to financial institutions	EUR'000	124,574	141,924	158,584	160,590	188,251
RATIOS						
Liabilities / equity		1.32	1.35	1.37	1.31	1.36
Financial liabilities / equity		0.36	0.40	0.41	0.39	0.40
Financial liabilities / assets		0.15	0.17	0.17	0.17	0.17
LOAN COVERAGE RATIO						
Loan coverage ratio (EBITDA / (interest costs + loans repaid in the reporting period)) ²		1.68	2.01	3.77	8.57	10.82
PROFITABILITY RATIOS						
Operating profit margin	%	14.50	33.99	40.37	24.26	5.71
Profit before tax margin	%	13.70	33.41	38.92	25.07	4.81
Net profit margin	%	12.37	26.18	33.56	22.01	3.26
Return on equity	%	4.58	15.64	15.51	9.14	1.66
Return on assets	%	1.97	6.65	6.54	3.96	0.75
Earnings per share	EUR	0.006	0.022	0.023	0.015	0.003
P/E (share price / earnings)		25.52	7.38	9.77	10.59	31.39

¹ Earnings before tax + interest costs – interest income – dividend received + depreciation & amortisation + non-current & current asset impairment losses + result on disposal of part of business.

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

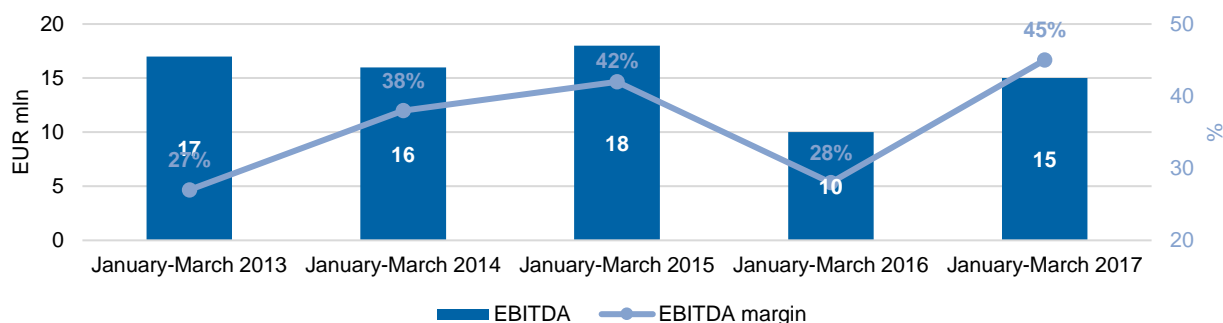
One of the major reasons for the increase in EBITDA earnings is the flood, which made the Kaunas Algirdas Brazauskas Hydroelectric Power Plant generate a greater amount of energy. During the January-March period of 2017 this power plant produced 132 GWh of electricity, i. e. 12 percent more than in the same period in 2016 (118 GWh).

The increase in EBITDA is also stimulated by the fact that in 2017 Company's revenue from regulated activities was not reduced due to the regulation of commercial production and inspection of the Company's activity in 2010-2012. As a result

of the decisions of The National Commission for Energy Control and Prices, financial reports of the Company in 2016 January-March did not acknowledge a part of regulated activity income and this had a negative impact of EUR 5.8 million on the EBITDA indicator of the Company.

Figure 1

The Company's EBITDA and EBITDA margin dynamics



Statement of financial position

The Company's liabilities to financial institutions amounted to EUR 124.6 million as at 31 March 2017. They included liabilities under long-term loan agreements

Statement of comprehensive income

Revenue

The Company's sales revenue totalled EUR 31.8 million in January-March 2017. Income from electricity trading, balancing power, regulation power, power reserve and PSO services as well as income from sale of heat energy account for the largest part of sales revenue. The Company's sales revenue decreased in January-March 2017 by 5% compared to January-March 2016. Such decrease was mostly caused by lower amount of production in Elektrėnai Complex because of the lower electricity prices in the market.

The Company's regulated revenue for January-March 2017, i.e. electricity and heat energy generation at Elektrėnai Complex and power reserve services provided at Elektrėnai Complex and Kruonis PSHP accounted for about 63% of the Company's total revenue (January-March 2016: 36%).

Expenses

In January-March 2017 expenses incurred by the Company totalled EUR 27.4 million. Expenses of purchasing electricity and related services as well as expenses of purchasing fuel for electricity generation accounted for the major part of the Company's total expenses (EUR 13.4 million or 48.8% in January-March 2017 compared to EUR 19.6 million or 55.8% in January-March 2016). The main reason for decrease in these expenses in 2017 compared to 2016 was lower amount of production in Elektrėnai Complex. The Company's depreciation and amortisation expenses amounted to EUR 5.0 million in January-March 2017.

Operating expenses (excluding the costs of purchase of electricity and related services, costs of fuel used for production, depreciation and amortisation expenses, expenses of revaluation of emission allowances and

impairment expenses) amounted to EUR 4.2 million in January-March 2017, i.e. decreased by EUR 4 million compared to 2015.

Profit

In January-March 2017 the Company's EBITDA was EUR 4.9 million higher compared to January-March 2016. In January-March 2017 the Company's EBITDA margin reached 45.2% (2016: 28.3%).

In January-March 2017 the Company's profit before tax totalled EUR 4.4 million, and net profit totalled EUR 4.0 million. In January-March 2016 the Company earned EUR 14.0 million of net profit..

The Company's net profit decreased in January-March 2017 due to higher EBITDA and effects of one-off items: disposal of part of business in the beginning of 2016 (recognised result before tax amounted to EUR 19.5 million). If the sale of the part of the business was excluded, the Company would be experiencing an increase in net profit.

Statement of cash flows

In January-March 2017 the Company's net cash flows from operating activities amounted to EUR 8.4 million compared to EUR 27.3 million in January-March 2016.

In January-March 2017 the Company's cash flows financing activities were negative similarly as in January-March 2016 and amounted to EUR 8.7 million compared to EUR 4.9 million in 2016.

Investments in non-current assets

In January-March 2017 the Company's investments in property, plant and equipment non-current intangible assets totalled EUR 0.2 million compared to EUR 0.5 million in January-March 2016..

Overview of activities of the Company's power plants

The Company brings together the state-owned electricity generating facilities, namely, the reserve power plant and the combined cycle unit in Elektrėnai Complex, Kruonis Pumped Storage Hydroelectric Plant (Kruonis PSHP) and Kaunas Algirdas Brazauskas Hydroelectric Power Plant (Kaunas HPP). The Company's main objective is to contribute to ensuring the country's energy security by consolidating production capacity (Figure 2).





The biofuel boiler house built in the Elektrėnai Complex enables the Company to produce heat energy to satisfy the

needs of Elektrėnai town and Kietaviškės greenhouses, and the needs of its own.

As from 1 January 2016, trade in electricity produced by the Company is conducted under the agreement by Energijos Tiekimas UAB. Before that date, the Company used to conduct trading on the wholesale electricity market on its own (i.e. within the communication environment between the producers and suppliers of electricity).

