Public Company ORLEN Lietuva

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS
AS ADOPTED BY EUROPEAN UNION

2015

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Independent Auditor's Report

To the Shareholder of AB ORLEN Lietuva

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AB ORLEN Lietuva and its subsidiaries (hereinafter "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 6–94.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Company code: 111494971
VAT code: LT114949716

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of AB ORLEN Lietuva and its subsidiaries as at 31 December 2015 and of the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the consolidated annual report of AB ORLEN Lietuva for the year ended 31 December 2015, set out on pages 95–99 of the financial statements, and have not identified any material inconsistencies between the financial information included in the consolidated annual report and the financial statements of AB ORLEN Lietuva for the year ended 31 December 2015.

On behalf of KPMG Baltics, UAB

Domantas Dabulis
Partner pp
Certified Auditor

Rūta Kupinienė
Certified Auditor

Vilnius, the Republic of Lithuania
29 February 2016

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Consolidated statement of financial position

	Note	31/12/2015		31/12/2014	
		USD	EUR	USD	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	6	160,545	146,938	152,494	125,372
Intangible assets	7	1,198	1,097	1,569	1,290
Investments in equity-accounted investees	8	1,771	1,621	1,858	1,527
Deferred tax assets	25	20,358	18,632	494	406
Other non-current assets	9	1,323	1,211	5,765	4,740
Total non-current assets		**185,195**	**169,499**	**162,180**	**133,335**
Current assets					
Inventory	11	177,569	162,519	259,980	213,742
Trade and other receivables	12	101,142	92,569	109,775	90,251
Other financial assets	13	119,355	109,239	8,464	6,959
Current tax assets		428	392	217	178
Cash and cash equivalents	14	1,051	962	4,629	3,806
Non-current assets classified as held for sale	15	455	416	330	271
Total current assets		**400,000**	**366,097**	**383,395**	**315,207**
Total assets		**585,195**	**535,596**	**545,575**	**448,542**
LIABILITIES AND SHAREHOLDERS EQUITY					
EQUITY					
Share capital	16	6,547	5,794	185,562	208,295
Share premium		50,172	132,152	373,814	327,926
Reserves		2,668	2,401	27,530	21,309
Foreign exchange differences		(2,694)	(83,734)	(803)	(91,131)
Retained earnings		250,294	224,352	(515,336)	(408,218)
Total equity		**306,987**	**280,965**	**70,767**	**58,181**
LIABILITIES					
Non-current liabilities					
Provisions	18	4,440	4,064	4,071	3,347
Total non-current liabilities		**4,440**	**4,064**	**4,071**	**3,347**
Current liabilities					
Trade and other liabilities	19	226,497	207,303	413,958	340,333
Loans and borrowings	17	13,954	12,771	9,086	7,470
Current tax liability		4,480	4,101	-	-
Provisions	18	28,322	25,920	20,227	16,630
Other financial liabilities	20	515	472	27,466	22,581
Total current liabilities		**273,768**	**250,567**	**470,737**	**387,014**
Total liabilities		**278,208**	**254,631**	**474,808**	**390,361**
Total equity and liabilities		**585,195**	**535,596**	**545,575**	**448,542**

The notes on pages 11 to 94 are an integral part of these consolidated financial statements.
Consolidated financial statements were approved on 29 February 2016.

Ireneusz Fąfara General Director	Marek Golębiewski Chief Financial Officer	Genutė Barkuvienė Chief Accountant

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Consolidated statement of profit or loss and other comprehensive income

	Note	for the year ended 31/12/2015 USD	for the year ended 31/12/2015 EUR	for the year ended (restated) 31/12/2014 USD	for the year ended (restated) 31/12/2014 EUR
Statement of profit or loss					
Sales revenues	21	4,138,484	3,729,628	6,179,305	4,654,165
Cost of sales	22	(3,671,775)	(3,309,466)	(6,078,547)	(4,578,275)
Gross profit on sales		**466,709**	**420,162**	**100,758**	**75,890**
Distribution expenses	22	(139,364)	(125,686)	(160,351)	(120,774)
Administrative expenses	22	(37,682)	(33,997)	(46,854)	(35,290)
Other operating income	23.1	4,700	4,228	17,589	13,248
Other operating expenses	23.2	(11,420)	(10,357)	(782,170)	(589,119)
Share in profit from investments in equity-accounted investees	8	168	152	177	133
Profit/(loss) from operations		**283,111**	**254,502**	**(870,851)**	**(655,912)**
Finance income	24.1	14,309	12,960	9,920	7,471
Finance expenses	24.2	(76,515)	(68,028)	(25,883)	(19,495)
Net finance income/(expenses)		**(62,206)**	**(55,068)**	**(15,963)**	**(12,024)**
Profit/(loss) before tax		**220,905**	**199,434**	**(886,814)**	**(667,936)**
Income tax expenses	25	14,942	13,884	(81,324)	(61,252)
Net profit/(loss) from continuing operations		**235,847**	**213,318**	**(968,138)**	**(729,188)**
Discountinued operation					
Profit/(loss) from discontinued operation, net of tax	5	-	-	**4,675**	**3,521**
Net profit/(loss)		**235,847**	**213,318**	**(963,463)**	**(725,667)**
Items of other comprehensive income/(expenses):					
which will not be reclassified into profit or loss					
Actuarial (gains) and losses		(56)	(55)	(562)	(430)
Deferred tax		(4)	(3)	3	2
that are or may be reclassfied to profit or loss					
Hedging instruments		2,331	2,133	-	-
Foreign exchange differences		(1,891)	7,397	(2,516)	2,992
Other comprehensive income		**380**	**9,472**	**(3,075)**	**2,564**
Total net comprehensive income/(expenses)		**236,227**	**222,790**	**(966,538)**	**(723,103)**
Net profit/(loss) attributable to:					
equity holders of the parent		235,847	213,318	(963,463)	(725,667)
Total comprehensive income/(expenses) attributable to:					
equity holders of the parent		236,227	222,790	(966,538)	(723,103)

The notes on pages 11 to 94 are an integral part of these consolidated financial statements.
Consolidated financial statements were approved on 29 February 2016.

Ireneusz Fąfara
General Director

Marek Golębiewski
Chief Financial Officer

Genutė Barkuvienė
Chief Accountant

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Consolidated statement of cash flows

		for the year ended		for the year ended	
	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Cash flow - operating activities					
Net profit/(loss)		**235,847**	**213,318**	**(963,463)**	**(725,667)**
Adjustments for:					
Share in profit from investments in equity-accounted investees	8	(168)	(152)	(177)	(133)
Depreciation and amortization	6,7	12,405	11,177	41,604	31,335
Recognition/(Reversal) of impairment losses on property, plant and equipment, intangible assets and non-current assets classified as held for sale	23.2	689	623	769,278	579,411
Foreign exchange (gain)/loss		(2,981)	(8,097)	(2,069)	(3,350)
Interest, net		1,066	951	11,370	9,340
(Profit)/loss on investing activities		60,810	55,205	8,751	6,692
Change in working capital:		**(104,331)**	**(91,715)**	**248,710**	**184,791**
receivables		*9,934*	*(1,363)*	*106,991*	66,661
inventories		*85,220*	*53,792*	*325,743*	212,014
liabilities		*(199,485)*	*(144,144)*	*(184,024)*	(93,884)
Change in provisions		20,734	21,409	(4,227)	(396)
Disposal of discontinued operation, net of tax	5	-	-	(4,675)	(3,521)
Tax expenses	25	(14,942)	(13,884)	81,324	61,252
Income tax (paid)/received		(689)	(570)	1,380	944
Settled financial instruments		(6,025)	(5,515)	-	-
Valuation of financial instruments		(1,517)	(1,247)	(7,531)	(5,433)
Other adjustments		575	51	745	(2,391)
Net cash generated in operating activities		**201,473**	**181,554**	**181,020**	**132,874**
Cash flows from investing activities					
Acquisition of property, plant and equipment and intangible assets		(24,190)	(21,552)	(31,252)	(24,050)
Disposal of property, plant and equipment and intangible assets		27	25	26,192	19,728
Proceeds/repayment of loans granted		30	27	134	101
Disposal of discontinued operation, net of cash	5	-	-	19,094	14,242
Increase/(decrease) in derivatives		(60,621)	(54,511)	(4,788)	(3,531)
Increase/(decrease) in deposits		7,552	6,749	(8,549)	(6,439)
Interest received		60	55	96	72
(Outflows)/proceeds from cash pool		(106,718)	(97,821)	7,279	5,140
Net cash used in investing activities		**(183,860)**	**(167,028)**	**8,206**	**5,263**
Cash flows from financing activities					
Proceeds/repayment of loans and borrowings		6,233	5,294	(387,336)	(291,736)
Interest paid		(1,619)	(1,453)	(12,099)	(9,113)
(Outflow)/inflow from cash pool		(25,805)	(21,211)	(97,764)	(68,598)
Issuance of shares and other capital instruments, additional payments to capital		-	-	300,000	225,956
Net cash used in financing activities		**(21,191)**	**(17,370)**	**(197,199)**	**(143,491)**
Net (decrease)/increase in cash and cash equivalents		**(3,578)**	**(2,844)**	**(7,973)**	**(5,354)**
Cash and cash equivalents, beginning of the period	**14**	**4,629**	**3,806**	**12,602**	**9,160**
Cash and cash equivalents, end of the period	**14**	**1,051**	**962**	**4,629**	**3,806**

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Consolidated financial statements were approved on 29 February 2016.

Ireneusz Fąfara
General Director

Marek Golębiewski
Chief Financial Officer

Genutė Barkuvienė
Chief Accountant

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Statement of changes in consolidated equity

USD	Equity attributable to equity holders of the parent							
	Share capital	Share premium	Hedging reserve	Revaluation reserve	Other reserves	Foreign exchange differences	Retained earnings	Total equity
1 January 2015	**185,562**	**373,814**	**-**	**-**	**27,530**	**(803)**	**(515,336)**	**70,767**
Profit for the year	-	-	-	-	-	-	235,847	**235,847**
Other comprehensive income/(expenses)	-	-	2,331	-	-	-	(60)	**2,271**
Foreign currency translation differences of foreign operations	-	-	-	-	-	(1,891)	-	**(1,891)**
Total comprehensive income/(expenses)	**-**	**-**	**2,331**	**-**	**-**	**(1,891)**	**235,787**	**236,227**
Decrease of share capital	(179,015)	(7)	-	-	-	-	179,015	(7)
Coverage of losses	-	(323,635)	-	-	(27,193)	-	350,828	-
Total transactions with owners of the Group	**(179,015)**	**(323,642)**	**-**	**-**	**(27,193)**	**-**	**529,843**	**(7)**
31 December 2015	**6,547**	**50,172**	**2,331**	**-**	**337**	**(2,694)**	**250,294**	**306,987**
1 January 2014	181,886	77,507	-	109	27,526	2,212	448,082	737,322
Loss for the year	-	-	-	-	-	-	(963,463)	(963,463)
Write-off of revaluation reserve	-	-	-	(109)	-	-	109	-
Other comprehensive income/(expenses)	-	-	-	-	-	-	(559)	(559)
Foreign currency translation differences of foreign operations	-	-	-	-	-	(3,015)	499	(2,516)
Total comprehensive income/(expenses)	**-**	**-**	**-**	**(109)**	**-**	**(3,015)**	**(963,414)**	**(966,538)**
Issue of ordinary shares	3,676	296,307	-	-	-	-	-	299,983
Transfer to legal reserve	-	-	-	-	4	-	(4)	-
Total transactions with owners of the Group	**3,676**	**296,307**	**-**	**-**	**4**	**-**	**(4)**	**299,983**
31 December 2014	**185,562**	**373,814**	**-**	**-**	**27,530**	**(803)**	**(515,336)**	**70,767**

The notes on pages 11 to 94 are an integral part of these consolidated financial statements.
Consolidated financial statements were approved on 29 February 2016.

Ireneusz Fąfara
General Director

Marek Golębiewski
Chief Financial Officer

Genutė Barkuvienė
Chief Accountant

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

EUR	Equity attributable to equity holders of the parent							
	Share capital	Share premium	Hedging reserve	Revaluation reserve	Other reserves	Foreign exchange differences	Retained earnings	Total equity
1 January 2015	208,295	327,926	-	-	21,309	(91,131)	(408,218)	58,181
Profit for the year	-	-	-	-	-	-	213,318	213,318
Other comprehensive income/(expenses)	-	-	2,133	-	-	-	(58)	2,075
Foreign currency translation differences of foreign operations	-	-	-	-	-	7,397	-	7,397
Total comprehensive income/(expenses)	**-**	**-**	**2,133**	**-**	**-**	**7,397**	**213,260**	**222,790**
Difference on recalculation of the share capital in national currency	274	-	-	-	-	-	(274)	-
Decrease of share capital	(202,775)	(6)	-	-	-	-	202,775	(6)
Coverage of losses	-	(195,768)	-	-	(21,041)	-	216,809	-
Total transactions with owners of the Group	**(202,501)**	**(195,774)**	**-**	**-**	**(21,041)**	**-**	**419,310**	(6)
31 December 2015	**5,794**	**132,152**	**2,133**	**-**	**268**	**(83,734)**	**224,352**	**280,965**
1 January 2014	205,289	85,596	-	127	21,306	(94,129)	317,758	535,947
Loss for the year	-	-	-	-	-	-	(725,667)	(725,667)
Write-off of revaluation reserve	-	-	-	(127)	-	-	127	-
Other comprehensive income/(expenses)	-	-	-	-	-	-	(428)	(428)
Foreign currency translation differences of foreign operations	-	-	-	-	-	2,998	(5)	2,993
Total comprehensive income/(expenses)	**-**	**-**	**-**	**(127)**	**-**	**2,998**	**(725,973)**	**(723,102)**
Issue of ordinary shares	3,006	242,330	-	-	-	-	-	245,336
Transfer to legal reserve	-	-	-	-	3	-	(3)	-
Total transactions with owners of the Group	**3,006**	**242,330**	**-**	**-**	**3**	**-**	**(3)**	**245,336**
31 December 2014	**208,295**	**327,926**	**-**	**-**	**21,309**	**(91,131)**	**(408,218)**	**58,181**

The notes on pages 11 to 94 are an integral part of these consolidated financial statements.
Consolidated financial statements were approved on 29 February 2016.

Ireneusz Fąfara General Director	Marek Golębiewski Chief Financial Officer	Genutė Barkuvienė Chief Accountant

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Accounting principles and other explanatory information

1. Reporting entity

Public Company ORLEN Lietuva (hereinafter – the Parent company) is incorporated and domiciled in Lithuania. Its registered office is located at the address: Mažeikių St. 75, Juodeikiai village, Mazeikiai District, Republic of Lithuania. Its legal entity code is 166451720. The Parent company comprises an oil refinery enterprise in Mažeikiai operating since 1980, the Būtingė terminal operating since 1999, and an oil products pumping station in Biržai operating since 1970. The sole shareholder of the Parent company is PKN ORLEN S.A.

The consolidated financial statements as at 31 December 2015 include the Parent company and subsidiary companies. The Parent company also prepares separate financial statements.

The Consolidated group (hereinafter "the Group") consists of the Parent company and its four subsidiaries (five subsidiaries in 2014). The Group has one associate which is accounted for using the equity method. The subsidiaries and the associate included into the Group's consolidated financial statements are listed below:

Subsidiary/associated company	Established in	Year of establishment/ acquisition	Share of the Group		Nature of activity
			31/12/2015	31/12/2014	
Subsidiaries					
UAB Mažeikių Naftos prekybos namai	Lithuania	2003	100	100	Intermediate holding entity has two subsidiaries SIA ORLEN Latvija and OU ORLEN Eesti. Their activity is wholesale trading in petroleum products in Latvia and Estonia.
SIA ORLEN Latvija	Latvia	2003	100	100	Wholesale trading in petroleum products in Latvia. This company is a subsidiary of UAB Mažeikių Naftos prekybos namai which holds 100 percent of shares of this company.
OU ORLEN Eesti	Estonia	2003	100	100	Wholesale trading in petroleum products in Estonia. This company is a subsidiary of UAB Mažeikių Naftos prekybos namai which holds 100 percent of shares of this company.
UAB Paslaugos tau	Lithuania	2008	0	100	UAB EMAS was reorganised in 2015 by merging UAB Paslaugos tau to UAB EMAS activities. UAB Paslaugos tau ceased the operations from 30 September 2015 and UAB EMAS continue as one entity.
UAB EMAS	Lithuania	2009	100	100	UAB EMAS was reorganised in 2015 by merging UAB Paslaugos tau to UAB EMAS activities. UAB Paslaugos tau ceased the operations from 30 September 2015 and UAB EMAS continue as one entity.
Associated company					
UAB Naftelf	Lithuania	1996	34	34	Trading in aviation fuel and construction of storage facilities thereof.

2. Accounting principles

2.1. Principles of preparation of financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU) effective as at 31

December 2015. The consolidated financial statements cover the period from 1 January to 31 December 2015 and the corresponding period from 1 January to 31 December 2014.

Presented consolidated financial statements are compliant with all requirements of IFRSs adopted by the EU and present a true and fair view of the Group's financial position as at 31 December 2015 and comparative data as at 31 December 2014, results of its operations and cash flows for the year ended 31 December 2015 and comparative data for the year ended 31 December 2014.

The consolidated financial statements have been prepared assuming that the Group will continue to operate as a going concern in the foreseeable future. As at the date of approval of these consolidated financial statements, there is no evidence indicating that the Group will not be able to continue its operations as a going concern.

Duration of the Parent company and the entities comprising the ORLEN Lietuva Group is unlimited.

The financial statements, except for consolidated cash flow statement, have been prepared using the accrual basis of accounting.

The consolidated financial statements were authorized for issue by the General Director, Chief Financial Officer and Chief accountant on 29 February 2016.

2.2. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.

2.3. Impact of IFRS amendments and interpretations on consolidated financial statements of the Group

2.3.1. Binding amendments and interpretations of IFRSs

The amendments to standards and IFRS interpretations, in force from 1 January 2015 until the date of publication of these consolidated financial statements had no impact on the foregoing consolidated financial statements.

2.3.2. IFRSs and their interpretations, announced and adopted by the European Union, not yet effective

The Group intends to adopt listed below new standards and amendments to the standards and interpretations to IFRSs that are published by the International Accounting Standards Board, but not effective as at the date of publication of these financial statements, in accordance with their effective date.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Standards and interpretations adopted by EU	Possible impact on financial statements
Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions	no impact expected
Improvements to International Financial Reporting Standards 2012-2014	no impact expected
Amendments to IFRS 11 - Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	no impact expected
Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture: Agriculture - Bearer Plants	no impact expected
Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	no impact expected
Amendments to IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements	no impact expected
Ammendments to IAS 1 - Presentation of Financial Statements: Disclosure initiative	no impact expected

It is expected that the aforementioned standards and amendments to standards, when initially applied, will have no material impact on future consolidated financial statements of the Group.

Application according to the effective date

The Group intends to adopt listed below new standards and amendments to the standards and interpretations to IFRSs that are published by the International Accounting Standards Board, but not effective as at the date of publication of these financial statements, in accordance with their effective date.

2.3.3. Standards and interpretations adopted by International Accounting Standards Board (IASB), waiting for approval of EU

Standards and interpretations adopted by EU	Possible impact on financial statements
New standard IFRS 9 - Financial Instruments	impact*
New standard IFRS 14 - Regulatory Deferral Accounts	no impact expected
New standard IFRS 15 - Revenue from Contracts with Customers	impact**
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	no impact expected
Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 28 - Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception	no impact expected
IFRS 16 - Leasing	impact***
Amendments to IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses	no impact expected
Amendments to IAS 7 - Statement of Cash Flows - Disclosure initiative	no impact expected

*At the time of the implementation of the new IFRS 9, allocation of the appropriate financial assets to the new categories of financial instruments will be made.
**At the time of implementation, i.e. on 1 January 2018, the impact of the new IFRS 15 will depend on the specific facts and circumstances relating to the contracts with customers, which the Group is a party.
***At the time of implementation, the impact of the new IFRS 16 will depend on the specific facts and circumstances relating to the lease contracts, which the Entity/Group will be a party.