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

Figure 2
Description of activities of the Company's power plants

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 assures tertiary and strategic reserves to ensure safe electricity supply and reserves of the energy system.</p> <p>Units 1,2, 3 and 4 of the reserve power plant have been dismantled (the capacity of all units is 150 MW each). Units 5 and 6 (300 MW each) have been decommissioned, and their dismantling was started in 2017.</p> <p>In future, most of electricity is expected to be produced at the most effective combined cycle unit (455 MW). Units 7 and 8 are in reserve. The capacity of these units is 300 MW each. In 2015, new heat production facilities (steam and biofuel boiler houses) were brought into use.</p> <p><small>* The above-mentioned power plant capacity applies from 1 January 2016, i.e. upon decommissioning of units 5 and 6.</small></p>	 <p>Capacity – 900 MW</p> <p>Kruonis PSHP is intended for the balancing of electricity generation and consumption, as well as for the prevention of emergency incidents within the power system and elimination of consequences thereof. Kruonis PSHP is responsible for 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 the market conditions appear to be favourable, the Company plans to implement a project aimed at the development of Kruonis PSHP.</p>	 <p>Capacity – 100,8 MW</p> <p>Kaunas HPP is the largest power plant in Lithuania that uses renewable energy sources.</p> <p>Kaunas HPP contributes to the balancing of electricity generation and consumption, and levels out the power system. It is one of the power plants in the Lithuanian power system that can start an autonomous operation in case of the total power system failure.</p> <p>Depending on natural conditions, the plant is going to maximise its production of green energy and to provide system services.</p>	 <p>As from 2016, trading in electricity produced by the Company is conducted under the agreement on the wholesale electricity market by Energijos Tiekimas UAB.</p> <p>On completion of the power links with Sweden and Poland, trading will become more active due to wider opportunities for electricity trading and system services in the interconnected systems.</p>

Key performance indicators

Electricity generation indicators for January-March 2017

The Company has permits for indefinite term to engage in electricity generation activities. In total 0.242 TWh of electricity produced at the power plants controlled by the Company was sold in January-March 2017. Compared to January-March 2016, the total amount of electricity produced at all power plants controlled by the Company decreased by 21% (compared to 0.305 TWh). Such decline was driven by lower amount of electricity produced at Elektrėnai Complex and slightly lower sales of electricity produced at Kruonis PSHP compared to January-March 2016. However, there was a growth tendency in the amount of electricity produced at Kaunas HPP (See Figure 3).

Elektrėnai Complex produced only 0.006 TWh of electricity during the first three months of 2017. The electricity production units in Elektrėnai were not generating electricity due to fairly smaller prices of electricity in exchange, which were smaller than the prices at the beginning of 2016. As a result, the combined cycle gas turbine unit in Elektrėnai Complex could not operate competitively, hence, it was activated only once. Last year in the same period it was activated nine times and produced nearly nine times more electricity (0.034 GWh).

Kruonis PHSP activities were different in comparison with January-March 2016. During 2016, especially in the first half

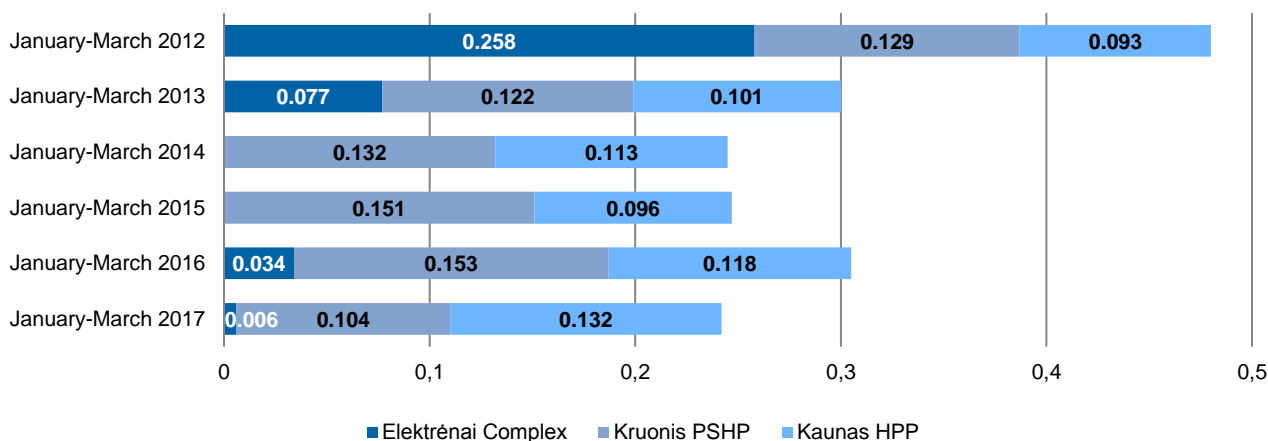
of the year, this power plant served as a first aid provider to power system multiple times. The TSO activates the emergency reserve (to be provided through two assemblies of the power plant) when it becomes necessary to compensate for a sudden decrease in electricity supply to Lithuania. Most of activation instances of the emergency reserve were related to unexpected disconnections of NordBalt power interconnection with Sweden, which was operating in a trial mode.

In January-March 2017, 0.104 TWh of electricity produced at this power plant was sold, which is 33% less compared to 2016 (0.153 TWh).

Accordingly, part of total amount of electricity (approx. 0.03 TWh) produced at this power plant in January-March 2017 comprised the emergency reserve, whereas the remaining major part of it was sold by the Company in the market.

Comparison of data for January-March 2017 and January-March 2016 shows that the production of electricity at **Kaunas HPP** increased. In total 0.132 TWh of electricity was produced at this power plant and sold, which is 12% more compared to 0.118 TWh in January-March 2016. Such increase in electricity production was driven by higher water levels in the Nemunas river

Figure 3
Electricity produced at power plants controlled by the Company and electricity sold (TWh)



Provision of system services

The system services ensure the stability and reliability of the energy system, prevention of and response to system emergencies, and the required power reserve in line with the established requirements for quality and reliability of electricity supply. The system services provided by the Company include power reserve, trade in regulation power and balancing power, reactive power management and system recovery services.

Power reserve services are intended to ensure reliable operation of the electricity system in the (emergency) events of unexpected drop in production of electricity or unexpected increase in electricity consumption. The producers provide secondary and tertiary power reserve maintenance services.

The secondary active power reserve is the power of installations or hydroelectric units maintained by the producer, which are activated within 15 minutes. The tertiary active power reserve is the power of power-generating sources maintained by the producer, which is activated within 12 hours. The power plants controlled by the Company provide tertiary and secondary active power reserve services. The secondary power reserve is ensured at Kruonis PSHP, whereas the tertiary power reserve is ensured at Elektrėnai Complex. In January-March 2017, the Company sold approx. 0.864 TWh of secondary power reserve and 1.045 TWh of tertiary power reserve compared

INTERIM REPORT
For the three-month period ended 31 March 2017

to 0.873 TWh and 1.102 TWh, respectively, in January-June 2016.