2.3.4. Presentation changes

The Group changed presentation of the gain and loss of the assets sold in the other activity in the Consolidated Statement of profit or loss and other comprehensive income. Since 2015 the gain and the loss related with assets sold are presented separately without netting them. Similar reclassification was done for 2014 figures presented as comparatives.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

The Group changed the presentation of expenses of issued guarantees in the statement of profit or loss and other comprehensive income. Based on IFRS 39.9, guarantee expenses are attributed to an activity based on the purpose of the guarantee, i.e. depending for which activity the guarantee was issued. The Group transferred the expenses of issued and received guarantees from financing to operating activities, as the Group's issued and received guarantees are related to operating activities. Similar reclassification was done for 2014 figures presented as comparatives. The summary of presentation adjustments:

	for the year ended 31/12/2014	reclassifi-cation	for the year ended 31/12/2014 (restated)	for the year ended 31/12/2014	reclassifi-cation	for the year ended 31/12/2014 (restated)
	USD	USD	USD	EUR	EUR	EUR
Extracts from profit and loss						
Sales revenues	6,179,305	-	6,179,305	4,654,165	-	4,654,165
Cost of sales	(6,078,547)	-	(6,078,547)	(4,578,275)	-	(4,578,275)
Gross profit on sales	**100,758**	**-**	**100,758**	**75,890**	**-**	**75,890**
Distribution expenses	(160,351)	-	(160,351)	(120,774)	-	(120,774)
Administrative expenses	(46,324)	(530)	(46,854)	(34,891)	(399)	(35,290)
Other operating income	15,515	2,074	17,589	11,686	1,562	13,248
Other operating expenses	(780,096)	(2,074)	(782,170)	(587,557)	(1,562)	(589,119)
Share in profit from investments in equity-accounted investees	177	-	177	133	-	133
Profit/(loss) from operations	**(870,321)**	**(530)**	**(870,851)**	**(655,513)**	**(399)**	**(655,912)**
Finance income	9,710	210	9,920	7,313	158	7,471
Finance expenses	(26,203)	320	(25,883)	(19,736)	241	(19,495)
Net finance income/(expenses)	**(16,493)**	**530**	**(15,963)**	**(12,423)**	**399**	**(12,024)**
Profit/(loss) before tax	**(886,814)**	**-**	**(886,814)**	**(667,936)**	**-**	**(667,936)**

2.3.5. Functional and presentation currency of financial statements and methods applied to translation of data for consolidation purposes

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Parent company is the US dollar (USD) as it mainly influences sales prices for goods and services and material costs, the funds from financing activities are mainly generated in the USD and the Parent retains the major part of receipts from its operating activities in the USD. A significant portion of the Group's business is conducted in US dollars and management uses the USD to manage business risks and exposures and to measure performance of the business.

The consolidated financial statements are presented in US dollars, which is the Parent company's functional currency, and, due to the requirements of the laws of the Republic of Lithuania, also in Euro (EUR) being an additional presentation currency. On 1 January 2015, the Republic of Lithuania joined the euro area and the Lithuanian national currency litas was replaced by the euro. As a result, the comparative figures as at 31 December 2014 were converted from LTL to EUR at the official exchange rate of LTL 3.4528 to EUR 1. The amount of differences arising on converting the accounting figures into euro was insignificant; therefore, the total amount was recognised under operating activities of the reporting period.

The Group's authorized capital was restated and the resulting conversion difference was shown as in Retained earnings for the year 2015.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Exchange rates used to calculation of financial data

CURRENCIES	average exchange rate for the reporting period		exchange rate at the end of the reporting	
	2015	2014	31/12/2015	31/12/2014
LTL/USD	-	0.38453	-	0.35230
EUR/USD	1.10996	1.32769	1.09260	1.21633

The consolidated financial statements of the Group, prepared in US dollars, the functional currency of the Parent company, are translated to the presentation currency Euro by using period end exchange rate for translation of assets and liabilities. The statement of profit or loss and other comprehensive income and particular items of statement of cash flow are recalculated into currency Euro using average exchange rate of working days of Central bank of the Republic of Lithuania during reporting period. All resulting exchange differences are recognized as cumulative translation adjustments in other comprehensive income.

Accounting policies for foreign currency transactions are disclosed in Note 2.4.2.

2.4. Applied accounting policies

2.4.1. Changes in accounting policies and estimates

The Group will change an accounting policy only if the change:

- is required by an new or revised IFRS; or
- results in the consolidated financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance or cash flows.

In case of change in accounting policy it is assumed that the new policy had always been applied. The amount of the resulting adjustment is made to the equity. For comparability, the Group adjusts the comparative information for the earliest prior period presented as if the new accounting policy had always been applied, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

Items of consolidated financial statements based on an estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. The effects of changes in estimates are accounted prospectively in the statement of comprehensive income in the period of changes.

The correction of a material prior period error is accounted in equity. When preparing the financial statements it is assumed that the errors were corrected in the period when they occurred.

2.4.2. Transactions in foreign currencies

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

1. monetary items in foreign currencies, including units of currency held by the Group and the Group, also receivables and liabilities due in defined or definable units of currency are recalculated to the functional currency by applying the closing exchange rate of Central bank of the Republic of Lithuania, i.e. the spot rate at the last day of the reporting period;

2. non-monetary items whose acquisition value is measured in terms of historical cost in a foreign currency is recalculated using the exchange rate of Central bank of the Republic of Lithuania at the date of the transaction; and
3. non-monetary items that are measured at their fair value in a foreign currency is translated using the exchange rate of Central bank of the Republic of Lithuania at the date of determination of the fair value.

Exchange rate differences arising on the settlement of monetary items or on translating monetary items at the currency exchange rates different from those at which they were translated on initial recognition during the reporting period or in previous financial statements is recognized by the Group in profit or loss in the period in which they arise, except for the monetary items which hedge the currency risk and are accounted in accordance with the cash flow hedge accounting principles.

2.4.3. Principles of consolidation

The consolidated financial statements of the Group comprise the financial statements of Public Company ORLEN Lietuva and its subsidiaries prepared as at the end of the same reporting period using uniform accounting principles in relation to similar transactions and other events in similar circumstances.

2.4.3.1. Investments in subsidiaries

Subsidiaries are entities under the parent's control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated using the line by line method.

If a Parent company loses control over a subsidiary, it:

– derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when the control is lost;
– derecognizes the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them);
– recognises:
    - the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; and
    - if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution;
– any investment retained in the former subsidiary at its fair value as at the date when control is lost;
– reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs, the amounts included in profit or loss and other comprehensive income related to a former subsidiary; and
– recognises any resulting difference as a gain or loss in profit or loss attributable to the Parent.

Non-controlling interests are presented in the consolidated statement of financial position within equity attributable to non-controlling interests, separately from the equity of the owners of the Parent.

Changes in the Patent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

2.4.3.2. Investment in equity accounted investees

Investments in equity accounted investees relate to entities over which the investor has significant influence and that are neither controlled nor jointly controlled.

It is assumed that the Investor has significant influence over another entity, if it has ability to participate in financial and operating decisions of the entity. Particularly, the significant influence is evidenced when the Group holds directly or indirectly more than 20%, and no more than 50% of the voting rights of an entity and participation in financial and operating decisions is not contractually or actually restrained and is actually executed.

Investments in equity accounted investees are accounted in the consolidated financial statement using the equity method, based on financial statements of associates prepared as at the end of same reporting period as separate financial statements of the Parent company and using uniform accounting principles in relation to similar transactions and other events in similar circumstances.

2.4.3.3. Consolidation procedures

The consolidated financial statements are prepared using the line by line method. When investor has significant influence over another entity, equity method is used to evaluate shares in entity.

Consolidated financial statements are the financial statements of a Group presented as those of a single economic entity.

In preparing consolidated financial statements using line by line method, an entity combines the financial statements of the Parent company and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses and then performs adequate consolidation procedures, including mainly:

- the carrying amounts of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary are eliminated,
- intra group balances are eliminated,
- unrealized profits or losses from intra group transactions are eliminated,
- intra group revenue and expenses are eliminated.

Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for a change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising the foreign exchange translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

2.4.4. Business combinations

Business combinations are accounted by applying the acquisition method. Applying the acquisition method requires:

- identify the acquirer;
- determine the date of acquisition;
- recognize and measure the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the to-be-acquired entity; and
- recognize and measure goodwill or a gain from a bargain purchase.

At the acquisition date, the acquirer classifies or designate the identifiable assets acquired and liabilities assumed as necessary to apply other IFRSs subsequently. The acquirer makes those classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

Assets, liabilities and contingent liabilities for the purpose of allocating the acquisition cost is determined in the fair value at the acquisition date with following exceptions:

- deferred assets and liabilities arising from the assets acquired and liabilities assumed in a business combination are recognized according to general principles deferred tax,
- assets and liabilities related to the acquiree's employee benefit arrangements are recognized according to general principles of IAS 19 Employee benefits,
- non-current assets (or disposal group) that is classified as held for sale at the acquisition date are recognized according to general principles for non-current assets held for sale.

The acquirer recognizes goodwill as at the acquisition date.

Acquisition-related costs are costs the acquirer incurs to effect a business combination. Those costs include finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department; and costs of registering and issuing debt and equity securities. The acquirer accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

Business combinations under common control (within the Group) are accounted by applying the uniting of interest method.

2.4.5. Operating Segments

An operating segment is a component of the Group:
- which is engaged in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's governing body to make decisions on resources to be allocated to the segment and to assess its performance; and
- for which discrete financial information is available.

The operations of the Group were divided into following segments:
- the refining segment which includes integrated refinery and energy production activity;
- and corporate functions, constitute as agreement position which include activities related to management and administration support functions as well as remaining activities not allocated to separate operating segments.

Segment revenues are revenues reported in the statement of profit or loss and other comprehensive income and directly attributable to a segment, and the relevant portion of revenues that can reasonably be allocated to a segment, including revenues from sales to external customers and revenues from transactions with other operating segments.

Segment expenses are expenses resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion of the Parent Company's or the Group's expenses that can be allocated on a reasonable basis to a segment, including expenses relating to sales to external customers and expenses relating to transactions with other segments.

Segment expenses do not include:
- income tax,
- interest, including interest incurred on advances or loans from other segments, unless the segment's operations are primarily of a financial nature,
- losses on sales of investments or losses on extinguishment of debt unless the segment's operations are primarily of a financial nature.

Segment result is calculated on the level of operating result.
Segment assets are those operating assets that are employed by that segment in operating activity and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Particularly segment assets do not include assets connected with income tax.

2.4.6. Property, plant and equipment

Property, plant and equipment are assets that:
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period (one year or the operating cycle, if longer than one year).

Property, plant and equipment include both property, plant and equipment (assets that are in the condition necessary for them to be capable of operating in the manner intended by management) and construction in progress (assets that are in the course of construction or development necessary for them to be capable of operating in the manner intended by management).

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment comprises its purchase price, including any costs directly attributable to bringing the asset into use. The cost of an item of property, plant and equipment includes also the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which is connected with acquisition or construction of an item of property, plant and equipment.

Property, plant and equipment are stated in the statement of financial position prepared at the end of the reporting period at the carrying amount. The carrying amount is the amount at which an asset is initially recognized (cost) after deducting any accumulated depreciation and accumulated impairment losses.

Depreciation of an item of property, plant and equipment begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, over the period reflecting its estimated economic useful life, considering the residual value. Property, plant and equipment are depreciated with straight-line method and in justified cases units of production method of depreciation.

The depreciable amount of an asset is determined after deducting its residual value from the initial value.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately over the period reflecting its economic useful life. Land is not depreciated.
The following standard economic useful lives are used for property, plant and equipment:

– buildings and constructions	10-40 years
– machinery and equipment	4-35 years
– Vehicles and other	2-20 years

The method of depreciation, residual value and useful life of an asset are reviewed at least once a year. When it is necessary adjustments of depreciation are carried out in subsequent periods (prospectively).

The cost of major inspections and overhaul and replacement of components programs is recognized as property, plant and equipment and depreciated in accordance with their economic useful lives. The cost of current maintenance of property, plant and equipment is recognized as an expense in the period in which they are incurred.

Property, plant and equipment are tested for impairment, when there are indications or events that may imply that the carrying amount of those assets may not be recoverable.

2.4.7. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Group intends to do so; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

An intangible asset is recognized if, and only if:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and
- the cost of the asset can be measured reliably.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the Group can demonstrate all of the following:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete the intangible asset and use or sell it,
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the definition criteria of an intangible asset are not met, the cost incurred to acquire or self-develop an asset is recognized in cost when incurred. If an asset was acquired in a business combination it is part of goodwill as at acquisition date.
An intangible asset is measured initially at cost including grants related to assets. An intangible asset that is acquired in a business combination is recognized initially at fair value.

After initial recognition, an intangible asset, except goodwill, is presented in the consolidated statement of financial position at its cost including grants related to assets, less amortization and impairment allowance, if any.

Intangible assets with finite useful life are amortized using straight-line method. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The asset is amortized over the period reflecting its estimated useful life.

The amortizable amount of an asset is determined after deducting its residual value. Excluding particular cases, the residual value of an intangible asset with a finite useful life is assumed to be zero.

The following standard economic useful lives are used for intangible assets:

Licenses, patents and similar assets	2–15 years
Software	2–10 years

The method of amortization and useful life of an asset are reviewed at least once a year. When it is necessary adjustments of amortization are carried out in subsequent periods (prospectively).

Intangible assets with an indefinite useful life are not amortized, but tested annualy for impairment. At each period the useful life is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

2.4.7.1. Goodwill

Goodwill acquired in a business combination , from the acquisition date, is allocated to each of the acquirer's cash-generating units, (or groups of cash-generating units), that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The acquirer recognizes goodwill as of the acquisition date measured as the excess of a) over b) below:

a) the aggregate of:

- the consideration transferred, which generally requires acquisition-date fair value;
- the amount of any non-controlling interest in the acquiree; and
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the amount in point (b) exceeds the aggregate of the amounts specified in point (a). If that excess remains, after reassessment of fair value of all acquired assets and liabilities, the acquirer recognizes the resulting gain in profit or loss on the acquisition date as other operating profit for the period.

The acquirer measures goodwill at the amount recognized at the acquisition date less any accumulated impairment allowances.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. The annual impairment test may be performed at any time during an annual period, provided the test is performed at the same time every year.

A cash-generating unit to which no goodwill has been allocated is tested for impairment only when there are indicators that the cash-generating unit might be impaired.

An impairment loss recognized for goodwill is not reversed in a subsequent period.
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer also recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

2.4.7.2. Rights

Carbon dioxide emission rights (CO_2)

By the virtue of The Kyoto Protocol, the countries, which decided to ratify the Protocol, obliged themselves to reduce emissions of greenhouse gases, i.e. carbon dioxide (CO_2). In the European Union countries, the plants and companies, which reach productivity exceeding 20 MW and some other industrial plants were obliged to participate in emissions trading system. All mentioned entities are allowed to emit CO_2 in specified amount and are obliged to amortize those rights in the amount of the emissions of the given year.

CO_2 emission rights are initially recognized as intangible assets, which are not amortized, but tested for impairment.

Granted emission allowances are presented as separate items as intangible assets with corresponding deferred income at fair value as at the date of registration. Purchased allowances are presented as intangible assets at purchase price.

If the allowances in a given year were not registered on the account under the date resulting from regulations, they are presented as receivable at the reporting date in correspondence with deferred income (as separate items) in the amount of fair value of allowances due at the reporting date. The receivable is settled at the moment of allowances registration in the subsequent period as intangible assets at fair value (allowances granted). Deferred income is also be revaluated.

For the estimated CO_2 emissions during the reporting period, a provision is created in operating activity costs (taxes and charges).

Grants of CO_2 emission rights are recognized on a systematic basis to ensure matching with the related costs for which the grants were intended to compensate. Consequently, the cost of recognition of the provision in the consolidated statement of profit or loss and other comprehensive income is compensated by a decrease of deferred income (grants) with taking into consideration the proportion of the estimated quantity of emission (accumulated) to the quantity of evaluated annual emission. The surplus of grant over the estimated emission in the reporting period is recognized as other operating income.
Granted/purchased CO_2 emission allowances are amortized against the book value of provision, as its settlement. Outgoing of allowances is recognized using FIFO method (first in, first out) based on particular type of allowances (EUA, ERU, CER).

2.4.8. Borrowing costs

Borrowing costs are interests and other costs that Group incurs in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as costs when incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs may include:
- interest expense calculated using the effective interest,
- finance charges in respect of finance leases, and
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Upper limit of the borrowing cost eligible for capitalization is the value of borrowing cost actually borne by the Group.

The commencement date for capitalization is the date when all of the following three conditions are met:
- expenditures for the asset are incurred,
- borrowing costs are incurred,
- activities necessary to bring the asset into its intended use or sale are undertaken.

Capitalizing of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Necessity to perform additional administrative or decoration works or some adaptation requested by the buyer or user is not the basis for the capitalization of borrowing costs.

After putting the asset into use, the capitalized borrowing costs are depreciated/ amortized over the period reflecting useful life of the asset as part of the cost of the asset.

2.4.9. Impairment of assets

At the end of each reporting period Group assess whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset (CGU).

The recoverable amount is the higher of the fair value less costs to sell of an asset and its value in use.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less costs to sell.

Value in use is the present value of the estimated future cash flows expected to be derived from an asset or CGU.

Assets that do not generate the independent cash flows are grouped on the lowest level on which cash flows, independent from cash flows from other assets, are generated (CGU).

To the cash generating unit following assets are allocated:
- goodwill, if it may be assumed, that the cash generating unit benefited from the synergies associated to a business combination with another entity,
- corporate assets, if they may be allocated on a reasonable and coherent basis.

If there are external or internal indicators that the carrying amount of an asset as at the end of the reporting period may not be recoverable, the impairment tests are carried out. The tests are carried out also annually for intangible assets with the indefinite useful life and for goodwill.

When carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the carrying amount is decreased to the recoverable amount by an adequate impairment allowance charged against cost in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs to sell.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

At the end of reporting period an assessment is made whether an impairment loss recognized in prior periods for an asset is partly or completely reversed. Indications of a potential decrease in an impairment loss mainly mirror the indications of a potential impairment loss in prior periods.

A reversal of an impairment loss for an asset other than goodwill is recognized immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard.

2.4.10. Inventories

Inventories are assets:
- held for sale in the ordinary course of business,
- in the process of production for such sale, or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories comprise products, work in progress, merchandise and materials.

Finished goods and work in progress are measured initially at production cost. Production costs include costs of materials and costs of conversion for the production period.

Costs of production include also a systematic allocation of fixed and variable production overheads estimated for normal production level.

The production costs do not include:
- costs incurred as a consequence of low production or production losses,
- general and administrative expenses that are not directly attributable to bringing the inventories to the condition and location at the moment of measurement,
- storage costs of finished goods and work in progress, unless these costs are necessary in the production process,
- distribution expenses.

Finished goods and work in progress are measured at the end of the reporting period at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the basic course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods and work in progress are evaluated based on the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items produced during the reporting period.

Merchandise and raw materials are measured initially at acquisition cost.

As at the end of the reporting period merchandise and raw materials are measured at the lower of cost and net realizable value, considering any write-downs for obsolescence.

Write-down tests for specific items of inventories are carried out on a current basis during an annual reporting period. Write-down to net realizable value concerns inventories that are damaged or obsolete.

Raw materials held for use in the production are not written down below acquisition or production cost if the products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the products exceeds net realizable value, the materials are written down to net realizable value.

Outgoings of merchandise and raw materials are determined based on the weighted average acquisition cost or production cost formula.

2.4.11. Receivables

Receivables, including trade receivables, are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method less impairment allowances.

2.4.12. Cash and cash equivalents

Cash comprises cash on hand and in a bank account. Cash equivalents are short-term highly liquid investments (of initial maturity up to three months), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are rather part of the cash management process implemented by the Group, nor investment or other. The cash flows balance of cash and cash equivalents consists of the above defined monetary assets and their equivalents less bank overdrafts, if they form an integral part of the cash management. The Group uses cash concentrated system (cash pool), which is not considered as cash and cash equivalents. The cash pool is presented as receivable or payable amounts.

2.4.13. Non-current assets held for sale

Non-current assets held for sale are those which comply simultaneously with the following criteria:
– the sales were declared by the appropriate level of management,
– the assets are available for an immediate sale in their present condition,
– an active program to locate a buyer has been initiated,
– the sale transaction is highly probable and can be settled within 12 months following the sales decision,
– the selling price is reasonable in relation to its current fair value,
– it is unlikely that significant changes to the sales plan of these assets will be introduced.

Classification to this category is carried out in the reporting period when the classification criteria are met. If the criteria for classification of a non-current asset as held for sale are met after the reporting period, the Group does not classify a non-current asset as held for sale in those financial statements when issued.

While a non-current asset is classified as held for sale it is not depreciated.

A non-current assets held for sale (excluding financial assets) is measured at a lower of: carrying amount or fair value less costs to sell.

A gain is recognized for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that had been previously recognized on reclassification.

2.4.14. Equity

Equity and equity related reserves are presented in accounting books by type, in accordance with legal regulations and the Parent company's articles of association.

2.4.14.1. Share capital

The share capital is equity paid in by shareholders and is stated at nominal value in accordance with the Parent company's articles of association and the entry in the Centre of Registers.

2.4.14.2. Share premium

Share premium is created by the surplus of the issuance value in excess of the nominal value of shares decreased by issuance costs.

2.4.14.3. Foreign exchange differences

Foreign exchange differences arise from the translation of the financial statements of foreign operations and from translation of the consolidated financial statements amounts to the additional presentation currency Euro (EUR).

2.4.14.4. Other reserves

Additional payments to equity are initially recognized at fair value.

According to Lithuanian legislation an annual transfer of 5% of net profit to the legal reserve is compulsory until the reserve reaches 10% of the share capital. The legal reserve cannot be distributed as dividends and is formed to cover future losses.

2.4.14.5. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

2.4.14.6. Retained earnings

Movements in retained earnings include:
- the amounts arising from profit distribution/loss cover,
- the undistributed result for prior periods,
- the current period profit/(loss),
- the effects (profit/loss) of prior period errors,
- changes in accounting principles,
- actuarial gains or losses related to post-employment benefits, recognized directly to other comprehensive income.

2.4.15. Liabilities

Liabilities, including trade liabilities, are initially stated at fair value subsequently amortized cost using the effective interest method.

2.4.15.1. Accruals

Accruals are liabilities due for goods or services received/provided, but not paid, invoiced or formally agreed with the seller, together with amounts due to employees.

2.4.16. Provisions

The Group recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation the provision is reversed. The provision is used only for expenditures for which the provision was originally recognized.

When the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. If the discounting method is applied, the increase of provisions with time is recognized as financial expenses.

Provisions are not recognized for the future operating losses.

The provisions are created, among others, for (if recognition criteria mentioned above are met):
- environmental risk,
- business risk,
- restructuring,
- CO_2 emission.

2.4.16.1. Environmental provision

The Group creates provisions for future liabilities due to reclamation of contaminated land or water or elimination of harmful substances if there is such a legal or constructive obligation. Environmental provision for reclamation is periodically reviewed based on reports prepared by management. The Group conducts regular reclamation of contaminated land that decreases the provision by its utilization.

2.4.16.2. Jubilee bonuses and post-employment benefits

Under the Group's remuneration plans employees are entitled to retirement and pension benefits.

The retirement (pension) benefits are paid once at retirement (pension). The amount of retirement and pension benefits depends on the number of years in service and an employee's average salary.

Provisions for post-employment benefits are calculated individually for each entitled individual. The base for the calculation of provision for an employee is expected benefit which the Group is obliged to pay in accordance with Labour Code. The present value of these obligations is estimated at the end of each reporting year by an independent actuary.

A legal obligation is an obligation that derives from: a contract, legislation (including legislation virtually certain to be enacted) or other operation of law.

The provision for retirement and pension benefits is created in order to allocate costs to relevant periods.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Actuarial gains or losses:
- from post-employment benefits are recognized in other comprehensive income,
- from other employment benefits, including jubilee bonuses, are recognized in profit and loss.

2.4.16.3. Business risk

Business risk provision is created after consideration of all available information, including opinions of independent experts. If on the basis of such information it is more likely that not that a present obligation exists at the end of the reporting period, the Group recognizes a provision (if the recognition criteria are met).

If it is more likely that no present obligation exists at the end of the reporting period, the Group discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

2.4.16.4. Restructuring

A restructuring provision is created when the Group starts to implement a restructuring plan or has announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the restructuring will be carried out. A restructuring provision includes only the direct expenditures arising from the restructuring, i.e. connected with the termination of employment (paid leave payments and compensations).

2.4.16.5. CO_2 emissions

The Group creates provision for the estimated CO_2 emission during the reporting period in operating activity costs (taxes and charges).

2.4.17. Government grants

Government grants are transfers of resources to the Group by government, government agencies and similar bodies whether local, national or international in return for past or future compliance with certain conditions relating to the operating activities of the Group.

Government grants are not recognized until there is reasonable assurance that the grants will be received and the Group will comply with the conditions attaching to them.

Grants related to costs are presented as compensation to the given cost at the period they are incurred. The surplus of the received grant over the value of the given cost is presented as other operating income.

Government grants related to assets are presented separately as deferred income that is amortized over the useful life of the asset (gross presentation).

2.4.18. Revenues from sale

Revenues from sale (from operating activity) comprise revenues that relate to core activity, i.e. activity for which the Group was founded, revenues are recurring and are not of incidental character.

2.4.18.1. Revenues from sales of finished goods, merchandise, materials and services

Revenue from sales of finished goods, merchandise, materials and services are recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the sale transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenues from sale of finished goods, merchandise, raw materials and services are recognized when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenues includes received or due payments for delivered goods or services rendered decreased by the amount of any trade discounts, value added tax (VAT), excise tax and fuel charges. Revenues are measured at fair value of the received or due payments.

Revenues and expenses relating to services for which the start and end dates fall within different reporting periods are recognized based on the percentage of completion method, if the outcome of a transaction can be measured reliably, i.e. when total contract revenues can be measured reliably, it is probable that the economic benefits associated with the contract will flow to the Group and the stage of completion can be measured reliably. If those conditions are not met, revenues are recognized up to the cost incurred, but not greater than the cost which are expected to be recovered by the Group.

2.4.19. Costs

Costs (relating to operating activity) comprise costs that relate to core activity, i.e. activity for which the Group was founded, costs are recurring and are not of incidental character. Particularly costs that are connected to purchase of raw materials, their processing and distribution, those are fully under Group's control.

2.4.19.1. Costs of sales

Cost of sales comprises costs of finished goods, merchandise and raw materials sold, including services of support functions.

2.4.19.2. Distribution expenses

Distribution expenses include selling brokerage expenses, trading expenses, advertising and promotion expenses as well as distribution expenses.

2.4.19.3. General and administrative expenses

General and administrative expenses include expenses relating to management and administration of the Group as a whole.

2.4.20. Other operating income and expenses

Other operating income refer to operating revenues, in particular relating to profit from liquidation and sale of property, plant and equipment and intangible assets, surplus of assets, return of court fees, penalties earned by the Group, surplus of grants received to revenues over the value of costs, assets received free of charge, reversal of receivable impairment allowances and some provisions, compensations earned, revaluation gains and profit on sale of investment property.

Other operating expenses refer to operating expenses, in particular relating to loss on liquidation and sale of non-financial non-current assets, shortages of assets, court fees, contractual penalties and fines, penalties for non-compliance with environmental protection regulations, cash and tangible assets granted free of charge, impairment allowances (except those that are recognized as financial expenses), compensations paid, write-off of construction in progress which have not produced the desired economic effect, cost of recovery of receivables and liabilities, revaluation losses and loss on sale of investment property.

2.4.21. Financial income and expenses

Financial income include in particular profit from the sale of shares and other securities, , interest earned on cash in bank accounts, term deposits and loans granted, increase in the value of financial assets and foreign exchange gains.

Financial expenses include, in particular, the loss on the sale of shares and securities sold and costs associated with such sale, impairment losses relating to financial assets such as shares, securities and interest receivables, foreign exchange losses, interest on bonds and other securities issued, interest on finance lease, commissions on bank loans, borrowings costs.

Prior of application of the hedge accounting, the results of financial instruments were accounted under the financial activity.

2.4.22. Income tax expense

Income tax expense comprises current tax and deferred tax.

Current tax is determined in accordance with the relevant tax law based on the taxable profit for a given period for each entity within the group in accordance with the laws of the relevant jurisdiction.

Current tax liabilities for current and prior periods represent the amounts payable at the reporting date. If the amount of the current and prior periods income tax paid exceeds the amount due the excess is recognized as a receivable.

Deferred tax assets are recognized for deductible temporary differences, unrealized tax losses and unrealized tax relieves.

Deferred tax liabilities are recognized for taxable temporary differences.

Deductible temporary differences are temporary differences that will result in reducing taxable amounts of future periods when the carrying amount of the asset or liability is recovered or settled. Deductible temporary differences arise when the carrying amount of an asset is lower than its tax base or when the carrying amount of a liability is higher than its tax base. Deductible temporary differences may also arise in connection with items not recognized in the accounting records as assets or liabilities.

Taxable temporary differences are temporary differences that will result in increasing taxable amounts of future periods when the value of the asset or liability is recovered or settled. Taxable temporary differences arise when the carrying amount of an asset at the end of reporting period is higher than its tax base or when the carrying amount of a liability is lower than its tax base. Taxable temporary differences may also arise in connection with items not recognized in the accounting records as assets or liabilities.

The measurement of deferred tax liabilities and deferred tax assets reflect the tax consequences that would follow from the manner in which the Group expects, to recover or settle the carrying amount of its assets and liabilities.

If the transaction is not a business combination, and affects neither accounting profit nor taxable profit (loss), the Group does not recognize the resulting deferred tax liability or asset arising on initial recognition of an asset or liability. No deferred tax liability is recognized on goodwill, amortisation of which is not a tax deductible expense.

Deferred tax assets and liabilities are measured at the end of each reporting period at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities relating to transactions settled directly in equity are recognized in equity.

Deferred tax assets and liabilities are accounted for as non-current assets or long-term liabilities.

Deferred tax assets and liabilities are offset in the statement of financial position, if the Group has a legally enforceable right to set off the recognized amounts. It is assumed that a legally enforceable right exists if the amounts concern the same tax payer (including capital tax group), except for amounts taxed based on lump sum method or in a similar way, if tax law does not allow offsetting them with tax determined according to general rules.

2.4.23. Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using indirect method.

Cash and cash equivalents presented in the consolidated statement of cash flows include cash and cash equivalents.

Non-cash transactions are excluded from statement of cash flows.

Dividends received are presented in consolidated cash flows from investing activities.

Dividends paid are presented in cash flows from financing activities.

Interests received from finance leases, loans granted and short-term securities are presented in cash flows from investing activities. Other interests received are presented in consolidated cash flows from operating activities.

Interests paid and provisions on bank loans and borrowings received, debt securities issued and finance leases are presented in consolidated cash flows from financing activities. Other interests paid are presented in consolidated cash flows from operating activities.

Cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short are reported on a net basis in the consolidated statement of cash flows.

Cash received or paid due to term agreements i.e. futures, forward, options, swap is presented in consolidated cash flows from investing activities, unless the agreements are held by the Group for trading or cash received or paid is presented in financing activities.

2.4.24. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.4.24.1. Recognition and derecognition in the consolidated statement of financial position

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets is recognized by the Group as at trade date.

The Group derecognises a financial asset from the statement of financial position when and only when:
- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset to another party.

The Group derecognizes a financial liability (or part of financial liability) from its statement of financial position when, and only when it is extinguished - that is when the obligation specified in the contract:
- is discharged, or
- is cancelled, or
- expired.

2.4.24.2. Measurement of financial assets and liabilities

When a financial asset or liability is recognized initially, the Group measures it at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

For the purpose of measuring a financial asset at the end of the reporting period or any other date after initial recognition, the Group classifies financial assets into the following four categories:

- financial assets at fair value through profit or loss,
- held-to-maturity investments,
- loans and receivables,
- available-for-sale financial assets.

Regardless of characteristics and purpose of a purchase transaction, the Group classifies initially selected financial assets as financial assets at fair value through profit or loss, when doing so results in more relevant information.

A financial asset at fair value through profit or loss is a financial asset that has been designated by the Group upon initial recognition as at fair value through profit or loss or classified as held for trading if it is:
- acquired principally for the purpose of selling or repurchasing in the near term, or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making, or
- a derivative (except for a derivative that is an effective hedging instrument).

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Available-for-sale financial assets are those non-derivative financial assets that are designated by the Group as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

a. Fair value measurement of financial assets

Subsequent to initial recognition the Group measures financial assets at fair value through profit or loss, including derivative financial assets and available-for-sale financial assets at their fair value, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair value of financial assets is determined in accordance with the principles of fair value measurement.

If the fair value of investments in equity instruments (shares) that do not have a quoted market price on an active market is not reliably measurable, the Group measures them at cost, that is the acquisition price less any accumulated impairment losses.

A gain or loss on a financial asset classified as at fair value through profit or loss is recognized through profit or loss.

A gain or loss on an available-for-sale financial asset is recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses that are recognized in profit or loss. In case of debt financial instruments interest calculated using the effective interest method is recognized in profit or loss.

b. Amortized cost measurement of financial assets

Subsequent to initial recognition the Group measures loans and receivables, including trade receivables, as well as held-to-maturity investments at amortized cost using the effective interest method. Effective interest is the rate which precisely discounts estimated future cash flows or payments made in expected periods until financial instrument expiration, and in grounded situations in shorter period – up to net book value of asset of financial liability.

c. Fair value measurement of financial liabilities

As at the end of the reporting period or other dates after the initial recognition the Group measures financial liabilities at fair value through profit or loss (including particularly derivatives which are not designated as hedging instruments) at fair value. Regardless of characteristics and purpose of a purchase transaction, the Group classifies initially selected financial liabilities as financial liabilities at fair value through profit or loss, when doing so results in more relevant information. Fair value of incurred financial liability is measured in accordance with the principles of fair value measurement.

d. Amortized cost measurement of financial liabilities

Subsequent to initial recognition the Group measures other financial liabilities other than those at fair value through profit and loss at amortized cost using the effective interest rate method.

Financial guarantee contracts, that are contracts that require the Group (issuer) to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, not classified as financial liabilities at fair value through profit or loss are measured at the higher of:

- the amount determined in accordance with principles relating to valuation of provisions,
- the amount initially recognized less, when appropriate, cumulative amortization.

2.4.24.3. Transfers

The Group:

- does not reclassify a financial instrument out of fair value through profit or loss category if at initial recognition it has been designated by the Group as measured at fair value through profit and loss; and
- may, if a financial asset is no longer held for the purpose of selling or repurchasing it in the near term (notwithstanding that the financial asset may have been acquired or incurred principally for the purpose of selling or repurchasing it in the near term), reclassify that financial asset out of the fair value through profit or loss category in limited circumstances. In case of loans and receivables (if at initial recognition financial assets were not classified at held for trading) financial assets can be reclassified from assets measured at fair value through profit or loss if the Group has intention and possibility to hold a financial asset in a foreseeable future or to maturity.

2.4.24.4. Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective indicator that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the Group recognizes an impairment allowance in the amount measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. effective interest rate determined at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized as other income.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

If there is objective evidence that an impairment loss has been incurred on available-for-sale financial asset, the cumulative loss on decline in value that had been recognized in statement of profit or loss and other comprehensive income in accordance with measurement rules for financial assets are reclassified from equity to profit or loss.

Impairment losses for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed and recognized as other income.

2.4.24.5. Embedded derivatives

A derivative is a financial instrument with all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract,
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and
- it is settled at a future date.

If the Group is a party of a hybrid (combined) instrument that includes embedded derivative, an embedded derivative shall be separated from the host contract and accounted for as a separate derivative in line with requirements for investments measured at fair values through profit or loss if, and only if the instrument meets all following requirements:
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined (hybrid) instrument is not measured at fair value with changes in fair value recognised in the statement of profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated).

The Group assesses the need to separate an embedded derivative from the host contract and to present it as a derivative, when it becomes a party of a hybrid instrument for the first time. Reassessment is made only in case, when subsequent changes are introduced to the hybrid contract that substantially modify cash flows required by the contract.

2.4.24.6. Hedge accounting

Starting from 1 July 2015 the Parent Company has applied hedge accounting in relation to commodity swaps on crude oil and products. Consequently, the result of commodity swaps for transactions after 1-st of July settlement is included in operating activity of the statement of profit or loss and other comprehensive income. The valuation of commodity swap transactions is included in the statement of financial position as hedging reserve.

Derivatives designated as hedging instruments whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a hedged item are accounted for in accordance with fair value or cash flow hedge accounting, if all of the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge,
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship,
- for cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss,
- the effectiveness of the hedge can be reliably measured,
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The Group does not apply hedge accounting in case when embedded derivative instrument is seperated from the host contract.

The Group assess effectiveness at the inception of the hedge and later, at minimum, at each reporting date. The Group assess hedge as effective, for external reporting purposes, only if the actual results of the hedge are within a range from 80% to 125%. The Group uses statistical methods, in particular regression analysis, to assess effectiveness of the hedge. The Group uses simplified analytical methods, when a hedged item and a hedging instruments are of the same nature i.a. maturity dates, amounts, changes affecting fair value risk or cash flow changes.

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. A firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

If a fair value hedge is used, it is accounted for as follows:

- the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss, and
- the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss (this applies also if the hedged item is an available-for-sale financial asset, whose changes in value are recognised in other comprehensive income).

The Group discontinues prospectively fair value hedge accounting if:

- the hedging instrument expires, is sold, terminated or exercised (for this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the Group's documented hedging strategy),
- the hedge no longer meets the criteria for hedge accounting, or
- the Group revokes the designation.

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. A forecast transaction is an uncommitted but anticipated future transaction.

If a cash flow hedge is used, it is accounted for as follows:

- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income, and
- the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

If a hedge of a forecast transaction results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affect profit or loss. However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in future periods, it reclassifies to profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment, the Group removes the associated gains and losses that were recognised in the other comprehensive income and includes them in the initial cost or other carrying amount of the asset or liability.

The Group discontinues cash flow hedge accounting if:
- the hedging instrument expires, is sold, terminated or exercised - in this case, the cumulative gain or loss on the hedging instrument recognised in other comprehensive income remain separately recognised in equity until the forecast transaction occurs,
- the hedge no longer meets the criteria for hedge accounting - in this case, the cumulative gain or loss on the hedging instrument recognised in other comprehensive income remain separately recognised in equity until the forecast transaction occurs,
- the forecast transaction is no longer expected to occur, in which case any related cumulative gain or loss on the hedging instrument recognised in other comprehensive income are recognised in profit or loss,
- designation has been revoked – in this case the cumulative gain or loss on the hedging instrument recognised in other comprehensive income remain separately recognised in equity until the forecast transaction occurs or is no longer expected to occur.

Net investment in a foreign operations is the amount of the reporting entity's interest in the net assets of that operations.

Hedges of a net investment in a foreign operations, including hedge of monetary item that is accounted for as a part of the net investment, shall be accounted for similarly to cash flow hedges:
- the portion of the gain or loss on the hedging instrument that is determined to be effective hedge shall be recognised in other comprehensive income; and
- the ineffective portion shall be recognised in profit or loss.

The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment on a disposal of the foreign operations.

A hedge of a foreign currency risk of a firm commitment may be accounted for as a fair value hedge or cash flow hedge.

2.4.25. Fair value measurement

At initial recognition, the transaction price of an acquired asset or assumed liability in an exchange transaction for that asset or liability is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

If the Group measures an asset or a liability initially at fair value and the transaction price differs from fair value, the difference is recognized in profit or loss unless that IFRS specifies otherwise.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

In the absence of any directly observable input, i.e. prices quoted (unadjusted) in active markets for identical assets or liabilities to which the Group can access at the measurement date, the fair value is determined on the basis of the corrected directly observable inputs. Adjusted input includes:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in markets that are not active.
- inputs other than quoted prices that are observable for the asset or liability, for example:
- market-corroborated inputs.

In the case when the observable (directly or indirectly) inputs are not available, fair value is measured on the basis of the developed by the Group unobservable input using appropriate valuation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a liability reflects the effect of non-performance risk. Non-performance risk includes, but may not be limited to, the entity's own credit risk. When measuring the fair value of a liability, an entity shall take into account the effect of its credit risk (credit standing) and any other factors that might influence the likelihood that the obligation will or will not be fulfilled.

Group shall maximize the use of relevant observable inputs and minimize the use of unobservable inputs to meet the objective of a fair value measurement, which is to estimate the price at which an orderly transaction to transfer the liability or equity instrument would take place between market participants at the measurement date under current market conditions.

Assets and liabilities that are measured at fair value in the statement of financial position or are not valued at fair value, but information about them are disclosed, Group classifies according to a hierarchy of fair value at the three levels of the input depending on the assessment of their availability:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

In the cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.4.26. Contingent assets and contingent liabilities

A contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognized in the statement of financial position as it may lead to recognition of the income, which will never be gain. However, if the inflow of economic benefits is probable, the Group discloses respective information on the contingent asset in the additional information to financial statements and if practicable, estimates the influence on financial results, as according to accounting principles for valuation of provisions.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

A contingent liability is:
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or the amount of the obligation (liabilities) cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the consolidated statement of financial position however the information on contingent liabilities is disclosed in the consolidated financial statements unless the probability of outflow of resources embodying to economic benefits is remote.