Trade in regulation power services are intended to balance the surplus and shortage of power in the energy system. Trade in regulation power is conducted in real time and ensures reliable operation of the power system on an hourly basis. When the amount of electricity in the system becomes insufficient and the TSO gives an instruction to increase its production, the Company increases the volume of electricity generation and sells the lacking amount of regulation power to the TSO. When there is surplus of power in the energy system and the TSO gives an instruction to reduce its production, the Company reduces the volume of electricity generation and buys surplus regulation power from the TSO. In January-March 2017, the Company sold 0.014 TWh and bought 0.008 TWh of regulation power compared to 0.003 TWh and 0.011 TWh, respectively, in January-March 2016.

Balancing power is the actual deviation from electricity generation or consumption scheduled by the TSO. Trade in balancing power is conducted at the end of the reporting month and it encourages the market players to make

accurate forecasts of their electricity generation and consumption. For instance, when the amount of electricity produced by the Company at a certain hour is lower than the scheduled one, the Company has to buy the difference from the TSO (purchase of balancing power); and vice versa, when the amount generated by the Company at a certain hour is higher than the scheduled one, the Company has to sell the difference to the TSO (sale of balancing power).

Reactive power management services are intended to level out any fluctuations in the loads of the power system and ensure the required level of voltage and frequency. Reactive power management services are provided through the units of Kruonis PSHP operating in synchronous compensator mode.

System recovery after complete failure services are intended to ensure effective activation of the power-generating source in the event of full or partial failure of power system, without using power supply from the grid. System recovery after complete failure services are provided at both Kruonis PSHP and Kaunas HPP.

FACTORS DETERMINING THE FINANCIAL INDICATORS OF THE COMPANY

Business environment

In January-March 2017 the Company was engaged in electricity and heat generation activities and provision of such services as assurance of strategic power reserve and tertiary active power reserve at Elektrėnai Complex and assurance of secondary emergency reserve at Kruonis PSHP, and other system services.

The main customers of the Company are the TSO (receiving all system services), the NCC (representing the interests of consumers as the Company provides regulated services), Nord Pool (NP) exchange participants (receiving electricity generation services), Elektrėnų Komunalinis Ūkis UAB and Kietaviškių Gausa UAB (receiving heat energy services).

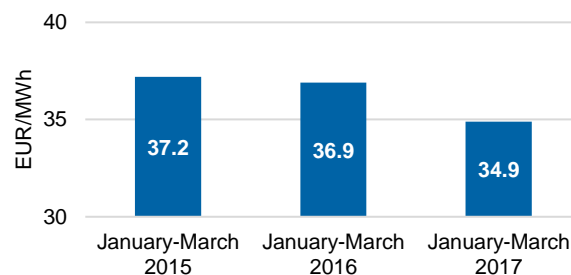
The most important events determining (actually or potentially) the Company's performance and financial indicators are as follows:

- **Further trend of development of electricity generation from renewable sources may provide basis for the implementation of the Company's development projects.** This enables the Company to take part in the development process, as well as increases the need for balancing services and increases purchases/sales of regulation power from/to the producers.
- **Launching of power links with Sweden and Poland in 2016 has both positive and negative effects on the Company's performance.** As a result of interconnection of electricity transportation systems and integration of power trade markets, the electricity prices in the Baltic States, Poland and Northern Europe are expected to gradually assimilate in the future. As a result of integration of several power markets, the price charged in the larger markets will still prevail (i.e. the price charged in the smaller markets will tend to change and achieve the level of price charged in the larger markets).

The Company's strategy

In September 2016, the Company's Board approved the Company's business strategy for 2016-2020 (hereinafter "the Strategy"). The Strategy defines the long-term business strategy of the Company: the strategic directions and objectives and the indicators for measuring the implementation of the Strategy.

Figure 4
Electricity prices as per Lithuania price area on NP electricity exchange
(Source: Nord Pool)



On one hand, the launching of these power links in 2016 resulted in a higher demand for the power reserve services provided by the power plants of the Company. On the other hand, it reduced the differences between the peak and off-peak prices on the electricity exchange, which in turn impacts the production at Kruonis PSHP. In addition, a lower electricity price worsens the possibilities to remain competitive while producing electricity using the gas installations.

- **Remaining low prices of emission allowances (EA) increase competition on the side of emitting producers.** Negative effect of the EA revaluation on the Company's net result amounted to EUR 3.8 million in January-March 2017. In a long run, the European Commission seeks to ensure increase in the EA prices, which in turn is expected to mitigate competition on the side of emitting producers.
- **The Company's performance might be affected by uncertainties in the market of power reserves.** Along with the discussions on updating the Lithuanian energy strategy and the level of production capacity that is necessary to assure in the country, the Company aims at ensuring that Elektrėnai Complex will remain as the most useful and effective local source of strategic reserve. To achieve this objective (in agreement with other services provided at Elektrėnai Complex), the Company plans to bring into use three units of Elektrėnai Complex by 2023: combined cycle unit (455 MW) and units 7 and 8 (300 MW each) which burn heavy fuel and comply with EU pollution requirements. Assessment of further maintenance and investments necessary beyond the year 2023 is expected to be carried out in 2020.
- **Litigations with the NCC have impact on the Company's performance.** For more details on litigations see Material events of the Company.

The Company updated its Strategy in view of the developments and future perspectives in the energy sector: growing competition in the electricity market, new opportunities arising in relation to the development of renewable resources, and emerging threats.

By the year 2020, the Company expects to dedicate at least 15% of its work time to earning income from new activities, and to cut its costs of operating activities by at least 15%.

The Company plans to achieve the above-mentioned objectives by focusing on four main strategic directions (See Figure 5).

Figure 5
The Company's strategic directions for 2016–2020

MISSION			
We are a reliable and advanced power generation company providing the services that are required for the energy system security.			
Ensure quality services provided to clients (the TSO, suppliers, consumers, shareholders)	Improve operational efficiency	Diversify and develop activities	Engage and empower employees
VISION			
Our aim is to become a competitive international centre of power generation and services.			

Research & development projects

For the purpose of implementing a technologically and economically feasible investment policy, the Company conducts long-term strategic planning helping to identify the directions of development for the Company and the investments required for replacement or modernisation of technological equipment.

The following investments of higher value are conducted or planned (until 2020) by the Company:

- renovation of complex distribution facilities for own needs and complex distribution transformer substations at Kruonis PSHP;
- major repairs of the second hydroelectric unit at Kruonis PSHP;
- works at the Obeniai ash site at Elektrėnai Complex;
- installation of unit 5 at Kruonis PSHP (if market conditions appear to be favourable).

The following R&D projects were under implementation during January-March 2017. More information on all of the Company's implemented R&D projects is available on annual or semi-annual reports.