Contingent liabilities assumed in the business combinations are recognized in the consolidated statement of financial position as provisions.

2.4.27. Events after the reporting date

Events after the reporting date are those events, favourable and unfavourable, that occur between end of the reporting period and date of when the financial statements are authorized for issue. Two types of those events can be identified:
- those, that provide evidence of conditions that existed as the end of the reporting period (adjusting events after the reporting period), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

3. The Management estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRSs as adopted by the EU requires the Management to make judgments, estimates and assumptions that affect the adopted methods and reported amounts of assets, liabilities and equity, revenue and expenses. The estimates and related assumptions are based on historical expertise and other factors regarded as reliable in given circumstances and their effects provide grounds for expert assessment of the carrying amount of assets and liabilities which is not based directly on any other factors.

In the matters of considerable weight, the Management might base its estimates on opinions of independent experts.

The estimates and related assumptions are reviewed on regular basis. Changes in accounting estimates are recognized in the period when they are made only if they refer to that period or in the present and future periods if they concern both the present and future periods.

Actual results may differ from the estimated values.

Judgments, which have a significant impact on carrying amounts recognized in the consolidated financial statements, were disclosed in the following notes:

- Financial instruments classification, methods of fair value measurement concerning financial instruments, nature and extent of risks related to financial instruments (Note 26). The Management classifies the financial instruments depending on the purpose of the purchase and nature of the instrument. The fair value of financial instruments is measured using common practiced valuation models. Details of the applied estimates and sensitivity analysis have been presented in the above note.

Estimates and assumptions, which have a significant impact on carrying amounts recognized in the consolidated financial statements, were disclosed in the following notes:

- Impairment of property, plant and equipment and intangible assets (Note 6 and Note 7). The Management assess, if there is an objective indicator for impairment of assets or CGU. If there is an indicator for impairment the Group assesses the recoverable amount of an asset or cash generating units by determining higher of fair value less cost to sell or value in use by applying the proper discount rate.
- Estimated economic useful lives of property, plant and equipment and intangible assets (Note 6 and Note 7). As described in Note 2.4.6 and 2.4.7 the Group verifies economic useful lives of property, plant and equipment and intangible assets at least once a year.
- Provisions. As described in Note 2.4.16, recognition of provisions requires estimate of the probable outflow of economic benefits and defining the best estimate of the expenditure required to settle the present obligation at the end of reporting period. Details of applied estimates and their influence on the foregoing consolidated financial statements are disclosed in Note 18.
- Contingent liabilities (Note 29). As described in Note 2.4.26, disclosing of contingent liabilities requires estimate of the probable outflow of economic benefits and defining the best estimate of the expenditure required to settle the present and possible obligation at the end of reporting period.
- Utilization of deductible temporary differences and recognition of deferred tax assets (Note 25). As described in Note 2.4.22, deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences could be utilized.

4. Operating segments

Accounting principles used in operating segments are in line with the Group's accounting principles, described in the Note 2.4.5. The segments' result is the result generated by respective segments without the allocation of corporate functions, financial revenue and expenses, as well as income tax expenses. This information is passed on to chief operating decision makers responsible for allocation of resources and evaluation of segment results.

Revenue from transactions with external parties are arm's length transactions. External segment revenues presented to the Management are measured in conformity with the method used in the statement of profit or loss and other comprehensive income.

The Group has two operating segments: refining and corporate functions. The retail segment was sold in August 2014 and this segment is presented as discontinued activity in this report.

The segment of refining includes production and trade divisions of the Parent company and its subsidiaries: UAB Mažeikių Naftos prekybos namai, SIA ORLEN Latvija, OU ORLEN Eesti, UAB EMAS, UAB "Paslaugos tau" (merged to UAB "EMAS" in 2015).

The segment of corporate functions includes the Parent company's divisions of business maintenance and administration.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

4.1. Revenue and financial results by operating segments

For the year ended 31 December 2015

USD	Note	Refining segment	Corporate functions	Adjustments	Total
Sales to external customers	21	4,135,823	2,661	-	**4,138,484**
Transactions with other segments		-	376	(376)	-
Total sales revenue		**4,135,823**	**3,037**	**(376)**	**4,138,484**
Total operating expenses	**22**	**(3,818,400)**	**(30,797)**	**376**	**(3,848,821)**
Other operating income	23.1	2,534	2,166	-	**4,700**
Other operating expenses	23.2	(1,934)	(9,486)	-	**(11,420)**
Share in profit from investments in equity-accounted investees	8	168	-	-	**168**
Segments operating profit/(loss)		**318,191**	**(35,080)**	**-**	**283,111**
Financial income	24.1				**14,309**
Financial expenses	24.2				**(76,515)**
Profit/(loss) before tax					**220,905**
Income tax expense	25				**14,942**
Net profit/(loss)from continuing operation					**235,847**
Depreciation and amortization	**6,7**	**(11,882)**	**(523)**	**-**	**(12,405)**
Additions to non-current assets	**6,7**	**34,404**	**88**	**-**	**34,492**

EUR	Note	Refining segment	Corporate functions	Adjustments	Total
Sales to external customers	21	3,727,191	2,437	-	**3,729,628**
Transactions with other segments		-	338	(338)	-
Total sales revenue		**3,727,191**	**2,775**	**(338)**	**3,729,628**
Total operating expenses	**22**	**(3,442,023)**	**(27,464)**	**338**	**(3,469,149)**
Other operating income	23.1	2,279	1,949	-	**4,228**
Other operating expenses	23.2	(1,752)	(8,605)	-	**(10,357)**
Share in profit from investments in equity-accounted investees	8	152	-	-	**152**
Segments operating profit/(loss)		**285,847**	**(31,345)**	**-**	**254,502**
Financial income	24.1				**12,960**
Financial expenses	24.2				**(68,028)**
Profit/(loss) before tax					**199,434**
Income tax expense	25				**13,884**
Net profit/(loss)from continuing operation					**213,318**
Depreciation and amortization	**6,7**	**(10,705)**	**(472)**	**-**	**(11,177)**
Additions to non-current assets	**6,7**	**30,974**	**77**	**-**	**31,051**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

For the year ended 31 December 2014

USD	Note	Refining segment	Corporate functions	Adjustments	Total
Sales to external customers	21	6,176,315	2,990	-	**6,179,305**
Transactions with other segments		27,900	887	(28,787)	**-**
Total sales revenue		**6,204,215**	**3,877**	**(28,787)**	**6,179,305**
Total operating expenses	**22**	**(6,277,055)**	**(37,484)**	**28,787**	**(6,285,752)**
Other operating income	23.1	3,690	13,899	-	**17,589**
Other operating expenses	23.2	(734,059)	(48,111)	-	**(782,170)**
Share in profit from investments in equity-accounted investees	8	177	-	-	**177**
Segments operating profit/(loss)		**(803,032)**	**(67,819)**	**-**	**(870,851)**
Financial income	24.1				**9,920**
Financial expenses	24.2				**(25,883)**
Profit/(loss) before tax					**(886,814)**
Income tax expenses	25				**(81,324)**
Net profit/(loss)from continuing operations					**(968,138)**
Depreciation and amortization	**6,7**	**(39,873)**	**(1,731)**	**-**	**(41,604)**
Additions to non-current assets	**6,7**	**49,355**	**667**	**-**	**50,022**

EUR	Note	Refining segment	Corporate functions	Adjustments	Total
Sales to external customers	21	4,651,913	2,252	-	**4,654,165**
Transactions with other segments		21,014	668	(21,682)	**-**
Total sales revenue		**4,672,927**	**2,920**	**(21,682)**	**4,654,165**
Total operating expenses	**22**	**(4,727,789)**	**(28,232)**	**21,682**	**(4,734,339)**
Other operating income	23.1	2,779	10,469	-	**13,248**
Other operating expenses	23.2	(552,883)	(36,236)	-	**(589,119)**
Share in profit from investments in equity-accounted investees	8	133	-	-	**133**
Segments operating profit/(loss)		**(604,832)**	**(51,080)**	**-**	**(655,912)**
Financial income	24.1				**7,471**
Financial expenses	24.2				**(19,495)**
Profit/(loss) before tax					**(667,936)**
Income tax expenses	25				**(61,252)**
Net profit/(loss)from continuing operations					**(729,188)**
Depreciation and amortization	**6,7**	**(30,031)**	**(1,304)**	**-**	**(31,335)**
Additions to non-current assets	**6,7**	**37,174**	**502**	**-**	**37,676**

Additions to non-current assets include purchases and other increases, which are widely described in Notes 6 and 7.

CO2 emission rights granted for free are included to Additions to non-current assets amounts.

Adjustments in the tables above represent eliminations of inter-segment transactions.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

4.2. Other segment data

4.2.1. Assets by operating segments

	31/12/2015		31/12/2014	
	USD	EUR	USD	EUR
Refining segment	435,599	398,679	529,445	435,282
Corporate functions	127,039	116,272	13,561	11,149
Total segment assets	**562,638**	**514,951**	**543,006**	**446,431**
Not allocated	22,557	20,645	2,569	2,111
Total	**585,195**	**535,596**	**545,575**	**448,542**

Including:

	Non-current assets classified as held for sale				Investments in equity-accounted investees			
	31/12/2015	31/12/2015	31/12/2014	31/12/2014	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Refining segment	443	405	303	249	1,771	1,621	1,858	1,527
Corporate functions	12	11	27	22	-	-	-	-
Total	**455**	**416**	**330**	**271**	**1,771**	**1,621**	**1,858**	**1,527**

Operating segments include all assets except for financial assets and tax assets. Assets used jointly by different operating segments are allocated based on revenues generated by particular operating segments.

4.2.2. Recognition and reversal of impairment allowances

	Recognition for the year ended				Reversal for the year ended			
	31/12/2015	31/12/2015	31/12/2014	31/12/2014	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Refining segment	(8,400)	(7,717)	(801,602)	(603,756)	1,845	1,664	1,293	974
Corporate functions	(17)	(16)	(17,195)	(12,951)	-	-	-	-
Total	**(8,417)**	**(7,733)**	**(818,797)**	**(616,707)**	**1,845**	**1,664**	**1,293**	**974**
allowances in operating activity	**(8,417)**	**(7,733)**	**(818,797)**	**(616,707)**	**1,845**	**1,664**	**1,293**	**974**

Impairment by segment as disclosed in the consolidated statement of profit or loss and other comprehensive income include impairment of receivables, the write-down of value of inventories to net realizable value and impairment of non-current assets.

Recognition and reversal of write-downs were performed in connection with the revaluation of inventory, occurrence or extinction of indicators in respect of overdue receivables, uncollectible receivables or receivables in court as well as impairment of property, plant and equipment, intangible assets.

As at 31 December 2014 estimated impairment amounts to USD 769,142 thousand, which was allocated on pro rata basis to intangible assets and property plant and equipment.

Detailed information on impairment of property, plant and equipment are disclosed in Note 6, on intangible assets in Note 7, on inventories in Note 11, on trade and other receivables in Note 12, on non-current assets classified as held for sale in Note 15.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

4.2.3. Geographical information

Revenues from sales

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Lithuania	932,908	731,984	1,559,708	1,174,750
Other Baltic countries	870,820	813,996	1,075,109	809,757
Poland	53,295	50,222	166,868	125,683
Other EU countries	277,676	258,528	319,880	240,929
Other countries, including:	**2,003,785**	**1,874,898**	**3,057,740**	**2,303,046**
Switzerland	670,195	628,473	1,371,905	1,033,299
Ukraine	325,517	303,998	535,911	403,641
Singapore	989,766	925,387	1,022,753	770,323
Other countries	18,307	17,040	127,171	95,783
Total	**4,138,484**	**3,729,628**	**6,179,305**	**4,654,165**

„Other countries“ comprises sales to customers from Moldova, Norway, Panama, Russia, Turkey, Virgin Islands and other countries.

Division of non-current assets

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Lithuania	161,740	148,032	154,053	126,654
Other Baltic countries	3	3	10	8
Total	**161,743**	**148,035**	**154,063**	**126,662**

The above non-current assets consist of property, plant and equipment (Note 6), intangible assets (Note 7).

4.3. Revenues from sales of core products and services

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Refining segment	**4,135,823**	**3,727,191**	**6,176,315**	**4,651,913**
Gasoline	1,374,314	1,240,656	1,956,487	1,473,599
Diesel fuel	2,130,151	1,917,337	3,047,435	2,295,285
Jet A-1 fuel	104,317	93,935	202,920	152,837
Heavy heating oil	335,637	302,527	674,259	507,842
LPG	95,739	86,440	154,194	116,137
Bitumens	42,825	38,624	58,690	44,204
Light heating oil	5,222	4,696	8,982	6,765
Sulphur	7,009	6,288	7,576	5,706
Other	13,179	12,007	30,197	22,744
Services	27,430	24,681	35,575	26,794
Corporate functions	**2,661**	**2,437**	**2,990**	**2,252**
Sales of spare parts	2,187	2,007	1,406	1,059
Services	474	430	1,584	1,193
Total	**4,138,484**	**3,729,628**	**6,179,305**	**4,654,165**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

4.4. Information about major customers

In 2015 there was one major customer in the refining segment, whose revenues from sales amounted to USD 989,623 thousand or EUR 891,253 thousand and individually exceeded 10% of total revenues from sale to external customers, whereas in Corporate segment there was no a customer who individually exceeded 10% of revenue from sales to external customers.

In 2014 there were three major customers in the refining segment, whose revenues from sales amounted to USD 2,341,041 thousand or EUR 1,763,239 thousand and individually exceeded 10% of total revenues from sale to external customers, whereas in Corporate segment there was no a customer who individually exceeded 10% of revenue from sales to external customers.

5. Discontinued operation

In August 2014, the Group sold its entire Retail segment. This segment was not previously classified as held for sale or as a discontinued operation. The Consolidated statement of profit or loss and other comprehensive income has been restated for 2014 to show the discontinued operation separately from continuing operations.

5.1. Results of discontinued operation

	for the year ended	
	31/12/2014	31/12/2014
	USD	EUR
Statement of profit or loss		
Sales revenues	42,290	31,852
Cost of sales	(35,722)	(26,905)
Gross profit on sales	**6,568**	**4,947**
Distribution expenses	(3,844)	(2,895)
Administrative expenses	(1,055)	(795)
Other operating income	17	13
Other operating expenses	(4)	(3)
Profit/(loss) from operations	**1,682**	**1,267**
Finance income	-	-
Finance expenses	-	-
Income tax expense	(72)	(54)
Results from operating activities, net of tax	**1,610**	**1,213**
Gain on sale of discontinued operation	3,065	2,308
Net profit/(loss)	**4,675**	**3,521**

The profit from the discontinued operation of USD 4,675 thousand or EUR 3,521 thousand is attributable entirely to the owners of the Group.

5.2. Cash flows generated in discontinued operation

	for the year ended	
	31/12/2014	31/12/2014
	USD	EUR
Net cash used in operating activities	(3,529)	(2,625)
Net cash used in investing activities	19,094	14,582
Net cash used in financing activities	3,529	2,626
Net cash flow for the year	**19,095**	**14,583**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

5.3. Effect on disposal on the financial position of the Group

	for the year ended	
	31/12/2014	31/12/2014
	USD	EUR
Property, plant and equipment and intangible assets	(14,087)	(10,507)
Inventories	(2,779)	(2,073)
Trade and other receivables	(3,420)	(2,551)
Other financial assets	(3,147)	(2,348)
Cash and cash equivalents	(456)	(340)
Provisions	494	369
Trade and other payables	6,838	5,100
Current tax liability	72	53
Net assets and liabilities	**(16,486)**	**(12,297)**
Consideration received, satisfied in cash	19,550	14,582
Cash and cash equivalents dispossed of	(456)	(340)
Net cash inflow	**19,094**	**14,242**

6. Property, plant and equipment

	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Buildings and constructions	4,642	4,249	4,797	3,943
Machinery and equipment	121,087	110,824	118,191	97,171
Vehicles and other	26,532	24,283	18,920	15,555
Construction in progress	8,284	7,582	10,586	8,703
Total	**160,545**	**146,938**	**152,494**	**125,372**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Changes in property, plant and equipment by class:

USD	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Acquisition costs						
1 January 2015	1	73,968	1,564,281	85,929	33,714	1,757,893
Acquisitions	-	-	8,141	9,387	3,338	20,866
Reclassifications	-	8	5,079	69	(7,924)	(2,768)
Sales	-	-	-	(46)	-	(46)
Liquidation	-	-	(831)	(16,954)	(285)	(18,070)
Other decreases	-	-	-	(1,000)	-	(1,000)
Foreign exchange differences	-	-	(50)	(134)	-	(184)
31 December 2015	**1**	**73,976**	**1,576,620**	**77,251**	**28,843**	**1,756,691**
Accumulated depreciation and impairment allowances						
1 January 2015	1	69,171	1,446,090	67,009	23,128	1,605,399
Depreciation	-	162	10,292	1,628	-	12,082
Impairment allowances, net	-	-	478	(2,302)	(2,569)	(4,393)
Reclassifications	-	-	(465)	(78)	-	(543)
Sales	-	-	-	(29)	-	(29)
Liquidation	-	-	(812)	(15,391)	-	(16,203)
Other increases	-	1	-	-	-	1
Foreign exchange differences	-	-	(50)	(118)	-	(168)
31 December 2015	**1**	**69,334**	**1,455,533**	**50,719**	**20,559**	**1,596,146**
Acquisition costs						
1 January 2014	3,003	98,743	1,522,558	100,164	83,259	1,807,727
Acquisitions	-	91	20,712	1,321	770	22,894
Acquisitions (discontinued operation)	-	1	-	-	-	1
Other increases	-	-	-	3	-	3
Reclassifications	-	(626)	43,802	(3,121)	(45,447)	(5,392)
Sales	-	-	(1)	(165)	-	(166)
Liquidation	-	-	(5,362)	(878)	(4,261)	(10,501)
Other decreases due to discontinued operation	(2,958)	(23,889)	(17,110)	(11,062)	(599)	(55,618)
Foreign exchange differences	(44)	(352)	(318)	(333)	(8)	(1,055)
31 December 2014	**1**	**73,968**	**1,564,281**	**85,929**	**33,714**	**1,757,893**
Accumulated depreciation and impairment allowances						
1 January 2014	1,025	55,897	713,807	61,356	22,751	854,836
Depreciation	-	647	37,164	3,051	-	40,862
Deprecation from discontinued operation	-	410	257	306	-	973
Impairment allowances, net	(1,009)	22,549	710,274	13,845	385	746,044
Reclassifications	-	(232)	(1,346)	(1,788)	-	(3,366)
Sales	-	-	(1)	(115)	-	(116)
Liquidation	-	-	(5,155)	(832)	-	(5,987)
Other decreases due to discontinued operation	-	(9,864)	(8,646)	(8,517)	-	(27,027)
Foreign exchange differences	(15)	(236)	(264)	(297)	(8)	(820)
31 December 2014	**1**	**69,171**	**1,446,090**	**67,009**	**23,128**	**1,605,399**
Carrying amounts						
1 January 2015	**-**	**4,797**	**118,191**	**18,920**	**10,586**	**152,494**
31 December 2015	**-**	**4,642**	**121,087**	**26,532**	**8,284**	**160,545**
1 January 2014	**1,978**	**42,846**	**808,751**	**38,808**	**60,508**	**952,891**
31 December 2014	**-**	**4,797**	**118,191**	**18,920**	**10,586**	**152,494**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

EUR	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Acquisition costs						
1 January 2015	1	60,812	1,286,065	70,646	27,718	1,445,242
Acquisitions	-	-	7,401	8,527	3,046	18,974
Reclassifications	-	7	4,545	38	(7,075)	(2,485)
Sales	-	-	-	(43)	-	(43)
Liquidation	-	-	(747)	(15,168)	(259)	(16,174)
Other decreases	-	-	-	(889)	-	(889)
Foreign exchange differences	-	6,887	145,734	7,593	2,968	163,182
31 December 2015	**1**	**67,706**	**1,442,998**	**70,704**	**26,398**	**1,607,807**
Accumulated depreciation and impairment allowances						
1 January 2015	1	56,869	1,188,894	55,091	19,015	1,319,870
Depreciation	-	146	9,279	1,460	-	10,885
Impairment allowances, net	-	-	438	(2,062)	(2,333)	(3,957)
Reclassifications	-	-	(416)	(71)	-	(487)
Sales	-	-	-	(26)	-	(26)
Liquidation	-	-	(730)	(13,762)	-	(14,492)
Foreign exchange differences	-	6,442	134,709	5,791	2,134	149,076
31 December 2015	**1**	**63,457**	**1,332,174**	**46,421**	**18,816**	**1,460,869**
Acquisition costs						
1 January 2014	2,183	71,775	1,106,730	72,808	60,520	1,314,016
Acquisitions	-	69	15,600	995	580	17,244
Acquisitions (discontinued operation)	-	-	1	-	-	1
Other increases	-	-	-	2	-	2
Reclassifications	-	(472)	32,991	(2,351)	(34,230)	(4,062)
Sales	-	-	(1)	(124)	-	(125)
Liquidation	-	-	(4,038)	(661)	(3,209)	(7,908)
Other decreases due to discontinued operation	(2,228)	(17,993)	(12,887)	(8,332)	(451)	(41,891)
Foreign exchange differences	46	7,433	147,669	8,309	4,508	167,965
31 December 2014	**1**	**60,812**	**1,286,065**	**70,646**	**27,718**	**1,445,242**
Accumulated depreciation and impairment allowances						
1 January 2014	745	40,631	518,858	44,599	16,538	621,371
Depreciation	-	487	27,991	2,298	-	30,776
Deprecation from discontinued operation	-	309	193	231	-	733
Impairment allowances, net	(760)	16,985	534,968	10,428	290	561,911
Reclassifications	-	(175)	(1,014)	(1,347)	-	(2,536)
Sales	-	-	(1)	(87)	-	(88)
Liquidation	-	-	(3,883)	(627)	-	(4,510)
Other decreases due to discontinued operation	-	(7,429)	(6,512)	(6,415)	-	(20,356)
Foreign exchange differences	16	6,061	118,294	6,011	2,187	132,569
31 December 2014	**1**	**56,869**	**1,188,894**	**55,091**	**19,015**	**1,319,870**
Carrying amounts						
1 January 2015	**-**	**3,943**	**97,171**	**15,555**	**8,703**	**125,372**
31 December 2015	**-**	**4,249**	**110,824**	**24,283**	**7,582**	**146,938**
1 January 2014	**1,438**	**31,144**	**587,872**	**28,209**	**43,982**	**692,645**
31 December 2014	**-**	**3,943**	**97,171**	**15,555**	**8,703**	**125,372**

In 2015, reclassifications of property, plant and equipment with the carrying amount of USD 2,225 thousand or EUR 1,998 thousand were made: reclassified to non-current assets held for sale of USD 1,520 thousand or EUR 1,368 thousand, reclassified to inventories of USD 1,017 thousand or EUR 907 thousand and reclassified from intangible assets of USD 312 thousand or EUR 277 thousand.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

In 2014 property, plant and equipment with the carrying amount of USD 2,026 thousand or EUR 1,526 thousand was reclassified to non-current assets held for sale USD 1,807 thousand or EUR 1,361 thousand and to inventories USD 219 thousand or EUR 165 thousand.

Change in property, plant and equipment impairment:

USD	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
1 January 2015	1	30,877	721,250	16,257	23,128	791,513
Recognition	-	-	-	-	617	617
Reversal	-	-	-	(1,000)	(153)	(1,153)
Reclassifications	-	-	496	(4)	(2,850)	(2,358)
Sale and liquidation	-	-	(18)	(1,298)	(183)	(1,499)
31 December 2015	**1**	**30,877**	**721,728**	**13,955**	**20,559**	**787,120**
increase/(decrease) net	-	-	478	(2,302)	(2,569)	(4,393)
1 January 2014	1,025	8,421	11,052	2,437	22,751	45,686
Recognition	1	28,541	708,026	15,442	13,094	765,104
Reversal	-	-	-	-	(424)	(424)
Reclassifications	-	314	7,459	104	(7,877)	-
Other decreases due to discontinued operation	(1,010)	(6,306)	(5,199)	(1,622)	(539)	(14,676)
Sale ans liquidation	-	-	(12)	(79)	(3,869)	(3,960)
Foreign exchange differences	(15)	(93)	(76)	(25)	(8)	(217)
31 December 2014	**1**	**30,877**	**721,250**	**16,257**	**23,128**	**791,513**
increase/(decrease) net	(1,009)	22,549	710,274	13,845	385	746,044

EUR	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
1 January 2015	1	25,386	592,971	13,366	19,014	650,738
Recognition	-	-	-	-	557	557
Reversal	-	-	-	(890)	(140)	(1,030)
Reclassifications	-	-	455	(3)	(2,584)	(2,132)
Sale and liquidation	-	-	(17)	(1,169)	(166)	(1,352)
Foreign exchange differences	-	2,874	67,151	1,469	2,135	73,629
31 December 2015	**1**	**28,260**	**660,560**	**12,773**	**18,816**	**720,410**
increase/(decrease) net	-	-	438	(2,062)	(2,333)	(3,957)
1 January 2014	745	6,121	8,033	1,771	16,538	33,208
Recognition	1	21,497	533,275	11,631	9,862	576,266
Reversal	-	-	-	-	(319)	(319)
Reclassifications	-	237	5,618	78	(5,933)	-
Other decreases due to discontinued operation	(761)	(4,749)	(3,916)	(1,222)	(406)	(11,054)
Sale and liquidation	-	-	(9)	(59)	(2,914)	(2,982)
Foreign exchange differences	16	2,280	49,970	1,167	2,186	55,619
31 December 2014	**1**	**25,386**	**592,971**	**13,366**	**19,014**	**650,738**
increase/(decrease) net	(760)	16,985	534,968	10,428	290	561,911

Recognition and reversal of impairment allowances for property, plant and equipment are recognized in other operating activities.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Other information connected with property, plant and equipment

	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
The acquisition costs of all fully depreciated property, plant and equipment still in use	89,953	82,329	82,836	68,103
The carrying amounts of idle property, plant and equipment and not clasified as held for sale	296	271	271	223

7. Intangible assets

	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
Software	1,196	1,095	1,516	1,246
Licenses, patents and similar assets	2	2	24	20
Research and development	-	-	29	24
Total	**1,198**	**1,097**	**1,569**	**1,290**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

The changes of intangible assets were as follows:

USD	Software	Licenses, patents and similar assets	Emission rights	Research and development	Other	Total
Acquisition costs						
1 January 2015	17,490	6,579	-	201	-	24,270
Acquisitions	295	1,000	1,235	-	-	2,530
Granted CO2 free of charge	-	-	11,096	-	-	11,096
Reclassifications	(312)	-	-	-	-	(312)
Liquidation	(3)	-	-	-	-	(3)
Utilisation	-	-	(12,331)	-	-	(12,331)
Foreign exchange differences	(15)	(2)	-	-	-	(17)
31 December 2015	**17,455**	**7,577**	**-**	**201**	**-**	**25,233**
Accumulated amortization and impairment allowances						
1 January 2015	15,974	6,555	-	172	-	22,701
Amortization	302	21	-	-	-	323
Impairment allowances, net	1	1,000	-	29	-	1,030
Liquidation	(3)	-	-	-	-	(3)
Foreign exchange differences	(15)	(1)	-	-	-	(16)
31 December 2015	**16,259**	**7,575**	**-**	**201**	**-**	**24,035**
Acquisition costs						
1 January 2014	17,581	6,579	23,985	198	166	48,509
Acquisitions	1,117	-	-	3	-	1,120
Acquisitions (discontinued operation)	-	-	-	-	19	19
Granted CO2 free of charge	-	-	26,005	-	-	26,005
Sale	-	-	(27,518)	-	-	(27,518)
Liquidation	(188)	-	-	-	-	(188)
Other decreases due to discontinued operation	(984)	-	-	-	(178)	(1,162)
Other decreases	-	-	-	-	(4)	(4)
Utilisation	-	-	(22,472)	-	-	(22,472)
Foreign exchange differences	(36)	-	-	-	(3)	(39)
31 December 2014	**17,490**	**6,579**	**-**	**201**	**-**	**24,270**
Accumulated amortization and impairment allowances						
1 January 2014	12,990	6,066	8,297	-	1	27,354
Amortization	659	83	-	-	-	742
Amortization from discontinued operation	15	-	-	-	-	15
Impairment allowances, net	3,411	406	(8,297)	172	-	(4,308)
Liquidation	(182)	-	-	-	-	(182)
Other decreases due to discontinued operation	(885)	-	-	-	-	(885)
Other decreases	-	-	-	-	(1)	(1)
Foreign exchange differences	(34)	-	-	-	-	(34)
31 December 2014	**15,974**	**6,555**	**-**	**172**	**-**	**22,701**
Carrying amounts						
1 January 2015	**1,516**	**24**	**-**	**29**	**-**	**1,569**
31 December 2015	**1,196**	**2**	**-**	**-**	**-**	**1,198**
1 January 2014	**4,591**	**513**	**15,688**	**198**	**165**	**21,155**
31 December 2014	**1,516**	**24**	**-**	**29**	**-**	**1,569**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

EUR	Software	Licenses, patents and similar assets	Emission rights	Research and development	Other	Total
Acquisition costs						
1 January 2015	14,379	5,409	-	165	-	19,953
Acquisitions	266	889	1,148	-	-	2,303
Granted CO2 free of charge	-	-	9,774	-	-	9,774
Reclassifications	(277)	-	-	-	-	(277)
Liquidation	(3)	-	-	-	-	(3)
Utilisation	-	-	(11,456)	-	-	(11,456)
Foreign exchange differences	1,611	637	534	19	-	2,801
31 December 2015	**15,976**	**6,935**	**-**	**184**	**-**	**23,095**
Accumulated amortization and impairment allowances						
1 January 2015	13,133	5,389	-	141	-	18,663
Amortization	273	19	-	-	-	292
Impairment allowances, net	1	921	-	27	-	949
Liquidation	(3)	-	-	-	-	(3)
Foreign exchange differences	1,477	604	-	16	-	2,097
31 December 2015	**14,881**	**6,933**	**-**	**184**	**-**	**21,998**
Acquisition costs						
1 January 2014	12,779	4,783	17,435	144	120	35,261
Acquisitions	841	-	-	2	-	843
Acquisitions (discontinued operation)	-	-	-	-	14	14
Granted CO2 free of charge	-	-	19,587	-	-	19,587
Sale	-	-	(20,726)	-	-	(20,726)
Liquidation	(142)	-	-	-	-	(142)
Other decreases due to discontinued operation	(741)	-	-	-	(134)	(875)
Other decreases	-	-	-	-	(3)	(3)
Utilisation	-	-	(16,926)	-	-	(16,926)
Foreign exchange differences	1,642	626	630	19	3	2,920
31 December 2014	**14,379**	**5,409**	**-**	**165**	**-**	**19,953**
Accumulated amortization and impairment allowances						
1 January 2014	9,442	4,410	6,031	-	-	19,883
Amortization	496	63	-	-	-	559
Amortization from discontinued operation	11	-	-	-	-	11
Impairment allowances, net	2,569	306	(6,249)	129	-	(3,245)
Liquidation	(137)	-	-	-	-	(137)
Other decreases due to discontinued operation	(667)	-	-	-	-	(667)
Other decreases	-	-	-	-	(1)	(1)
Foreign exchange differences	1,419	610	218	12	1	2,260
31 December 2014	**13,133**	**5,389**	**-**	**141**	**-**	**18,663**
Carrying amounts						
1 January 2015	**1,246**	**20**	**-**	**24**	**-**	**1,290**
31 December 2015	**1,095**	**2**	**-**	**-**	**-**	**1,097**
1 January 2014	**3,337**	**373**	**11,404**	**144**	**120**	**15,378**
31 December 2014	**1,246**	**20**	**-**	**24**	**-**	**1,290**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Change in impairment of intangible assets:

USD	Software	Licenses, patents and similar assets	Emission rights	Research and development	Total
1 January 2015	3,460	696	-	172	4,328
Recognition	-	-	-	29	29
Reclassifications	1	1,000	-	-	1,001
31 December 2015	**3,461**	**1,696**	**-**	**201**	**5,358**
increase/(decrease) net	1	1,000	-	29	1,030
1 January 2014	50	290	8,297	-	8,637
Recognition	3,460	406	-	172	4,038
Other decreases due to discontinued operation	(49)	-	-	-	(49)
Sale and liquidation	-	-	(520)	-	(520)
Utilisation	-	-	(7,777)	-	(7,777)
Foreign exchange differences	(1)	-	-	-	(1)
31 December 2014	**3,460**	**696**	**-**	**172**	**4,328**
increase/(decrease) net	3,411	406	(8,297)	172	(4,308)

EUR	Software	Licenses, patents and similar assets	Emission rights	Research and development	Total
1 January 2015	2,845	572	-	141	3,558
Recognition	-	-	-	27	27
Reclassifications	1	921	-	-	922
Foreign exchange differences	322	59	-	16	397
31 December 2015	**3,168**	**1,552**	**-**	**184**	**4,904**
increase/(decrease) net	1	921	-	27	949
1 January 2014	36	211	6,031	-	6,278
Recognition	2,606	306	-	129	3,041
Other decreases due to discontinued operation	(37)	-	-	-	(37)
Sale and liquidation	-	-	(392)	-	(392)
Utilisation	-	-	(5,857)	-	(5,857)
Foreign exchange differences	240	55	218	12	525
31 December 2014	**2,845**	**572**	**-**	**141**	**3,558**
increase/(decrease) net	2,569	306	(6,249)	129	(3,245)

Recognition and reversal of impairment allowances of intangible assets are recognized in other operating activities. Impairment allowances utilization was made due to sold emission allowances to PKN ORLEN S.A. in June 2014.

Other information regarding intangible assets

	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
The acquisition costs of all fully amortized intangible assets still in use	11,064	10,126	9,377	7,709

The Group reviews economic useful lives of intangible assets and adjustment of amortization expense is made respectively.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Rights

The number of greenhouse gas emission allowances allocated to production facilities for the period from 2013 to 2020 was approved by the decision of the European Commission on 17 January 2014. Following the decision, a list of the operators involved in the emission allowance trading scheme was approved with an order issued by the Minister of Environment and the Minister of Economy of the Republic of Lithuania. In order to implement the provisions of Directive 2003/87/EC of the European Parliament and of the Council as of 13 October 2003, and following the above referred to list, the number of greenhouse gas emission allowances allocated for the year 2015 and for each successive calendar year shall be issued to an operator before February 28.

Change in CO_2 emission rights (EUA) in 2015:

	Quantity (in tonnes)	USD	EUR
As at 1 January 2015	**-**	**-**	**-**
Granted free of charge	1,385,117	11,096	9,774
Settled emission for 2014	(1,631,285)	(12,331)	(11,456)
Purchase	246,168	1,235	1,148
Foreign exchange differences	-	-	534
As at 31 December 2015	**-**	**-**	**-**
Emission in 2015	1,761,329	13,690	12,333

The quantity of CO2 emission rights as at 31 December 2015 is not audited. The Parent company received emission allowances in February 2016. The received quantity is 1.4 MM ton. The missing part will be purchased from PKN ORLEN S.A.

Change in CO_2 emission rights (EUA) in 2014:

	Quantity (in tonnes)	USD	EUR
As at 1 January 2014	**1,934,368**	**15,688**	**11,404**
Granted free of charge	2,846,782	26,005	19,587
Settled emission for 2013	(1,812,299)	(22,472)	(16,926)
Sale	(2,968,851)	(27,518)	(20,726)
Impairment allowances utilisation	-	8,297	6,249
Foreign exchange differences	-	-	412
As at 31 December 2014	**-**	**-**	**-**
Emission in 2014	1,631,737	14,060	10,590

As at 31 December 2015 and 31 December 2014 the market value of one EUA amounted to 8,98 USD or 8,22 EUR and amounted 8,50 USD or 6,99 EUR, respectively.

8. Investments in equity-accounted investees

	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
1 January	**1,858**	**1,527**	**1,922**	**1,397**
Share of net profit /(loss)	168	152	177	133
Dividends	(65)	(59)	-	-
Foreign exchange differences	(190)	1	(241)	(3)
As at 31 December	**1,771**	**1,621**	**1,858**	**1,527**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Investments in associates represent an investment of a 34% interest in Naftelf UAB, incorporated in Lithuania. In 2015 Parent Company received dividends by amount USD 65 thousand or EUR 59 thousand under Resolution of shareholders of Naftelf UAB.
Condensed financial data comprising total assets and liabilities as at 31 December 2015 and 31 December 2014, revenues, financial expenses and profit for 2015 and 2014 in Naftelf UAB are disclosed below.

	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Non-current assets	745	682	928	763
Current assets	4,748	4,346	4,845	3,983
Equity	5,208	4,767	5,465	4,493
Short-term liabilities	285	261	308	253

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Sales revenues	20,353	18,478	31,167	23,474
Profit/(loss) from operations	573	515	339	255
Profit/(loss) before tax	673	612	524	395
Tax expense	102	94	-	-
Net profit/(loss)	571	518	524	395

9. Other non-current assets

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Loans granted		80	73	123	101
Deposits		-	-	3,019	2,482
Other non-current receivables		1,214	1,111	2,454	2,017
Financial assets	26, 27	**1,294**	**1,184**	**5,596**	**4,600**
Non-current prepayment		29	27	169	140
Total non-financial assets		**29**	**27**	**169**	**140**
As at 31 December		**1,323**	**1,211**	**5,765**	**4,740**

On June 2015 long-term deposits were reclassified to short-term deposits.
As at 31 December 2015 the Group had not long-term deposit.
As at 31 December 2014 the Groups long term deposits amounted to USD 3,019 thousand or EUR 2,482 thousand. The use of these funds was restricted by banks as collateral for the proper performance of contract or legal obligations.

10. Impairment of non-current assets

As at 31 December 2015 the Group did not identified any impairment indications in relation to intangible assets and property plant and equipment of the Group. However, the impairment test for intangible assets and property plant and equipment was performed as at 30 June 2014 and impairment of USD 769 million or EUR 579 million was recorded as at 31 December 2014. The Group re-assessed the impairment of intangible assets and property plant and equipment as at 31 December 2015.

The impairment test was conducted based on the Parent Company's Budget for 2016, Strategy and Mid-term Plan for 2014-2017 and after the period of financial projections a constant growth rate of cash flows was adopted estimated at the level of long-term inflation. The non-financial assets value and depreciation value was adjusted due to non-current assets impairment made in June 2014.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

For the purpose of impairment testing of property, plant and equipment and intangible assets, the periods of analysis for each cash-generating unit were based on the expected useful life.

The discount rate structure used in the impairment testing of assets by cash-generating unit of the Parent Company as at 31 December 2015

	Refining as at 31/12/2015	Refining as at 31/12/2014
Cost of equity	14.93%	13.99%
Cost of debt after tax	5.58%	4.92%
Capital structure	0.66	0.51
Nominal discount rate	**11.21%**	**10.94%**
Long term rate of inflation	2.00%	2.20%
Tax rate	15.00%	15.00%

Cost of equity is determined by the profitability of the government bonds that are considered to be risk-free, with the level of market and operating segment risk premium (beta). Cost of debt includes the average level of credit margins and expected market value of money for each country. For the purpose of impairment testing of property, plant and equipment and intangible assets, the periods of analysis were separately determined for each cash-generating unit (CGU) on the basis of the expected useful life. The useful life adopted for the analysis of the refinery segment as of 31 Dec 2015 was 23 years.
The calculated value in use was higher than book value, but the reversal of the impairment was not considered due to volatile macroeconomic conditions over the past few years.

11. Inventories

	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
Raw materials	70,608	64,624	81,955	67,380
Work in progress	16,265	14,886	14,591	11,996
Finished goods	69,404	63,522	124,736	102,551
Goods for resale	1,964	1,797	15,313	12,589
Spare parts	19,328	17,690	23,385	19,226
Inventories, net	**177,569**	**162,519**	**259,980**	**213,742**
Write-down of inventories to the net realizable value	23,797	21,780	64,690	53,185
Inventories, gross	**201,366**	**184,299**	**324,670**	**266,927**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Write-down of inventories to realizable net value

	Note	for the year ended 31/12/2015 USD	for the year ended 31/12/2015 EUR	for the year ended 31/12/2014 USD	for the year ended 31/12/2014 EUR
January 1		**64,690**	**53,185**	**34,676**	**25,206**
Recognition	22	7,366	6,783	47,141	35,506
Utilization		(47,141)	(40,047)	(10,880)	(8,195)
Foreign exchange differences		-	1,249	-	3,537
Write-down of inventories		**(39,775)**	**(32,015)**	**36,261**	**30,848**
Recognition	22	333	301	1,386	1,044
Reversal	22	(666)	(611)	(31)	(23)
Utilization		(785)	(713)	-	-
Reversal of spare parts write-down		-	-	(7,602)	(5,726)
Foreign exchange differences		-	1,633	-	1,836
Write-down of spare parts for obsolescence		**(1,118)**	**610**	**(6,247)**	**(2,869)**
As at 31 December		**23,797**	**21,780**	**64,690**	**53,185**

Recognition, utilization and reversal of write-down of spare parts, raw materials, finished goods and work in progress is included in cost of sales.