Project for constructing a wind farm in the territory of Kruonis PSHP

In the beginning of 2015, complex measurements of wind speed, directions and other meteorological conditions allowing to assess the preliminary potential of the land plot for constructing a wind farm, were completed in the territory of Kruonis PSHP. Given positive wind measurement results, the Company initiated the preparatory works for the construction of a wind farm in the territory of Kruonis PSHP. A study of impact of Kruonis wind farm on NATURA 2000 territories, a feasibility study to evaluate wind resource and electricity production volumes, and a programme for evaluating environmental impact have been prepared; a programme for monitoring bats and birds in the territory of the wind farm has been completed

The most important works in January-March 2017 were related to the approval procedures of the environmental impact assessment report. The Environmental Protection Agency approved the environmental impact assessment report at the end of April 2017 and thus gave the green light to the wind farm near Kruonis. Nine or ten wind plants are planned to be installed in the exclusive energy production

infrastructure territory, where Kruonis PSHP already operates and a solar panel system has been installed for the Company's own purposes. The total power could comprise up to 35 MW. The assessment of the impact of anticipated economic activity on the environment was the last procedure that the Company, which seeks to install a wind farm in the territory of Kruonis PSHP, could initiate at the moment. The project will be continued after responsible public authorities make decisions on the further development of the wind energy sector in Lithuania.

Dismantling of units 1 and 2 of the reserve power plant

In the end of March 2017 the Company completed dismantling project of the units 1 and 2. As the Company completed the project for expansion of heat generation facilities in Elektrėnai in 2015, the units 1 and 2 of the reserve power plant (which have been used so far for heat production to satisfy the needs of population of Elektrėnai town during the cold season) appeared to be longer necessary. Consequently, in view of the fact that the price of electricity generated at these units is no longer competitive on the market and that the refusal of these units will help reduce the need for PSO funds as well as the final tariff of electricity for end users, the decision was made to dismantle these obsolete and ineffective 150 MW capacity units of the reserve power plant, which were constructed back in 1962–1965. Thermal insulation of the units, masonry of boilers have already been dismantled and utilised, and dismantling of unit installations and equipment is in progress by selling part of them as scrap and by offering the rest of them as still functioning on the market..

Dismantling of units 5 and 6 of the reserve power plant

In January 2017, the project for dismantling of 5 and 6 units was initiated. In January 2016, units 5 and 6 were decommissioned. Given the fact that the price of electricity produced at these units is no longer competitive on the market and that their abandonment will help reduce the final tariffs of electricity for end users, the decision was made to dismantle these obsolete and ineffective 300 MW capacity units of the reserve power plant. The dismantling of these units is planned to be accomplished in the end of 2020. The goal is to encourage the Company's employees to perform as many related tasks as possible, and to use income received after selling dismantled materials or facilities to cover project costs.

Operational excellence, innovative activities

Seeking to implement one of its strategic directions – to improve operational efficiency – the Company pursues constant improvements supported with optimisation of functions, technological advancement, introduction of innovations, and improvement of business processes. The Company implements Operational Excellence programme, which is based on the best management practices (LEAN, Six Sigma etc.).

The Company encourages and implements not only the improvements stipulated in its operating plans but also the ones proposed by its employees. The Company's employees submitted ~200 proposals for performance improvement in January-March 2017. Experts and managers evaluate the proposed ideas in terms of their payback and in respect of

such aspects as safety at work, quality, corporate values, and improvement of workplace ergonomics. Employees are provided with the possibility to implement their ideas and thereby contribute to developing the Company's activities and attaining its goals. Around 90 of proposals for performance improvement were implemented in January-March 2017..

All divisions of the Company continue using visual management of day-to-day operations with integrated performance indicators and cascaded meeting systems. With the help of LEAN and other tools, the Company eliminates wastages no longer creating any value, arranges and standardises premises and work places, solves problems in a more effective and fast manner, and improves the processes and their individual steps in view of the Company's priorities.

Key risks and uncertainties faced by the Company

As the Company carries out its activities, it is exposed to the following key risks and it takes the following measures to manage them:

- Risk of external regulation;
- Risk of market changes and competition;
- Risk of technical faults;
- Risk of occupational safety and health;
- Risk of information security.

Tools to manage those risks which the Company is taking are described in the Company's annual report.

There were no any significant occurrences of these risks in January-March 2017.

INFORMATION ON THE COMPANY'S AUTHORISED SHARE CAPITAL AND SECURITIES

Structure of authorised share capital and securities in issue

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

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

The Company did not acquire, nor transferred its own shares during the reporting period. The Company had not acquired its own shares.

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

ISIN code LT0000128571.

Ticker - LNR1L.

The Company's shares are not traded on any other regulated markets.

Išstatinio kapitalo struktūra

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

The Company's share price and turnover dynamics

Statistics on trade in the Company's shares

	3 months 2013	3 months 2014	3 months 2015	3 months 2016	3 months 2017	
Last trading session price, EUR	0.400	0.514	0.912	0.649	0.638	
Maximum price, EUR	0.411	0.530	0.930	0.713	0.655	
Minimum price, EUR	0.380	0.395	0.783	0.623	0.600	
Average price, EUR	0.389	0.463	0.853	0.633	0.632	
Turnover, shares	153 932	343 604	167 086	144 233	220 186	
Turnover, EUR MLN	0.06	0.16	0.14	0.096	0.14	
Capitalisation, EUR MLN	Company	254.03	393.75	579.19	412.17	405.18
	Baltic Main List	5,035.93	4,608.38	4,914.94	4,565.49	5,224.42

Figure 6
The Company's share price and turnover dynamics during the reporting period

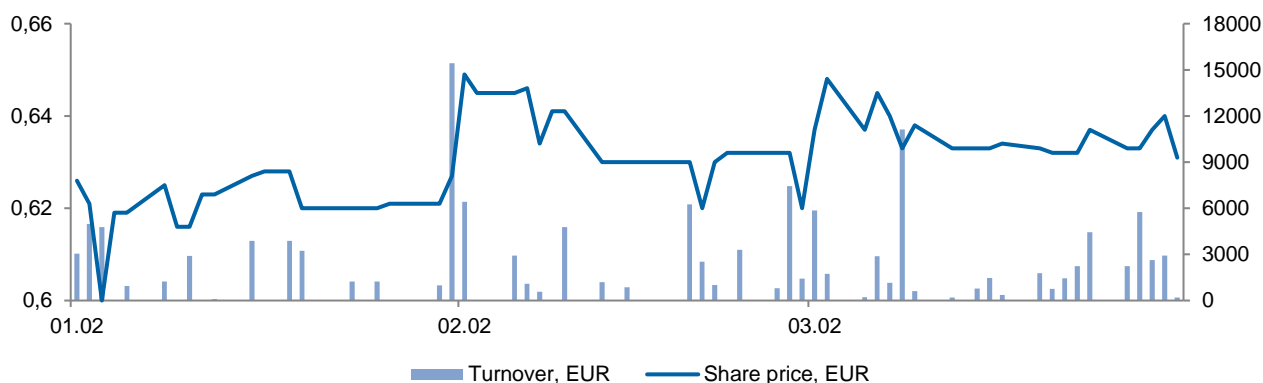


Figure 7

The Company's share price and turnover dynamics between the trading start date and end of the reporting period

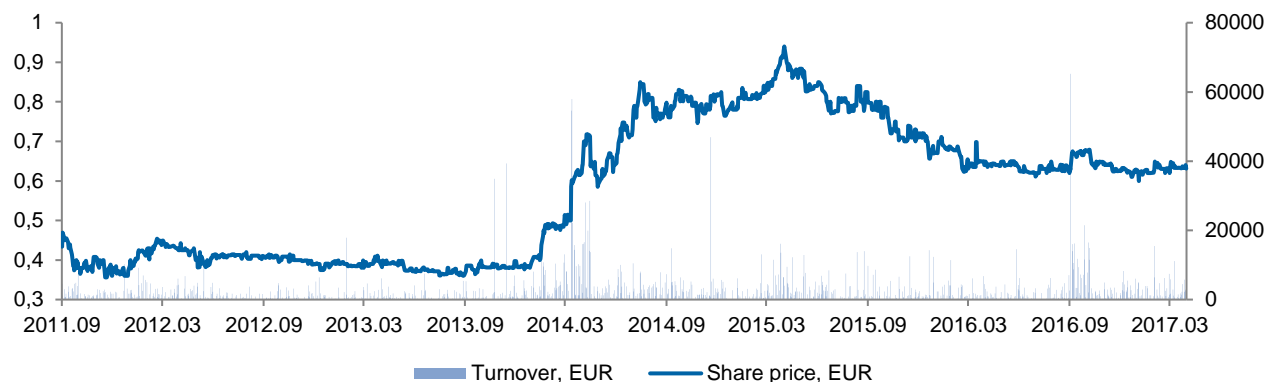
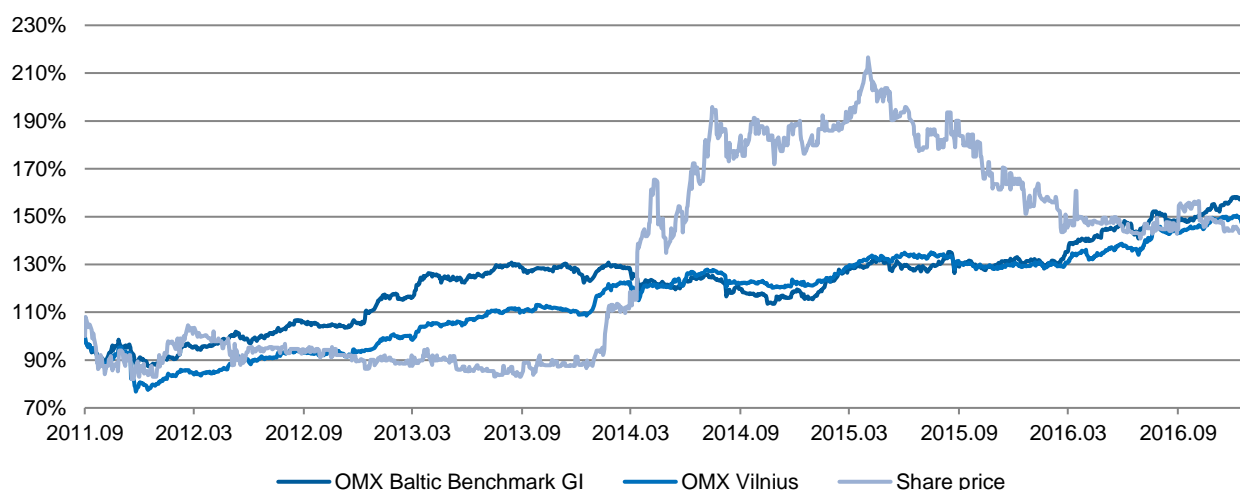


Figure 8

Dynamics of the Company's share price, OMX Vilnius and OMX Baltic Benchmark Indices



Shareholder structure

As at 17 March 2017, the Company had in total 5,921 shareholders.

As at 30 December 2016, the Company had in total 5 931 shareholders.

Shareholders holding more than 5% of the Company's shares (as at 31 March 2017)

Name	Class of shares	Number of shares	% of authorised share capital	% of shares with voting rights
Lietuvos Energija UAB Company code – 301844044 Žvejų g. 14, 09310 Vilnius	Ordinary registered shares	614,453,755	96.75	96.75
Other shareholders	Ordinary registered shares	20,629,860	3.25	3.25
TOTAL	Ordinary registered shares	635,083,615	100	100

Rights of the shareholders, shareholders with special control rights and description of these rights

All shareholders of the Company have equal property and non-property rights as laid down in the legislation, other legal acts, and the Articles of Association of the Company. The

INTERIM REPORT

For the three-month period ended 31 March 2017

management bodies of the Company create suitable conditions for implementing the rights of shareholders of the Company.

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

Restrictions on voting rights

There were no restrictions on voting rights.

Restrictions on transfer of securities

To the best of the Company's knowledge, there were no arrangements among the shareholders of the Company that could result in restriction of transfer of securities and/or voting rights.

Information on agreement with intermediary of public trading in securities

The agreement on keeping accounts of the Company's securities and management of personal security accounts,

which was concluded on 9 February 2016 with AB SEB bankas.

Dividends and dividend policy

At the Ordinary General Meeting of Shareholders held on **24 March 2017**, a decision was made to approve the proposed profit (loss) appropriation for the year 2016. A decision was made on distribution of dividends to the shareholders of the Company for the six-month period ended 31 December 2016. Dividends of EUR 0.02 per share of the Company (in total, EUR 12.7 million) were distributed. Dividends were received by individuals who were the shareholders of the Company at the end of the tenth working day after the date of decision made by the General Meeting of Shareholders on payment of dividends, i.e. at the end of the working day of 7 April 2016.

To be reminded, during the Extraordinary General Meeting of Shareholders held on 26 September 2016, a decision was

made on distribution of dividends to the shareholders of the Company for the period shorter than the financial year. Dividends of EUR 0.043 per share of the Company (in total, EUR 27.3 million) were distributed for the six-month period ended 30 June 2016.

The Company's net profit from continuing operations for January-March 2017 amounted to EUR 39,98 million, and the ratio of dividends paid / net profit for this period was 1.00.

In 2016, a common dividend policy was approved for the whole Lietuvos Energija group, which also applies to the Company and can be found on the Company's website under section For investors.

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 internal business processes, and in its relations with stakeholders.

Being engaged in its activities in a responsible manner, the Company follows the Social Responsibility Policy approved for the entire group. This document defines the general principles of responsible operation and provisions to be followed when creating a culture and practice of socially responsible business developed in a sustainable manner.