As at 31 December 2015, the Group included state fuel reserve of USD 77,085 thousand or EUR 70,552 thousand (as at 31 December 2014: USD 121,745 thousand or EUR 100,092 thousand).

12. Trade and other receivables

	Note	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
Trade receivables		89,426	81,847	101,612	83,540
Financial assets	**26, 27**	**89,426**	**81,847**	**101,612**	**83,540**
Other taxation, duty, social security receivables and other benefits		595	545	30	25
Deffered insurance costs		9,482	8,678	6,891	5,665
Accrued income and deferred		848	776	531	436
Other		791	723	711	585
Non-financial assets		**11,716**	**10,722**	**8,163**	**6,711**
Receivables, net		**101,142**	**92,569**	**109,775**	**90,251**
Receivables impairment allowance		6,408	5,865	6,956	5,719
Receivables, gross		**107,550**	**98,434**	**116,731**	**95,970**

As at 31 December 2015 and 31 December 2014 trade and other receivables denominated in functional currencies amounted to USD 45,766 thousand or EUR 41,887 thousand and USD 62,922 thousand or EUR 51,731 thousand, respectively. Detailed information about receivables from related parties is disclosed in Note 31.

In October 2015 ORLEN Lietuva signed a non-recourse factoring agreement with AB SEB Bank on the factoring limit – up to EUR 37 million, that has impact to reduction of amounts of receivable.

Detailed information of financial assets denominated in foreign currencies is presented in Note 26.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Change in impairment allowances of trade and other receivables

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
1 January		6,956	5,719	8,548	6,214
Recognition	23.2	29	26	990	746
Reversal	23.1	(20)	(18)	(792)	(597)
Other changed due to discontinued operations, net		-	-	(189)	(142)
Other increases/decreases		(20)	(18)	(903)	(680)
Foreign exchange differences		(537)	156	(698)	178
As at 31 December		**6,408**	**5,865**	**6,956**	**5,719**

The recognition and reversal of impairment allowances on receivables are presented in other operating activities.

13. Other financial assets

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Cash flow hedge instruments		**2,331**	**2,133**	**-**	**-**
commodity swaps	26, 27	2,331	2,133	-	-
Derivatives not designated as hedge accounting	26, 27	**-**	**-**	**64**	**52**
commodity swaps		-	-	64	52
Deposits	26, 27	**2,256**	**2,065**	**6,789**	**5,582**
Loans granted	26, 27	**26**	**24**	**30**	**25**
Receivables from cash pool	26, 27	**108,299**	**99,120**	**1,581**	**1,300**
Receivables on settled cash flow hedge instruments	26, 27	**6,443**	**5,897**	**-**	**-**
As at 31 December		**119,355**	**109,239**	**8,464**	**6,959**

The changes in other financial assets is mainly related to an increase of receivables of cash pool by amount USD 106,718 thousand or EUR 97,820 thousand and cash flow hedge instruments by amount USD 2,331 thousand or EUR 2,133 thousand and receivables on settled cash flow hedge instruments by amount USD 6,443 thousand or EUR 5,897 thousand.

As at 31 December 2015 the Group had short term deposits of USD 2,256 thousand or EUR 2,065 thousand (as at 31 December 2014 – USD 6,789 thousand or EUR 5,582 thousand). The use of these funds was restricted by banks as collateral for the proper performance of contract or legal obligations.

14. Cash and cash equivalents

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Cash on hand and in bank	26, 27	1,051	962	4,629	3806
31 December		**1,051**	**962**	**4,629**	**3,806**

The Group did not have restricted cash as at 31 December 2015 or as at 31 December 2014.

Components of cash and cash equivalents in the consolidated statement of cash flows and the consolidated statement of financial position are the same.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

15. Non-current assets classified as held for sale

	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Gross of non-current assets classified as held for sale	1,915	1,752	422	347
Impairment of non-current assets classified as held for sale	(1,460)	(1,336)	(92)	(76)
As at 31 December	**455**	**416**	**330**	**271**

In the Group, as at 31 December 2015 and as at 31 December 2014 non-current assets classified as held for sale include constructions, machinery and equipment, vehicles and other fixed assets.

Change in the impairment of non-current assets classified as held for sale:

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
1 January	**92**	**76**	**71**	**52**
Recognition	43	39	138	104
Reversal	(6)	(5)	(46)	(35)
Sale and liquidation	(26)	(24)	(71)	(54)
Reclassification	1,357	1,210	-	-
Foreign exchange differences	-	40	-	9
31 December	**1,460**	**1,336**	**92**	**76**

16. Share capital

On January 2015, the nominal value of one share of the Parent Company was changed from EUR 0.29 to EUR 36 and number of share was reduced from 719,200,800 to 5,793,562 shares.

On February 2015, share capital of the Parent Company was reduced from EUR 208,568,232 to EUR 5,793,562 by changing nominal value of one share from EUR 36 to EUR 1. The purpose of the reduction of the authorized capital of the Parent Company – to cancel the losses recorded in the balance sheet of the Group.

On April 2015 PKN ORLEN S.A. the sole shareholder of Public company ORLEN Lietuva, approved the profit (loss) appropriation of Parent Company, making decision to cover of accumulated losses from share premium and other reserves.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Parent company.

The sole shareholder of the Parent company is PKN ORLEN S.A., controlling 100 % shares. In 2015 and 2014 the Parent company did not pay any dividends to the shareholders.

17. Loans and borrowings

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Bank loans	26	13,954	12,771	9,086	7,470
Current loans		**13,954**	**12,771**	**9,086**	**7,470**
Total bank loans		**13,954**	**12,771**	**9,086**	**7,470**

The Group financing is based on floating interest rate. Depending on the currency of financing there are LIBOR, EURIBOR, EONIA and plus a margin. Margin reflects the risks associated with the financing of the Group

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

- By currency

	Note	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
USD		5,314	4,863	4,785	3,934
EUR		8,640	7,908	4,301	3,536
Total	**26, 27**	**13,954**	**12,771**	**9,086**	**7,470**

- By interest rate

	Note	31/12/2015 USD	31/12/2015 EUR	31/12/2014 USD	31/12/2014 EUR
EURIBOR	26.3	4,526	4,142	2,291	1,883
LIBOR	26.3	5,314	4,863	4,785	3,934
EONIA	26.3	4,114	3,766	2,010	1,653
Total		**13,954**	**12,771**	**9,086**	**7,470**

As at 31 December 2015 and 31 December 2014 the bank loans were not secured by the Group's assets.

The Group's loans provided are not covered with financial or non-financial covenants as at 31 December 2015.

18. Provisions

	Non-current		Current		Total	
USD	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Environmental provision	2,427	1,979	964	1,187	3,391	3,166
Jubilee and post employment benefits provision	2,013	2,092	150	106	2,163	2,198
Business risk provision	-	-	11,745	2,644	11,745	2,644
Restructuring provision	-	-	43	2,229	43	2,229
Provision for CO2 emission	-	-	15,420	14,061	15,420	14,061
As at 31 December	**4,440**	**4,071**	**28,322**	**20,227**	**32,762**	**24,298**

	Non-current		Current		Total	
EUR	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**	**31/12/2015**	**31/12/2014**
Environmental provision	2,221	1,627	882	976	3,103	2,603
Jubilee and post employment benefits provision	1,843	1,720	137	87	1,980	1,807
Business risk provision	-	-	10,749	2,174	10,749	2,174
Restructuring provision	-	-	39	1,833	39	1,833
Provision for CO2 emission	-	-	14,113	11,560	14,113	11,560
As at 31 December	**4,064**	**3,347**	**25,920**	**16,630**	**29,984**	**19,977**

As at 31 December 2015 the business risk provision amounting to USD 2,222 thousand or EUR 2,034 thousand is secured by the Group's non-current deposit amounting to USD 2,222 thousand or EUR 2,034 thousand.

As at 31 December 2014 the business risk provision amounting toUSD 2,474 thousand or EUR 2,034 thousand is secured by the Group's non-current deposit amounting to USD 2,474 thousand or EUR 2,034 thousand.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

As at 31 December 2015, the business risk provision was increased by USD 9,101 thousand or EUR 8,575 thousand. In 2015 Parent Company created a provision by amount USD 9,506 thousand or EUR 8,616 thousand related with claim inventors Company (seven individuals) for royalties and interest. Additional information is presented in Note 35.

Change in provisions in 2015

USD	Environ-mental provision	Jubilee and post employment benefits provision	Business risk provision	Restruc-turing provision	Provision for CO2 emission	Total
1 January 2015	**3,166**	**2,198**	**2,644**	**2,229**	**14,061**	**24,298**
Recognition	1,332	135	9,506	-	13,690	**24,663**
Usage	(784)	(3)	(18)	(541)	(12,331)	**(13,677)**
Reversal	-	-	(132)	(1,638)	-	**(1,770)**
Accounted from equity	-	56	-	-	-	**56**
Foreign exchange differences	(323)	(223)	(255)	(7)	-	**(808)**
As at 31 December 2015	**3,391**	**2,163**	**11,745**	**43**	**15,420**	**32,762**

EUR	Environ-mental provision	Jubilee and post employment benefits provision	Business risk provision	Restruc-turing provision	Provision for CO2 emission	Total
1 January 2015	**2,603**	**1,807**	**2,174**	**1,833**	**11,560**	**19,977**
Recognition	1,193	125	8,616	-	12,333	**22,267**
Usage	(710)	(3)	(15)	(493)	(11,456)	**(12,677)**
Reversal	-	-	(123)	(1,475)	-	**(1,598)**
Accounted from equity	-	55	-	-	-	**55**
Foreign exchange differences	17	(4)	97	174	1,676	**1,960**
As at 31 December 2015	**3,103**	**1,980**	**10,749**	**39**	**14,113**	**29,984**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Change in provisions in 2014

USD	Environ-mental provision	Jubilee and post employment benefits provision	Business risk provision	Restruc-turing provision	Provision for CO2 emission	Total
1 January 2014	**5,164**	**12,155**	**8,606**	**2,010**	**15,259**	**43,194**
Recognition	346	43	-	6,141	14,060	**20,590**
Usage	(1,838)	(71)	(3,784)	(5,561)	(14,695)	**(25,949)**
Reversal	(25)	(9,069)	(1,408)	(325)	-	**(10,827)**
Other changed due to discontinued operations, net	-	(29)	(471)	-	-	**(500)**
Accounted from equity	-	562	-	-	-	**562**
Foreign exchange differences	(481)	(1,393)	(299)	(36)	(563)	**(2,772)**
As at 31 December 2014	**3,166**	**2,198**	**2,644**	**2,229**	**14,061**	**24,298**

EUR	Environ-mental provision	Jubilee and post employment benefits provision	Business risk provision	Restruc-turing provision	Provision for CO2 emission	Total
1 January 2014	**3,754**	**8,835**	**6,255**	**1,461**	**11,092**	**31,397**
Recognition	261	32	-	4,626	10,590	**15,509**
Usage	(1,384)	(54)	(2,850)	(4,188)	(11,068)	**(19,544)**
Reversal	(19)	(6,828)	(1,061)	(245)	-	**(8,153)**
Other changed due to discontinued operations, net	-	(22)	(355)	-	-	**(377)**
Accounted from equity	-	430	-	-	-	**430**
Foreign exchange differences	(9)	(586)	185	179	946	**715**
As at 31 December 2014	**2,603**	**1,807**	**2,174**	**1,833**	**11,560**	**19,977**

The same assumptions for calculation of provisions were used in 2015 and 2014.

18.1. Environmental provision

The Parent company has legal obligation to clean contaminated land-water environment in the area of production plant in Mažeikiai.

The operation of the refinery causes pollution. A provision was recognized for the costs to be incurred for handling of waste and contaminated land which was accumulated before the end of 2007. According to the waste treatment plan agreed with the Ministry of Environment of the Republic of Lithuania, the Parent company is required to clean up all contamination that it causes. The amount of the provisions is the best estimate of the Management based on evaluation of the remaining quantities and average level of costs necessary to remove contamination. The potential future changes in regulation and common practice regarding environmental protection may influence the value of this provision in the future periods.

18.2. Provision for jubilee bonuses and post-employment benefits

The Group realizes the program of paying out the post-employment benefits, which includes retirement and pension benefits in line with remuneration systems in force as well as other post-employment benefits. Provisions for post-employment benefits are calculated individually for each entitled individual. The base for the calculation of provision for an employee is expected benefit which the Group is obliged to pay in accordance with Labour Code of the country. The retirement (pension) benefits are paid once at retirement (pension). The amount of retirement and pension benefits depends on the number of years of service and an employee's remuneration. The present value of these obligations is estimated at the end of each reporting year by an independent actuary. The provision amount equals discounted future payments, considering employee rotation and relate to the period ended at the last day of the reporting year.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Change in jubilee bonuses and post-employment benefits in 2015

	Jubilee bonuses		Post-employment		Total	
	USD	EUR	USD	EUR	USD	EUR
1 January 2015	**16**	**14**	**2,182**	**1,793**	**2,198**	**1,807**
Current service costs	1	1	99	92	100	93
Interest expense	-	-	36	33	36	33
Actuarial gains and losses recognized in Other Comprehensive Income net	**-**	**-**	**56**	**55**	**56**	**55**
demographic assumptions	-	-	(29)	(29)	(29)	(29)
financial assumptions	-	-	83	82	83	82
experience adjustment	-	-	2	2	2	2
Actuarial gains and losses recognized in Profit and loss net	**(1)**	**(1)**	**-**	**-**	**(1)**	**(1)**
experience adjustment	(1)	(1)	-	-	(1)	(1)
Payments under program	-	-	(3)	(3)	(3)	(3)
Exchange differences	(1)	-	(222)	(4)	(223)	(4)
As at 31 December 2015	**15**	**14**	**2,148**	**1,966**	**2,163**	**1,980**

Change in jubilee bonuses and post-employment benefits in 2014

	Jubilee bonuses		Post-employment		Total	
	USD	EUR	USD	EUR	USD	EUR
1 January 2014	**2,690**	**1,956**	**9,465**	**6,879**	**12,155**	**8,835**
Current service costs	124	93	384	289	508	382
Interest expense	97	73	340	256	437	329
Actuarial gains and losses recognized in Other Comprehensive Income net	**-**	**-**	**562**	**430**	**562**	**430**
demographic assumptions	-	-	1	1	1	1
financial assumptions	-	-	484	370	484	370
experience adjustment	-	-	76	58	76	58
Changes due to discontinued operations	-	-	1	1	1	1
Actuarial gains and losses recognized in Profit and loss net	**3**	**2**	**-**	**-**	**3**	**2**
financial assumptions	4	3	-	-	4	3
experience adjustment	(1)	(1)	-	-	(1)	(1)
Payments under program	(31)	(23)	(41)	(31)	(72)	(54)
Recognized past service cost	(2,559)	(1,927)	(7,411)	(5,582)	(9,970)	(7,509)
Other decreases due to discontinued operation	-	-	(29)	(22)	(29)	(22)
Exchange differences	(308)	(160)	(1,088)	(426)	(1,396)	(586)
As at 31 December 2014	**16**	**14**	**2,182**	**1,793**	**2,198**	**1,807**

The carrying amount of employment benefits liabilities is identical to their present value as at 31 December 2015 and 31 December 2014.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Division of liabilities for employee benefits for active employees

	Active employees		Active employees	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Lithuania	2,148	1,966	2,182	1,793
Latvia	8	7	8	7
Estonia	7	7	8	7
Total	**2,163**	**1,980**	**2,198**	**1,807**

Geographical division of employee benefits obligations in 2015

	Provision for jubilee		Post-employment		Total	
	31/12/2015	31/12/2015	31/12/2015	31/12/2015	31/12/2015	31/12/2015
	USD	EUR	USD	EUR	USD	EUR
Lithuania	-	-	2,148	1,966	2,148	1,966
Latvia	8	7	-	-	8	7
Estonia	7	7	-	-	7	7
Total	**15**	**14**	**2,148**	**1,966**	**2,163**	**1,980**

Geographical division of employee benefits obligations in 2014

	Provision for jubilee		Post-employment		Total	
	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
	USD	EUR	USD	EUR	USD	EUR
Lithuania	-	-	2,182	1,793	2,182	1,793
Latvia	8	7	-	-	8	7
Estonia	8	7	-	-	8	7
Total	**16**	**14**	**2,182**	**1,793**	**2,198**	**1,807**

Analysis of sensitivity to change in actuarial assumptions

For the Group entities, in order to update the provision for employee benefits as at 31 December 2015, the Group used the following actuarial assumptions: discount rate of 1.5 %; inflation rate 0% in years 2016–2017 and 2.5% in following years the remuneration increase rate.

	Assumed variations 31/12/2015	Influence on provision for jubilee 2015		Influence on post-employment benefits 2015	
		USD	EUR	USD	EUR
Demographic assumptions (+)					
staff turnover rates, disability and early retirement	0.5 p.p.	(1)	(1)	(105)	(96)
Financial assumptions (+)					
discount rate	0.5 p.p.	(1)	(1)	(120)	(110)
level of future remuneration	1 p.p.	-	-	284	260
Demographic assumptions (-)					
staff turnover rates, disability and early retirement	-0.5 p.p.	1	1	113	103
Financial assumptions (-)					
discount rate	-0.5 p.p.	1	1	132	120
level of future remuneration	-1 p.p.	-	-	(239)	(219)

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	Assumed variations 31/12/2014	Influence on provision for jubilee 2014		Influence on post-employment benefits 2014	
		USD	EUR	USD	EUR
Demographic assumptions (+)					
staff turnover rates, disability and early retirement	0,5 p.p.	(1)	(1)	(119)	(98)
Financial assumptions (+)					
discount rate	0,5 p.p	(1)	(1)	(127)	(105)
level of future remuneration	1 p.p	-	-	301	247
Demographic assumptions (-)					
staff turnover rates, disability and early retirement	-0.5 p.p.	1	1	112	92
Financial assumptions (-)					
discount rate	-0.5 p.p.	1	1	140	115
level of future remuneration	-1 p.p.	-	-	(201)	(165)

The Group implements employee benefit payments from current resources. There are no financing programs, or contributions to fund obligations.

Analysis of liabilities and payment terms for employee benefits as at 31 December 2015

	Provision for jubilee		Post-employment		Total	
	USD	EUR	USD	EUR	USD	EUR
up to 1 year	1	1	149	136	150	137
from 1 to 3 years	1	1	159	146	160	147
from 3 to 5 years	7	7	182	167	189	174
above 5 years	6	5	1,658	1,517	1,664	1,522
					2,163	**1,980**

Analysis of liabilities and payment terms for employee benefits as at 31 December 2014

	Provision for jubilee		Post-employment		Total	
	USD	EUR	USD	EUR	USD	EUR
up to 1 year	1	1	105	86	106	87
from 1 to 3 years	1	1	161	132	162	133
from 3 to 5 years	2	2	196	161	198	163
above 5 years	12	10	1,720	1,414	1,732	1,424
					2,198	**1,807**

The weighted average duration of liabilities for post-employment benefits (in years)

	31/12/2015	31/12/2014
Lithuania	11	12
Latvia	1	1
Estonia	20	22

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Not discounted future cash flow of employee benefits payments as at 31 December 2015

	Provision for jubilee		Post-employment		Total	
	USD	EUR	USD	EUR	USD	EUR
up to 1 year	1	1	151	138	152	139
from 1 to 3 years	1	1	190	174	191	175
from 3 to 5 years	3	3	255	234	258	237
above 5 years	40	36	6,158	5,636	6,198	5,672
					6,799	**6,223**

Not discounted future cash flow of employee benefits payments as at 31 December 2014

	Provision for jubilee		Post-employment		Total	
	USD	EUR	USD	EUR	USD	EUR
up to 1 year	1	1	107	88	108	89
from 1 to 3 years	2	2	196	160	198	162
from 3 to 5 years	3	2	285	235	288	237
above 5 years	50	41	6,996	5,752	7,046	5,793
					7,640	**6,281**

Total costs recognized in profit or loss and other comprehensive income

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
In profit and loss				
Current service costs	100	93	508	382
Interest expense	36	33	437	329
Resulting from other issues	(1)	(1)	-	-
Payments under program	(3)	(3)	(72)	(54)
Recognized past service cost	-	-	(9,970)	(7,509)
Total	**132**	**122**	**(9,097)**	**(6,852)**
In components of other comprehensive income	56	55	562	430
demographic assumptions	(29)	(29)	1	1
financial assumptions	83	82	484	370
experience adjustment	2	2	76	58
Changes due to discontinued operations	-	-	1	1

Costs of employee benefits are recognized in administrative expenses amounting to USD 132 thousand or EUR 122 thousand as at 31 December 2015 and USD (9,097) thousand or EUR (6,852) thousand as at 31 December 2014.