The Company makes social responsibility purposeful by pursuing target-oriented and consistent activities in the following areas:

- relationship with employees,
- relationship with the public,
- environment protection,
- operation in the market.

The Company follows the Ten Principles of the UN Global Compact defining the responsibilities of businesses in the areas of human rights, employee welfare, environment

protection, anti-corruption, and aims at reducing its impact on environment, community, other businesses, taking part in resolving economic, social and environmental issues by common effort, and contributing to community development and economic growth. These generally accepted guidelines of responsible behaviour serve as clear and strong reference for the Company in developing its activities in a socially responsible manner.

The Company demonstrates goodwill and invites the members of public to participate in free-of-charge excursions at its objects: the combined cycle unit, Kruonis PSHP, Kaunas HPP. Thereby, the Company contributes to increasing awareness of the public, especially the younger generation, about the energy. During January-March 2017, the above-mentioned power plants had in total over 600 visitors from various educational establishments, schools and other institutions, as well as delegations from abroad. Kruonis PSHP has the highest number of visitors during January-March 2017.

Social responsibility activities of the Company, as well as its activities in environment protection, will be described in detail in 2017 semi-annual and annual reports, as well as on its website.

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
Telephone	+370 5 278 2907
Fax	+370 5 278 2906
E-mail	info@le.lt
Website	www.gamyba.le.lt

The Company's main business activity

Energy generation and trade. The Company may engage in any other activities that are not in conflict with its objectives and the Lithuanian law.

Information about the Company's branches and representative offices

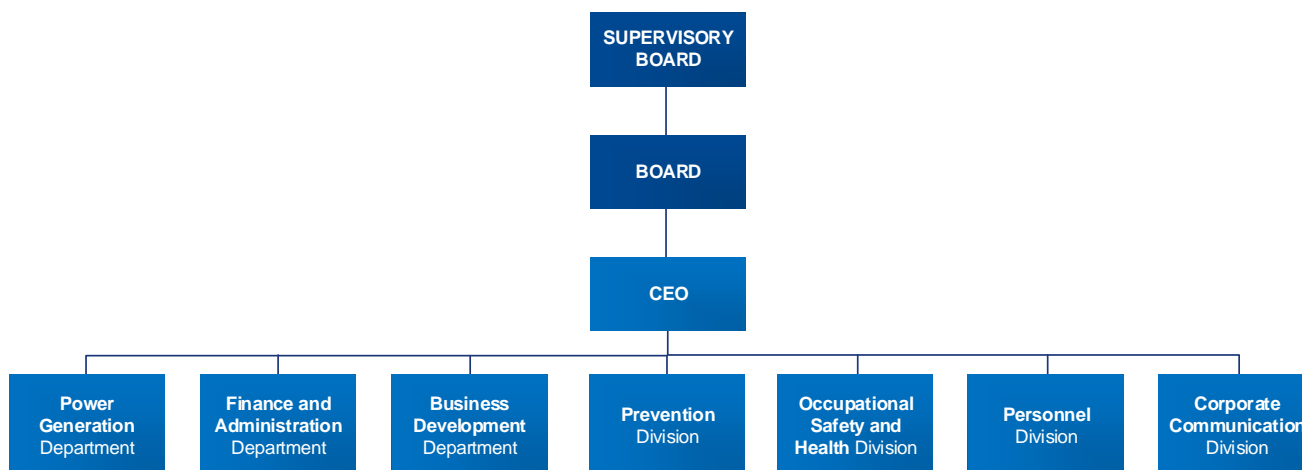
The Company has no branches or representative offices.

Divisions of the Company

The Company operates all state-owned power generation facilities:

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

Figure 9
Structure of the Company (as at 31 March 2017)



Information about ownership interest in other entities

As at 31 December 2016, the Company had ownership interest in the following entities: Geoterma UAB (23.44%), Technologijų ir Inovacijų Centras UAB (20.01%), Verslo Aptarnavimo Centras UAB (15%).

Information about the Company's management bodies

Based on the Articles of Association effective as at 31 March 2017, the management bodies of the Company include as follows:

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

The Articles of Association of the Company are available on the Company's website under section [Company Management](#)

The competence of management bodies are to be detailed in the Company's annual and semi-annual reports.

The General Meeting of Shareholders

One General Meeting of the Company's Shareholders was held during January-March 2017:

1. The Ordinary General Meeting of Shareholders held on 24 March 2017 approved the set of audited consolidated and the Company's financial statements for 2016 and distribution of the Company's profit for 2016. Payment of dividends for the six-month period ended 31 December 2016 was planned.

The General Meetings of Shareholders convened by the Company was attended by the Company's CEO (chairperson of the Board) and Director of Finance and Administration Department (member of the Board).

Information on voting results of the Company's shareholders during the above-mentioned and previous General Meetings of Shareholders is available on the Company's website under section For Investors.

The Supervisory Board

The Supervisory Board of the Company was formed on 5 August 2013. During the reporting period there were no changes in the structure of the Company's Supervisory Board. The expected end of term of office of the current Supervisory Board of the Company is 5 August 2017.

More details about the members of the Company's Supervisory Board are available on the Company's website under section Company Management.

Members of the Supervisory Board (during the reporting period)

Name	Term of office	Share-holding in the Company	Participation in other companies and organisations	Ownership interest in other companies (if over 5%)
Mindaugas Keizeris Chairman	20 November 2014–5 August 2017	-	<ul style="list-style-type: none"> - Lietuvos Energija UAB, Member of the Board, Director for Strategy and Development. - Energetikos Paslaugų ir Rangos Organizacija UAB, Chairman of the Board. - Elektroninių Mokėjimų Agentūra UAB, Member of the Supervisory Board. - Vilniaus Kogeneracinė Jėgainė UAB, Chairman of the Board. - Sponsorship Foundation of Lietuvos Energija UAB, Member of the Board. 	-
Dominykas Tučkus Member	21 December 2015 – 5 August 2017	-	<ul style="list-style-type: none"> - Lietuvos Energija UAB, Member of the Board, Director for Production and Services. - LITGAS UAB, Chairman of the Board. - Lietuvos Dujų Tiekimas UAB, Member of the Board. - Energijos Tiekimas UAB, Chairman of the Board - Elektroninių Mokėjimų Agentūra UAB, Member of the Supervisory Board. - Eurakras UAB, Chairman of the Board - Tuulueenergija OU, Member of the Board - Energijos Sprendimų Centras UAB, Member of the Board. 	-
Pranas Vilkas Independent member	5 August 2013 – 5 August 2017	-	-	-

Information on payments made to the members of the Supervisory Board during the reporting period

Based on Articles 21 and 25 of the Company's Articles of Association, at least 1/3 (one third) of members of the Supervisory Board must be independent members. Remuneration for work at the Supervisory Board can be paid only to the independent members of the Supervisory Board and upon the decision of the General Meeting of Shareholders.