In 2015, the amount of provision for employee benefits changed as the result of the update of assumptions, mainly in discount rate, as well as projected inflation. Should the prior year assumptions be used, the provision for the employee benefits would be higher by USD 54 thousand or EUR 49 thousand.
On the basis of existing legislation, the Group is obliged to pay contributions to the national pension insurance. These expenses are recognized as employee benefit costs. The Group has no other obligations in this respect.

18.3. Business risk provision

Business risk is described in more detail in Note 35 concerning significant legal proceedings.

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18.4. Restructuring provision

The restructuring provision was created in 2014 for the Group's restructuring process. The provision represented a reduction in the number of employees. The plan was implemented in 2015.

18.5. Provision for CO_2 emission

The Parent company recognizes provision for estimated CO_2 emissions in the reporting period. The cost of recognized provision in the consolidated statement of profit or loss is compensated with settlement of deferred income on CO_2 emission allowance granted free of charge.

19. Trade and other liabilities

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Trade liabilities		166,563	152,447	333,517	274,199
Liabilities for investments		3,360	3,075	5,238	4,306
Uninvoiced services		6,633	6,071	16,030	13,179
Financial liabilities	**26, 27**	**176,556**	**161,593**	**354,785**	**291,684**
Prepayments for deliveries		6,287	5,754	9,274	7,625
Payroll liabilities		1,741	1,593	91	75
Excise tax and fuel charge		8,854	8,104	12,290	10,104
Value added tax		21,489	19,668	30,049	24,704
Other taxation, duties, social security and other benefits		5,075	4,645	3,279	2,696
Acruals		4,197	3,842	4,189	3,444
Holiday pay accrual		3,252	2,977	3,480	2,861
Other accruals		945	865	709	583
Other liabilities		2,298	2,104	1	1
Non-financial liabilities		**49,941**	**45,710**	**59,173**	**48,649**
Total		**226,497**	**207,303**	**413,958**	**340,333**

Trade and other liabilities denominated in functional currency amounted to USD 100,668 thousand or EUR 92,135 thousand as at 31 December 2015 and USD 296,508 thousand or EUR 243,772 thousand as at 31 December 2014.

A detailed information of financial liabilities denominated in foreign currencies is presented in Note 27.

20. Other financial liabilities

	Note	31/12/2015	31/12/2015	31/12/2014	31/12/2014
		USD	EUR	USD	EUR
Derivatives not designated for hedge accounting		**-**	**-**	**497**	**455**
commodity swap	26,27, 31.4	-	-	497	455
Liabilities from cash pool	26,27, 31.4	**47**	**43**	**25,885**	**21,281**
Liabilities on settled derivatives not designated for hedge accounting	26,27, 31.4	**51**	**47**	**1,084**	**845**
Liabilities on settled cash flow hedge instruments	26,27, 31.4	**417**	**382**	**-**	-
		515	**472**	**27,466**	**22,581**

ORLEN Lietuva, ORLEN Eesti and ORLEN Latvia are the members of the international cash pool managed by ORLEN Finance AB. The internal cross-currency credit limit granted to ORLEN

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Latvia and ORLEN Eesti is 10 million EUR and to ORLEN Lietuva - 100 million EUR. The date of full repayment of the internal cross-currency credit limit is December 2017.

21. Sales revenues

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Sales of finished goods	3,995,738	3,602,621	6,058,416	4,563,113
Sales of services	27,904	25,111	37,159	27,987
Revenues from sales of finished goods and services, net	**4,023,642**	**3,627,732**	**6,095,575**	**4,591,100**
Sales of goods for resale	112,655	99,889	82,324	62,006
Sales of spare parts	2,187	2,007	1,406	1,059
Revenues from sales of goods for resale and spare parts, net	**114,842**	**101,896**	**83,730**	**63,065**
Total	**4,138,484**	**3,729,628**	**6,179,305**	**4,654,165**

22. Operating costs

Cost of sales

	for the year ended		for the year ended	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Cost of finished goods and services sold	3,560,240	3,210,010	5,989,299	4,511,055
Cost of goods for resale and spare parts sold	111,535	99,456	89,248	67,220
Total	**3,671,775**	**3,309,466**	**6,078,547**	**4,578,275**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Cost by kind

	Note	for the year ended 31/12/2015 USD	for the year ended 31/12/2015 EUR	for the year ended 31/12/2014 USD	for the year ended 31/12/2014 EUR
Usage of materials and energy, including:		**3,593,237**	**3,236,202**	**5,858,829**	**4,412,786**
usage of materials		3,559,167	3,205,546	5,801,598	4,369,681
usage of energy		34,070	30,656	57,231	43,105
External services, including:		**158,064**	**142,575**	**189,384**	**142,643**
railway services		99,819	90,036	116,440	87,701
repairs and maintenance services		10,744	9,702	15,033	11,323
terminal services,transit and freight		29,242	26,366	31,803	23,954
advisory services		2,575	2,327	8,340	6,282
lease		5,801	5,236	6,913	5,207
security of property		4,402	3,966	5,914	4,454
others services		5,481	4,942	4,941	3,722
Payroll, social security and other employee benefits		**45,151**	**40,790**	**43,622**	**32,855**
Depreciation and amortization	6,7	**12,405**	**11,177**	**41,604**	**31,335**
Taxes and charges		**6,313**	**5,690**	**7,069**	**5,324**
Write-down of spare parts for obsolescence	11	**(333)**	**(310)**	**1,355**	**1,021**
Other costs, including:		**7,457**	**6,701**	**12,495**	**9,411**
insurance		6,539	5,877	10,145	7,641
other costs		918	824	2,350	1,770
		3,822,294	**3,442,825**	**6,154,358**	**4,635,375**
Change in finished goods and work in progress		29,358	28,352	93,702	70,575
Cost of products and services for own use		(10,197)	(8,811)	(9,449)	(7,117)
Write-down of inventories	11	7,366	6,783	47,141	35,506
Total operating costs		**3,848,821**	**3,469,149**	**6,285,752**	**4,734,339**
Distribution expenses		139,364	125,686	160,351	120,774
General and administrative expenses		37,682	33,997	46,854	35,290
Cost of sales		3,671,775	3,309,466	6,078,547	4,578,275
Total operating costs		**3,848,821**	**3,469,149**	**6,285,752**	**4,734,339**

In 2015 Group changed presentation of write-down of inventories to net realisable value. As a result, comparative figures for 2014 have been restated in the presentation of cost by kind in lines “Usage of materials”, “Change in finished goods and work in progress”, “Cost of products and services for own use”, “Write- down of inventories”.

In accordance with IAS 39.9, Group changed presentation of expenses of granted guarantees. The expenses of granted guarantees from financial activity have been transferred to operating activity cost by kind in line “Other services”.

Additional information is presented in Note 2.3.4

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Employee benefits costs

	Note	for the year ended 31/12/2015	for the year ended 31/12/2015	for the year ended 31/12/2014	for the year ended 31/12/2014
		USD	EUR	USD	EUR
Payroll expenses		33,491	30,256	38,944	29,332
Social security expenses		10,230	9,242	11,839	8,917
Future benefits expenses	18.2	132	122	(9,097)	(6,852)
Other employee benefits expenses		1,298	1,170	1,936	1,458
Total		**45,151**	**40,790**	**43,622**	**32,855**

23. Other operating income and expenses

23.1. Other operating income

	Note	for the year ended 31/12/2015	for the year ended 31/12/2015	for the year ended 31/12/2014	for the year ended 31/12/2014
		USD	EUR	USD	EUR
Profit from disposal of non-financial fixed assets		20	18	2,074	1,562
Reversal of provisions		1,770	1,598	1,758	1,324
Reversal of receivables impairment allowances	12,26.2	20	18	792	597
Decreases of impairment allowances of property, plant and equipment and intangible assets	6,7,15	1,159	1,035	470	354
Penalties and compensations earned		1,415	1,276	5,542	4,174
Income from insurance		120	104	2,304	1,735
Other		196	179	4,649	3,502
Total		**4,700**	**4,228**	**17,589**	**13,248**

23.2. Other operating expenses

	Note	for the year ended 31/12/2015	for the year ended 31/12/2015	for the year ended 31/12/2014	for the year ended 31/12/2014
		USD	EUR	USD	EUR
Loss from disposal of non-financial fixed assets		197	179	4,949	3,728
Recognition of provisions		9,506	8,616	6,141	4,626
Recognition of impairment receivables	12,26.2	29	26	990	746
Recognition of impairment allowances of property, plant and equipment, intangible assets and non-current assets classified as held for sale	6,7,15	689	623	769,280	579,411
Penalties and compensations		882	808	635	478
Other		117	105	175	130
Total		**11,420**	**10,357**	**782,170**	**589,119**

On June 2014 the Parent company carried out impairment test of assets identified for all cash-generating units. Impairment test result is presented in line Recognition of impairment allowances of property, plant and equipment, intangible assets and non-current assets classified as held for sale.

On June 2014, the Parent company sold emission allowances to PKN ORLEN S.A. and incurred a loss of USD 4,649 thousand or EUR 3,502 thousand which is presented in line loss from disposal of non-financial fixed assets.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

24. Financial income and expenses

24.1. Financial income

	Note	for the year ended 31/12/2015 USD	for the year ended 31/12/2015 EUR	for the year ended 31/12/2014 USD	for the year ended 31/12/2014 EUR
Interest	26.2	323	290	127	96
Settlement and valuation of financial instruments	26.2	13,821	12,519	9,583	7,217
Other	26.2	165	151	210	158
Total		**14,309**	**12,960**	**9,920**	**7,471**

24.2. Financial expenses

	Note	for the year ended 31/12/2015 USD	for the year ended 31/12/2015 EUR	for the year ended 31/12/2014 USD	for the year ended 31/12/2014 EUR
Interest	26.2	1,305	1,169	12,177	9,172
Foreign exchange loss	26.2	762	779	3,027	2,280
Costs of factoring	26.2	1,070	966	636	479
Settlement and valuation of financial instruments	26.2	72,976	64,756	9,007	6,784
Increase of provisions	26.2	-	-	646	486
Other	26.2	402	358	390	294
Total		**76,515**	**68,028**	**25,883**	**19,495**

According to IAS 23, the Group capitalizes those borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of the asset.

In 2015 no capitalized borrowing costs. Borrowing costs capitalized in the year 2014 amounted to USD 170 thousand or EUR 128 thousand. In 2014 capitalization rate that was used to calculate borrowing costs capitalization amounted to 0.34% p.a.

25. Tax expenses

	for the year ended 31/12/2015 USD	for the year ended 31/12/2015 EUR	for the year ended 31/12/2014 USD	for the year ended 31/12/2014 EUR
Tax expense in the statement of profit or loss	**(14,942)**	**(13,884)**	**81,324**	**61,252**
Current tax expense	4,959	4,457	1,497	1,127
Deferred tax expense	(19,901)	(18,341)	79,827	60,125
Deffered tax recognized in other comprehensive	**4**	**3**	**(3)**	**(2)**
Actuarial gains and losses from post-employment benefits	4	3	(3)	(2)
Total	**(14,938)**	**(13,881)**	**81,321**	**61,250**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

25.1.The differences between income tax expense recognized in profit or loss and the amount calculated based on profit before tax

	for the year ended 31/12/2015	31/12/2015	for the year ended 31/12/2014	31/12/2014
	USD	EUR	USD	EUR
Profit (loss) for the period before tax	220,905	199,434	(886,814)	(667,936)
Profit tax applying 15 % tax rate	33,136	29,853	(133,022)	(100,189)
Effect of different tax rates in other countries	(67)	(60)	40	30
Forex on non-monetary asset	-		18,058	13,601
Non-taxable income	(14,942)	(13,462)	(15,647)	(11,785)
Expenses not deductible for tax purposes	12,330	11,109	123,614	93,105
Temporary differences for which no deffered tax was recognised	-	-	100	75
Incentive on investment in non-current assets	-	-	5,526	4,162
Fixed asset investment relief utilization	(4,480)	(4,036)	-	-
Tax loss utilization	(20,934)	(18,860)	(82)	(62)
Change in estimates related to prior years	(20,008)	(18,026)	56,247	42,364
Other	23	21	26,490	19,951
Forex impact, because of different currency exchange rate	-	(423)	-	-
Income tax	**(14,942)**	**(13,884)**	**81,324**	**61,252**

25.2. Deferred tax

	31/12/2014		Deferred tax recognized in statement of profit or loss		Deferred tax recognized in other comprehensive		31/12/2015	
Deferred tax assets	**USD**	**EUR**	**USD**	**EUR**	**USD**	**EUR**	**USD**	**EUR**
Impairment allowances	126,430	103,944	(5,527)	6,712	-	-	120,903	110,656
Provisions and accruals (included actuarial loss)	3,362	2,764	(1,128)	(720)	(4)	(3)	2,230	2,041
Unrealized foreign exchange differences	(980)	(806)	(11,063)	(10,216)	-	-	(12,043)	(11,022)
Difference between carrying amount and tax base of property, plant and equipment	(13,373)	(10,995)	(8,444)	(8,973)	-	-	(21,817)	(19,968)
Tax loss	72,953	59,978	(27,391)	(18,277)	-	-	45,562	41,701
Financial instruments valuation	-	-	(966)	(884)	-	-	(966)	(884)
Investment relief	-	-	4,480	4,100	-	-	4,480	4,100
Other	944	776	341	399	-	-	1,285	1,175
Total deferred tax assets	**189,336**	**155,661**	**(49,698)**	**(27,859)**	**(4)**	**(3)**	**139,634**	**127,799**
Deferred tax asset not recognised	**(188,842)**	**(155,255)**	**69,566**	**46,088**	**-**	**-**	**(119,276)**	**(109,167)**
Deferred tax, net	**494**	**406**	**19,868**	**18,229**	**(4)**	**(3)**	**20,358**	**18,632**

The Parent Company has not recognised deffered income tax by amount USD 119,276 thousand or EUR 109,167 thousand, because is not probable that future taxable profits will be available against which the Parent company can utilize the benefits.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

	31/12/2013		Deferred tax recognized in statement of profit or loss		Deferred tax recognized in other comprehensive		31/12/2014	
Deferred tax assets	**USD**	**EUR**	**USD**	**EUR**	**USD**	**EUR**	**USD**	**EUR**
Impairment allowances	7,481	5,438	118,949	98,506	-	-	126,430	103,944
Provisions and accruals (included actuarial loss)	3,431	2,494	(72)	268	3	2	3,362	2,764
Unrealized foreign exchange differences	17,079	12,414	(18,059)	(13,220)	-	-	(980)	(806)
Difference between carrying amount and tax base of property, plant and equipment	(8,145)	(5,921)	(5,228)	(5,074)	-	-	(13,373)	(10,995)
Tax loss	57,607	41,874	15,346	18,104	-	-	72,953	59,978
Investment relief	5,525	4,016	(5,525)	(4,016)	-	-	-	-
Other	(2,614)	(1,899)	3,558	2,675	-	-	944	776
Total deferred tax assets	**80,364**	**58,416**	**108,969**	**97,243**	**3**	**2**	**189,336**	**155,661**
Deferred tax asset not recognised	**-**	**-**	**(188,842)**	**(155,255)**	**-**	**-**	**(188,842)**	**(155,255)**
Deferred tax, net	**80,364**	**58,416**	**(79,873)**	**(58,012)**	**3**	**2**	**494**	**406**

25.3.Change in deferred tax asset and liability, net

	for the year ended		for the year ended	
	31/12/2015	**31/12/2015**	**31/12/2014**	**31/12/2014**
	USD	**EUR**	**USD**	**EUR**
Beginning of the period	494	406	80,364	58,416
Deferred tax recognised in profit or loss	19,901	18,341	(79,827)	(60,125)
Deferred tax recognised in other comprefensive income	(4)	(3)	3	2
Foreign exchange differences	(33)	(112)	(46)	2,113
Total	**20,358**	**18,632**	**494**	**406**
Deferred tax, net	**20,358**	**18,632**	**494**	**406**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

26. Financial instruments

26.1.Financial instruments by category and class

Financial assets

as at 31 December 2015

USD		Financial instruments by category				
		Financial assets at fair value through profit or loss	Loans and receivables	Financial assets held to maturity	Hedging financial instruments	Total
Financial instruments by class	**Note**					
Other non-current receivables	9	-	1,214	-	-	1,214
Deposits	9,13	-	-	2,256	-	2,256
Trade receivables	12	-	89,426	-	-	89,426
Receivables from cash pool	13	-	108,299	-	-	108,299
Loans granted	9,13	-	106	-	-	106
Cash flow hedge instruments	13	-	-	-	2,331	2,331
Receivables on settled cash flow hedge instruments	13	6,443	-	-	-	6,443
Cash and cash equivalents	14	-	1,051	-	-	1,051
Total		**6,443**	**200,096**	**2,256**	**2,331**	**211,126**

EUR		Financial instruments by category				
		Financial assets at fair value through profit or loss	Loans and receivables	Financial assets held to maturity	Hedging financial instruments	Total
Financial instruments by class	**Note**					
Other non-current receivables	9	-	1,111	-	-	1,111
Deposits	9,13	-	-	2,065	-	2,065
Trade receivables	12	-	81,847	-	-	81,847
Receivables from cash pool	13	-	99,120	-	-	99,120
Loans granted	9,13	-	97	-	-	97
Cash flow hedge instruments	13	-	-	-	2,133	2,133
Receivables on settled cash flow hedge instruments	13	5,897	-	-	-	5,897
Cash and cash equivalents	14	-	962	-	-	962
Total		**5,897**	**183,137**	**2,065**	**2,133**	**193,232**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

as at 31 December 2014

USD		Financial instruments by category			
		Financial assets at fair value through profit or loss	Loans and receivables	Financial assets held to maturity	Total
Financial instruments by class	**Note**				
Other non-current receivables	9	-	2,454	-	2,454
Deposits	9,13	-	-	9,808	9,808
Trade receivables	12	-	101,612	-	101,612
Receivables from cash pool	13	-	1,581	-	1,581
Loans granted	9,13	-	153	-	153
Derivatives not designated as hedge accounting	13	64	-	-	64
Cash and cash equivalents	14	-	4,629	-	4,629
Total		**64**	**110,429**	**9,808**	**120,301**

EUR		Financial instruments by category			
		Financial assets at fair value through profit or loss	Loans and receivables	Financial assets held to maturity	Total
Financial instruments by class	**Note**				
Other non-current receivables	9	-	2,017	-	2,017
Deposits	9,13	-	-	8,064	8,064
Trade receivables	12	-	83,540	-	83,540
Receivables from cash pool	13	-	1,300	-	1,300
Loans granted	9,13	-	126	-	126
Derivatives not designated as hedge accounting	13	52	-	-	52
Cash and cash equivalents	14	-	3,806	-	3,806
Total		**52**	**90,789**	**8,064**	**98,905**

Financial liabilities

as at 31 December 2015

USD		Financial instruments by category			
		Financial liabilities at fair value through profit or loss	Financial liabilities valued at amortized cost	Hedging financial instruments	Total
Financial instruments by class	**Note**				
Bank loans	17	-	13,954	-	13,954
Trade liabilities	19	-	176,556	-	176,556
Liabilities from cash pool	20	-	47	-	47
Liabilities on settled derivatives not designated for hedge accounting	20	51	-	-	51
Liabilities on settled cash flow hedge instruments	20	-	-	417	417
Total		**51**	**190,557**	**417**	**191,025**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