The terms and conditions of the agreements with the members of the Supervisory Board, including the independence criteria, are established at the General Meeting of Shareholders in accordance with the requirements set forth in the relevant legal acts and based on the best corporate governance practices.

	Remuneration in January-March 2017, EUR	Other payments in January-March 2017, EUR	Total in January-March 2017, EUR
All members of the Supervisory Board, total	-	1,259	1,259
Per member of the Supervisory Board, average*	-	1,259	1.259

* Independent member of the Supervisory Board.

The Board

The Board of the Company was formed on 17 August 2013.

Adomas Birulis submitted his resignation from the position of the member of the Board with effect from 6 January 2017.

At the meeting of the Supervisory Board held on 6 January 2017, the decision was made to elect Mindaugas Gražys to the position of the Company's Board as from this date until the

end of term of the current Board. He is the Director of Business Development Department at the Company.

The expected end of term of office of the current Board of the Company is 17 September 2017.

More details about the members of the Company's Board are available on the Company's website under section [Company Management](#).

Members of the Board (during the reporting period)

Name	Term of office	Shareholding in the Company	Participation in other companies and organisations	Ownership interest in other companies (if over 5%)
Eglė Čiužaitė Chairperson of the Board, CEO	19 February 2016 – 17 September 2017	–	<ul style="list-style-type: none"> - Geoterma UAB, Member of the Board. - Sponsorship Foundation of Lietuvos Energija UAB, Member of the Board (since 19 April 2016). - Technologijų ir Inovacijų Centras UAB, Member of the Board (since 30 January 2017) 	–
Adomas Birulis Member of the Board, Director of Business Development Department	17 September 2013 – 6 January 2017	–	<ul style="list-style-type: none"> - Technologijų ir Inovacijų Centras UAB, Member of the Board until 6 January 2017. 	–
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	–	<ul style="list-style-type: none"> - Verslo Aptarnavimo Centras UAB, Member of the Board 	–
Mindaugas Gražys Member of the Board, Director of Business Development Department	6 January 2017 – 9 June 2017*	–	–	–

* After the end of the reporting period, on 12 May 2017 Mindaugas Gražys submitted his resignation from the position of the member of the Board with effect from 9 June 2017.

Information on payments made to the members of the Board (during the reporting period)

	Remuneration in January-March 2017, EUR	Other payments* in January-March 2017, EUR	Total in January-March 2017, EUR
All members of the Board, total	50,572	12,164	62,736
Per member of the Board, average	12,643	3,041	15,684

* For the activities as the member of the Board.

The Management

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 the cases established in the Articles of Association and prescribed by law. The scope of competence and the procedure for election and recalling of the Chief Executive Officer are prescribed by law, other legal acts and the Articles of Association of the Company.

Information on payments made to the Chief Executive Officer and Chief Financier (during the reporting period)

	Remuneration in January-March 2017, EUR	Other payments in January-March 2017, EUR	Total in January-March 2017, EUR
To the CEO:			
Eglei Čiužaitė	16,170	4,344	20,514
Vyr. finansininkui*	–	–	–

* As from 1 December 2014, the accounting function has been moved from the Company to Verslo Aptarnavimo Centras UAB, and accordingly, the Company no longer has accounting employees, nor the Chief Financier. Verslo Aptarnavimo Centras UAB performs a complete set of accounting services for the Company, starting with the recording of the source documents into the accounting software and ending with the preparation of the financial statements.

Information about the Committees

The Company has no Committees. Lietuvos Energija UAB group has the Audit Committee, the Risk Management Supervision Committee and the Nomination and Remuneration Committee. The scope of activities of the Committees covers Lietuvos Energija UAB and its directly and indirectly controlled subsidiaries, including Lietuvos Energijos Gamyba AB and other legal persons with different legal status, over which Lietuvos Energija UAB may have significant influence.

Functions of the Committees are described more in detail in Company's annual and semi-annual reports.

Members of the Audit Committee (during the reporting period)

There were no changes in the structure of the Audit Committee during the reporting period.

Committee member	Shareholding in the Company	Term of office	Name of employer, job position
Rasa Noreikienė Chairperson	–	August 2013 – August 2017	Lithuanian Ministry of Economy, Vice- Minister*
Aušra Vičkačkienė Member	–	August 2013 – August 2017	Lithuanian Ministry of Finance, State Asset Management Department, Director
Danielius Merkinas Independent member	–	August 2013 – August 2017	Nordnet UAB, Commerce Director
Gintaras Adžgauskas Member	–	August 2013 – August 2017	World Energy Council, Lithuania Committee, Director
Irena Petruškevičienė Independent member	–	October 2014 – October 2018	European Commission Audit Committee, member

* Rasa Noreikienė took this position until 13 December 2016.

Members of the Risk Management Supervision Committee (during the reporting period)

There were no changes in the structure of the Risk Management Supervision Committee during the reporting period.

Committee member	Shareholding in the Company	Term of office	Name of employer, job position
Antanas Danys Chairman	–	August 2013 – August 2017	- Grinvest PTE.LTD director; - UAB „Kaštonų kalva“, head of development; - Kruonis OU, member of the board; - UAB Neo Finance, chairman of the board; - Asian Pacific Green Energy Pte. Ltd, director; - Powerful United Limited, director; - Misen Enterprises, member of the board;

- Argentum mobile, member of the board.

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, CEO
Donatas Kaubrys Independent member	–	August 2013 – August 2017	Lithuanian Association of People with Disabilities, project manager responsible for the supervision of suitability of buildings for persons with disabilities in Klaipėda and Tauragė regions.

Members of the Nomination and Remuneration Committee (during the reporting period)

Skyrimo ir atlygio komiteto sudėties pokyčių per ataskaitinį laikotarpį nebuvo.

Committee member	Shareholding in the Company	Term of office	Name of employer, job position
Virginijus Lepeška Independent member, Chairman of the Committee	–	August 2013 – August 2017	Organizacijų Vystymo Centras UAB, 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	Lithuanian Ministry of Finance, Finance Vice-Minister*

* Agnė Bagočiūtė took this position until 13 December 2016.

The Company's employees

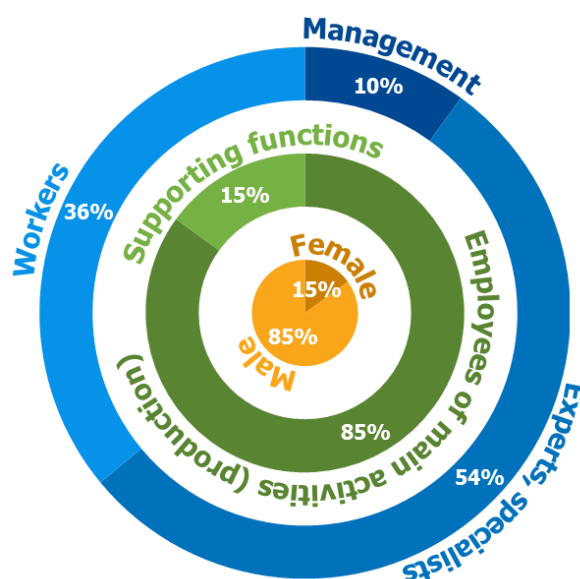
The main objective of the Company's human resource management policy is to attract and retain qualified employees and ensure long-term partnership relations with them on the basis of creating a mutually beneficial value and jointly implementing the Company's strategic goals. The Company focuses on the formation of corporate culture, improvement of engagement of employees and HR management effectiveness.

Headcount, change

As at 31 March 2017, the Company had 404 employees (including those on child care leave). In the end of 2016, the Company had 399 employees.

Almost 53% of the Company's employees have higher education, 39% have vocational education, and 18% have secondary education. Middle age – 48 years, middle time of service at the Company – 20 years.

Figure 10
Employees of the Company



Work pay and performance management

Based on the Company's remuneration system, employees receive a fixed pay, which is determined on the basis of the level of job position, which in turn depends upon the functions and complexity of tasks fulfilled, responsibilities undertaken and the level of decision-making, as well as upon the employee's

professional qualification. A variable pay depends upon measurable performance results, i.e. achievement of targets or performance indicators established in respect of each job position.

The Company's employees may receive additional monetary benefits, such as extra pay for work at night, overtime work, one-off extra pay for additional work load, for exceptional performance results, innovative ideas or suggestions for improvement and their implementation, as well as social care, material support, additional paid leave. Additional non-monetary benefits to employees include training financed by the Company, various events organised for the Company's employees and their children, medical aid station services, vaccination of employees against seasonal diseases, etc.

The purpose of employee performance management system is to ensure that the goals of employees match those of the

Company and to direct the efforts of employees towards their achievement. The process starts with a 360° study, which helps assess the general and leadership competences of management and specialists. Annual performance assessment meetings are organised between management and employees, during which management member and employee assess the progress in terms of achievement of the set goals, agree on further goals and on competences that need improvement (on the basis of assessments of competences), and on the specific employee development measures to be taken in the upcoming year, as well as career expectations.

Breakdown of headcount by category of employees and average work pay are given in the table below. The work pay amounts include the fixed pay, the variable pay and extra pays for exceptional performance results, for work during personal or public holidays, overtime work or work at night.

Breakdown of headcount by category of employees and average work pay (in the reporting period)

	Breakdown of headcount by category of employees	Average work pay, EUR
CEO	1	5,390
Top level management	4	3,822
Middle-level management	36	2,068
Experts, specialists	216	1,372
Workers	147	871
Total	404	1,274

Professional career, adaptation of new joiners and possibilities of internship

Turnover of employees is quite low at the Company – less than 1,5 %. When there occurs a vacancy, the potential candidates are firstly selected by internal recruitment procedures. When no potential candidates are available at the Company or the group for the vacant position, the recruitment process is continued outside the Company. The biggest part of vacancy announcements in January-March 2017 were won by candidates selected through internal recruitment procedures, i.e. the Company's employees. Search for employees on the basis of internal rotation principle during January-March 2017 resulted in promotion of 16 employees (vertical career) and movement of 7 employees to similar job positions in other divisions (horizontal career).

Organisational culture, development of competences, professional training

In view of the identified performance goals, competence assessments and need for further improvement, the Company provides opportunities for its employees to engage consistently in their personal growth by developing their professional, soft and management skills. As a result of professional training, the employees refreshed their knowledge required to fulfil their job

duties and obtained the necessary certificates of professional qualification and attestations. Employees attended various seminars, internal training courses and conferences to find out about the latest developments in their respective fields, innovations and best practices in the energy sector and other businesses.

In January-March 2017, 39 employees of the Company attended training.

Collective agreement, trade unions

There are four trade unions at the Company, which are joined by 270 employees of the Company.

The Company has a collective agreement, which ensures a more favourable package of social benefits for the Company's employees compared to that prescribed by the Lithuanian Labour Code. Based on the collective agreement, the Company's employees are paid allowances in the event of accident, illness, death of close family members, also additional benefits in the event of birth of child or families raising many children, also provides additional paid leave in the event of birth of child, marriage, death of a close relative and in other cases.

MATERIAL EVENTS AT THE COMPANY

Significant arrangements

The Company was not a party to any significant arrangements that would take effect, be amended or terminated in the event of changes in the Company's control situation.

There were no arrangements between the Company and the members of its management bodies or its employees that would provide for payment of termination benefits in the event of their resignation or dismissal without a valid reason or in the event of termination of their employment as a result of changes in the Company's control situation.

Information on related-party transactions

Information on significant related-party transactions is disclosed in the financial statements for the year ended 31 March 2017.

Detrimental transactions

No detrimental transactions were concluded during 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 had or potentially may have a negative impact on the Company's performance and/or results of operation, nor were any transactions concluded resulting in conflict of interests between the responsibilities of the Company's management, majority shareholders or other related parties against the Company and their own private interests and/or other responsibilities.

Notifications on materials events during the reporting period

6/1/2017	<u>Member of the Board of "Lietuvos energijos gamyba", AB, has been elected</u>
10/1/2017	<u>On adopted Resolution of the Court</u>
31/1/2017	<u>Preliminary pre-audited results of Lietuvos energijos gamyba, AB, over the course of twelve months in 2016: more efficient activity allowed to counterbalance the loss of revenue and to operate mo</u>
8/3/2017	<u>On adopted Resolution of the Court</u>
9/3/2017	<u>Regarding the resolutions of Lietuvos Energijos Gamyba, AB, Supervisory Board</u>

Other events during the reporting period

28/2/2017	<u>Interim information of Lietuvos Energijos Gamyba for the twelve-month period of 2016: the Company operated more profitably in 2016; plans to significantly expand its service portfolio</u>
28/2/2017	<u>Regarding the agenda and proposed draft resolutions of Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB</u>
24/3/2017	<u>Regarding the resolutions of Ordinary General Meeting of Lietuvos Energijos Gamyba, AB Shareholders</u>
24/3/2017	<u>Lietuvos Energijos Gamyba, AB, Annual Information 2016</u>

Notifications on materials events after the end of the reporting period

19/4/2017	<u>On adopted Resolution of the Court</u>
28/4/2017	<u>Preliminary results of Lietuvos Energijos Gamyba, AB, over the course of three months in 2017: the hydro power plant produced a bigger amount of electricity, the Company reached a bigger profit f</u>
15/5/2017	<u>Regarding resignation from the Board of Lietuvos Energijos Gamyba, AB</u>

OTHER IMPORTANT INFORMATION

The main attributes of the internal control and risk management systems involved in the preparation of financial statements

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The employees of the company from which the Company outsources the accounting functions, make sure that the financial statements are prepared properly and that all data are collected in a timely and accurate manner. The preparation of the Company's financial statements, internal control and financial risk management systems, legal acts governing compilation of the financial statements are monitored and managed.