EUR		Financial instruments by category			
		Financial liabilities at fair value through profit or loss	Financial liabilities valued at amortized cost	Hedging financial instruments	Total
Financial instruments by class	**Note**				
Bank loans	17	-	12,771	-	12,771
Trade liabilities	19	-	161,593	-	161,593
Liabilities from cash pool	20	-	43	-	43
Liabilities on settled derivatives not designated for hedge accounting	20	47	-	-	47
Liabilities on settled cash flow hedge instruments	20	-	-	382	382
Total		**47**	**174,407**	**382**	**174,836**

as at 31 December 2014

USD		Financial instruments by category		
		Financial liabilities at fair value through profit or loss	Financial liabilities valued at amortized cost	Total
Financial instruments by class	**Note**			
Bank loans	17	-	9,086	9,086
Trade liabilities	19	-	354,785	354,785
Derivatives not designated for hedge acounting	20	497	-	497
Liabilities from cash pool	20	-	25,885	25,885
Liabilities on settled derivatives not designated for hedge accounting	20	1,084	-	1,084
Total		**1,581**	**389,756**	**391,337**

EUR		Financial instruments by category		
		Financial liabilities at fair value through profit or loss	Financial liabilities valued at amortized cost	Total
Financial instruments by class	**Note**			
Bank loans	17	-	7,470	7,470
Trade liabilities	19	-	291,684	291,684
Derivatives not designated for hedge acounting	20	455	-	455
Liabilities from cash pool	20	-	21,281	21,281
Liabilities on settled derivatives not designated for hedge accounting	20	845	-	845
Total		**1,300**	**320,435**	**321,735**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

26.2.Income and expense, profit and loss in the consolidated statement of profit or loss and other comprehensive income

As at 31 December 2015

USD		Financial instruments by category				
		Financial assets and financial liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities measured at amortised cost	Hedging financial instruments	Total
Financial instruments by class	**Note**					
Interest income	24	-	323	-	-	323
Interest costs	24	-	-	(1,305)	-	(1,305)
Foreign exchange gain/(loss)	24		(2,296)	1,534	-	(762)
Recognition/reversal of receivables impairment allowances recognized in other operating income/expenses, net	23	-	(9)	-	-	(9)
Cash flow hedge instruments		-	-	-	2,331	2,331
Settlement and valuation of financial instruments	24	(59,155)	-	-	-	(59,155)
Costs of factoring	24	-	-	(1,070)		(1,070)
Other	24	-	165	(402)	-	(237)
Total		**(59,155)**	**(1,817)**	**(1,243)**	**2,331**	**(59,884)**

EUR		Financial instruments by category				
		Financial assets and financial liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities measured at amortised cost	Hedging financial instruments	Total
Financial instruments by class	**Note**					
Interest income	24	-	290	-	-	290
Interest costs	24	-	-	(1,169)	-	(1,169)
Foreign exchange gain/(loss)	24	-	(2,147)	1,368	-	(779)
Recognition/reversal of receivables impairment allowances recognized in other operating income/expenses, net	23	-	(8)	-	-	(8)
Cash flow hedge instruments		-	-	-	2,133	2,133
Settlement and valuation of financial instruments	24	(52,237)	-	-	-	(52,237)
Costs of factoring	24	-	-	(966)		(966)
Other	24	-	151	(358)	-	(207)
Total		**(52,237)**	**(1,714)**	**(1,125)**	**2,133**	**(52,943)**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

As at 31 December 2014

USD		Financial instruments by category				
		Financial assets and financial liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities measured at amortised cost	Hedging financial instruments	Total
Financial instruments by class	**Note**					
Interest income	24	-	127	-	-	127
Interest costs	24	-	-	(12,177)	-	(12,177)
Foreign exchange gain/(loss)	24	-	(1,787)	(1,240)	-	(3,027)
Recognition/reversal of receivables impairment allowances recognized in other operating income/expenses, net	23	-	(198)	-	-	(198)
Settlement and valuation of financial instruments	24	576	-	-	-	576
Costs of factoring	24	-	-	(636)		(636)
Other	24	-	(436)	(390)	-	(826)
Total		**576**	**(2,294)**	**(14,443)**	**-**	**(16,161)**

EUR		Financial instruments by category				
		Financial assets and financial liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities measured at amortised cost	Hedging financial instruments	Total
Financial instruments by class	**Note**					
Interest income	24	-	96	-	-	96
Interest costs	24	-	-	(9,172)	-	(9,172)
Foreign exchange gain/(loss)	24	-	(1,346)	(934)	-	(2,280)
Recognition/reversal of receivables impairment allowances recognized in other operating income/expenses, net	23	-	(149)	-	-	(149)
Settlement and valuation of financial instruments	24	433	-	-	-	433
Costs of factoring	24	-	-	(479)		(479)
Other	24	-	(328)	(294)	-	(622)
Total		**433**	**(1,727)**	**(10,879)**	**-**	**(12,173)**

26.3.Hedge accounting

26.3.1. Cash Flow hedge accounting

As a part of hedging strategy the ORLEN Lietuva hedges its cash flows:

− from sales of the Parent Company's products and purchase of crude oil using commodity swaps,
− from periodic changes in the operating inventory level using commodity swaps.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Net fair value which will be recognized in the profit or loss at the realization date

	for the year ended	
	31/12/2015	31/12/2015
	USD	EUR
Planned realization date of hedged cash flows		
Commodity risk exposure		
2016	2,331	2,133
Total	**2,331**	**2,133**

26.4. Financial risk management

The Group is exposed particularly to the following financial risks:
– credit risk;
– liquidity risk;
– market risk, including
  currency risk,
  interest rate risk,
  commodity price risk,
  price risk of allowances CO_2

26.4.1. Credit risk

Within its trading activity the Group sells products and services with deferred payment term, which may result in the risk that customers will not pay for the Group's receivables from sales of products and services. In order to minimize credit risk and working capital the Group manages the risk by credit limit policies governing granting of credit limits to customers and establishment of pledges collaterals of appropriate different types. The established average payment term of receivables connected with the ordinary course of sales is 12 to 15 days. Each non-cash customer with deferred payment is individually assessed with regard to credit risk. A portion of trade receivables is insured within an organized trade credit insurance program.Group also use resource and non recourse factoring. Trade receivables are monitored by Treasury, Financial Planning and Controlling Department on regular basis. In the event of occurrence of overdue receivables, sale is withheld and debt recovery procedures are implemented as described in the binding procedures. In order to reduce the risk of recoverability of trade receivables the Group receives securities from its customers' such as: bank guarantees, documentary letters of credit, stand-by letters of credit, mortgages and third-party guarantees.

The ageing analysis of financial assets past due, but not impaired as at the end of the reporting period:

	Current receivables			
	31/12/2015		31/12/2014	
	USD	EUR	USD	EUR
Overdue:				
Up to 1 month	10,335	9,459	15,116	12,428
1-3 months	3,136	2,870	1,237	1,017
3-6 months	354	324	9	8
6-12 months	2,288	2,094	25	21
Above 1 year	4,077	3,731	318	262
	20,190	**18,479**	**16,705**	**13,736**

Ageing analysis shows the increased overdue trade receivable, which is related to the legal proceedings disclosed in Note 35.

The concentration of risk connected with trade receivables is limited due to large number of customers with trade credit dispersed in various sectors of the Lithuania, Poland, Estonia, Latvia, Ukraine, United Kingdom, Switzerland economies.

Credit risk associated with cash and bank deposits is considered by the Group as low. All entities, in which the Group invests available funds operate in financial sector. They include domestic and foreign banks and branches of foreign banks which have the high grade of short-term and long-term credit credibility or upper medium grade credibility.

Rating A-1 by Standard & Poor's, F1 by Fitch and Prime-1 in Moody's are treated as the highest credibility, while A-2 by Standard & Poor's, F2 by Fitch and Prime-2 in Moody's are considered to be good credibility. Sources of information about ratings are published on the websites each of the banks in which the Group invest available cash.

Credit risk arising from the positive valuation of derivative instruments is considered by the ORLEN Lietuva Group as low, due to the fact that all transactions are concluded with banks having high credit rating. One of the factors significant for bank choice is rating on the level not lower than A.

The measure of credit risk is the maximum exposure to credit risk for each class of financial instruments.

Maximum credit risk exposure in relation to particular financial assets by category is equal to their carrying amount.

In order to reduce the risk of recoverability of trade receivables, the Group receives from its customers' securities in the form of: letters of credit, bank guarantees, factoring, third party guarantees or surety ship, mortgages and bills of exchange, etc.

The Management believes that the risk of impaired financial assets is reflected by recognition of impairment.

26.4.2. Liquidity risk

The goal of the Group is to maintain the balance between continuity and flexibility of financing. To achieve this goal, the Group uses, first of all, financing on the PKN Group level (cash pool), accompanied by local sources of financing (factoring facilities,).

The Group maintains the ratio of current assets to short-term liabilities (current ratio) on a safe level. As at 31 December 2015 and 31 December 2014, the ratio amounted to 1.46 and 0.81, respectively.

In 2015 ORLEN Lietuva signed a non-recourse factoring agreement with AB SEB Bank on the factoring limit – up to EUR 37 million.

Detailed information regarding loans is disclosed in Note 17.

As at 31 December 2015 and 31 December 2014 the maximum possible indebtedness under the signed loan agreements amounted to USD 34,231 thousand or EUR 31,331 thousand and USD 44,102 thousand or EUR 36,258 thousand, respectively. As at 31 December 2015 and 31 December 2014 the amount available to use was USD 20,277 thousand or EUR 18,560 thousand and USD 35,016 thousand or EUR 28,788 thousand, respectively.

Financing available for the year 2015 under the credit/cash pool agreements to cover net current liabilities with the maturity of 31 December 2017 (EUR 100 million) is covering the expected liquidity needs for 2016 with reserve.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Maturity analysis for financial liabilities:

USD	Note	31/12/2015 up to 1 year	1-3 years	3-5 years	Total	Carrying amount
Bank loans-undiscounted value	17	13,954	-	-	13,954	13,954
Trade liabilities	19	176,556	-	-	176,556	176,556
Liabilities on settled cash flow hedge instruments	20	417	-	-	417	417
Liabilities on settled derivatives not designated for hedge accounting	20	51	-	-	51	51
Liabilities from cash pool	20	47	-	-	47	47
Total		**191,025**	**-**	**-**	**191,025**	**191,025**

EUR	Note	31/12/2015 up to 1 year	1-3 years	3-5 years	Total	Carrying amount
Bank loans-undiscounted value	17	12,771	-	-	12,771	12,771
Trade liabilities	19	161,593	-	-	161,593	161,593
Liabilities on settled cash flow hedge instruments	20	382	-	-	382	382
Liabilities on settled derivatives not designated for hedge accounting	20	47	-	-	47	47
Liabilities from cash pool	20	43	-	-	43	43
Total		**174,836**	**-**	**-**	**174,836**	**174,836**

USD	Note	31/12/2014 up to 1 year	1-3 years	3-5 years	Total	Carrying amount
Bank loans-undiscounted value	17	9,086	-	-	9,086	9,086
Trade liabilities	19	354,785	-	-	354,785	354,785
Derivatives not designated for hedge accounting	20	497	-	-	497	497
Liabilities on settled derivatives not designated for hedge accounting	20	1,084	-	-	1,084	1,084
Liabilities from cash pool	20	25,885	-	-	25,885	25,885
Total		**391,337**	**-**	**-**	**391,337**	**391,337**

EUR	Note	31/12/2014 up to 1 year	1-3 years	3-5 years	Total	Carrying amount
Bank loans-undiscounted value	17	7,470	-	-	7,470	7,470
Trade liabilities	19	291,684	-	-	291,684	291,684
Derivatives not designated for hedge accounting	20	455	-	-	455	455
Liabilities on settled derivatives not designated for hedge accounting	20	845	-	-	845	845
Liabilities from cash pool	20	21,281	-	-	21,281	21,281
Total		**321,735**	**-**	**-**	**321,735**	**321,735**

26.4.3. Market risks

The Group is exposed to currency risks, interest rate risks and risks of changes in commodity prices and CO_2 emission allowance prices.

The objective of market risk management process is to reduce the unfavourable effects of changes in market risk factors on the cash flow and financial results in the short and medium term.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Market risk management is conducted using hedging strategies based on derivatives. Derivatives are used solely to reduce the risk of changes in fair value and risk of changes in cash flows. The Group applies only those instruments which can be measured independently, using standard valuation models for each instrument. As far as market valuation of the instruments is concerned, the Group relies on information obtained from market leading banks, brokers and information services. Transactions are concluded only with reliable partners, authorized to participate in transactions through the application of appropriate procedures and signing the relevant documentation.

Commodity risks

As part of its operating activity the Parent Company is exposed mainly to the following commodity risks:
- risk of changes in refining margins on the sale of products and Ural/Brent differential fluctuations-hedges on an irregular basis as a part of hedging strategies;
- risk of changes in crude oil and products prices related to the time mismatch between the date of the crude oil purchase and the date of its processing and sale of products, oversize periodic stock of operational crude oil and/or products, as well as future sales transactions - identified and hedged in a systematic and regular manner;
- risk of changes in CO2 emission rights prices;
- risk of changes in crude oil and refinery product prices related to the obligation to maintain mandatory reserves of crude oil and fuels - is not hedged on purpose due to the permanent exposure and non-cash impact on the Parent Company results.

The impact of commodity hedging instruments on the Group's financial statements

Type of hedged raw material/product	Unit of measure	31/12/2015	31/12/2014
Crude oil	bbl	4,914,000	-
Diesel oil	Mt	255,905	-
Gasoline	Mt	288,286	-
Heating oil	Mt	102,511	-

Sensitivity analysis of commodity risk

Analysis of the influence of changes in the carrying amount of financial instruments on result before tax and hedging reserve to a hypothetical change in prices of products and raw materials:

Type of hedged raw material/product	Increase of prices	Total influence, USD	Total influence, EUR	Decrease of prices	Total influence, USD	Total influence, EUR
Crude oil USD/bbl	+19%	16,281	14,901	-19%	-16,281	-14,901
Diesel oil USD/Mt	+17%	-7,448	-6,817	-17%	7,448	6,817
Gasoline USD/Mt	+21%	-13,020	-11,917	-21%	13,020	11,917
Heating oil USD/Mt	+20%	-1,416	-1,296	-20%	1,416	1,296
		-5,603	**-5,128**		**5,603**	**5,128**

Applied for the sensitivity analysis of commodity risk hedging instruments variations of crude oil and products prices were calculated based on volatility for 2015 and 2014 and available analysts' forecasts.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

26.4.3.1. Currency risk

(i) Currency risk - The Group's functional currency is US dollar. The Group is exposed to currency risk resulting from current receivables and short-term liabilities, cash and cash equivalents, investment expenditures as well as from future planned cash flows from sales and purchases of refinery products.

(ii) Commodity price change risk - The Group is exposed to changes in commodity prices due to:
- purchase of crude oil for processing, which depend on the volume of processing, the inventory level and the level of crude oil price on the global market;
- sales of refinery products, which depend on the volume of sales, the inventory level and the level of product prices on the global market.

Refinery margin exposure is hedged by over the counter (OTC) swap instruments.

(iii) CO_2 emission allowance price change risk - The Parent company was granted free European Union emission (EUA) allowance for 2013-2020 periods. The shortage of European Union Emission (EUA) allowance will be covered by the European Union Emission (EUA) allowance bought from PKN ORLEN S.A.

Currency structure of financial instruments as at 31 December 2015:

Financial instruments by class	Note	EUR	USD	PLN	Other	Total after conversion to USD	Total after conversion to EUR
Financial assets							
Other non-current receivables	9	1,111	-	-	-	1,214	1,111
Deposits	9,13	2,065	-	-	-	2,256	2,065
Trade receivables	12	40,395	45,290	-	-	89,426	81,847
Receivables from cash pool	13	4,863	102,986	-	-	108,299	99,120
Loans granted	9,13	97	-	-	-	106	97
Cash flow hedge instruments	13	-	2,331	-	-	2,331	2,133
Receivables on settled cash flow hedge instruments	13	-	6,443	-	-	6,443	5,897
Cash and cash equivalents	14	857	115	-	-	1,051	962
Total		**49,388**	**157,165**	**-**	**-**	**211,126**	**193,232**
Financial liabilities							
Bank loans	17	7,908	5,314	-	-	13,954	12,771
Liabilities on settled derivatives not designated for hedge accounting	20	-	51	-	-	51	47
Trade liabilities	19	69,133	100,668	1,146	178	176,556	161,593
Liabilities on settled cash flow hedge instruments	20	-	417	-	-	417	382
Liabilities from cash pool	20	43	-	-	-	47	43
Total		**77,084**	**106,450**	**1,146**	**178**	**191,025**	**174,836**

Sensitivity analysis for currency risk

Increase/decrease in exchange rate means appreciation/depreciation of the relevant currencies against the functional currency of the Group (USD). The influence of potential changes in carrying amounts of financial instruments (as at 31 December 2015) arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency (USD) on profit before tax would be:

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Financial instruments by class	Influence of financial instruments on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/USD	+15%	(4,539)	-15%	4,539
		(4,539)		**4,539**

Currency structure of financial instruments as at 31 December 2014:

Financial instruments by class	Note	EUR	USD	LTL	PLN	Total after conversion to USD	Total after conversion to EUR
Financial assets							
Other non-current receivables	9	-	-	6,967	-	2,454	2,017
Deposits	9,13	3,972	-	14,129	-	9,808	8,064
Trade receivables	12	8,179	56,317	100,341	-	101,612	83,540
Receivables from cash pool	13	-	1,581	-	-	1,581	1,300
Loans granted	9,13	71	-	189	-	153	126
Derivatives not designated as hedge accounting	13	-	64	-	-	64	52
Cash and cash equivalents	14	1,653	671	5,528	-	4,629	3,806
Total		**13,875**	**58,633**	**127,154**	**-**	**120,301**	**98,905**
Financial liabilities							
Bank loans	17	3,536	4,785	-	-	9,086	7,470
Trade liabilities	19	12,765	296,509	119,830	1,896	354,785	291,684
Derivatives not designated for hedge accounting	20	-	497	-	-	497	455
Liabilities on settled derivatives not designated for hedge accounting	20	-	1,084	-	-	1,084	845
Liabilities from cash pool	20	105	24,764	2,818	-	25,885	21,281
Total		**16,406**	**327,639**	**122,648**	**1,896**	**391,337**	**321,735**

Sensitivity analysis for currency risk

Increase/decrease in exchange rate means appreciation/depreciation of the relevant currencies against the functional currency of the Group (USD). The influence of potential changes in carrying amounts of financial instruments (as at 31 December 2014) arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency (USD) on profit before tax would be:

Financial instruments by class	Influence of financial instruments on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/USD	+15%	(462)	-15%	462
LTL/USD	+15%	238	-15%	(238)
		(224)		**224**

Variations of currency rates described above were calculated based on historical volatility of particular currency rates and analysts' forecasts.

Sensitivity of financial instruments for currency risk was calculated as a difference between the initial carrying amount of financial instruments (excluding derivative instruments) and their potential carrying amount calculated using assumed increases/(decreases) in currency rates. In case of derivative instruments, the influence of currency rate variations on fair value was examined at constant level of interest rates. The fair value of foreign currency forward contracts is determined based on discounted future cash flows of the transactions, calculated based on the difference between the forward rate and the transaction price.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

26.4.3.2. Interest rate risk

The Group is exposed to the risk of volatility of cash flows arising from interest rates resulting from borrowings, cash pool facility and bank loans based on floating interest rates.

Interest rate structure of financial instruments:

USD	Note	31/12/2015					Total
		EURIBOR	LIBOR	VILIBOR	Other	Fixed rate	
Financial instruments by class							
Financial assets							
Other non-current receivables	9	-	-	-	1,214	-	1,214
Deposits	13	-	-	-	-	2,256	2,256
Loans granted	9,13	-	-	-	-	106	106
Receivables from cash pool	13	5,313	102,986	-	-	-	108,299
Total		**5,313**	**102,986**	**-**	**1,214**	**2,362**	**111,875**
Financial liabilities							
Bank loans	17	4,526	5,314	-	4,114	-	13,954
Liabilities from cash pool	20	-	47	-	-	-	47
Total		**4,526**	**5,361**	**-**	**4,114**	**-**	**14,001**

EUR	Note	31/12/2015					Total
		EURIBOR	LIBOR	VILIBOR	Other	Fixed rate	
Financial instruments by class							
Financial assets							
Other non-current receivables	9	-	-	-	1,111	-	1,111
Deposits	13	-	-	-	-	2,065	2,065
Loans granted	9,13	-	-	-	-	97	97
Receivables from cash pool	13	99,120	-	-	-	-	99,120
Total		**99,120**	**-**	**-**	**1,111**	**2,162**	**102,393**
Financial liabilities							
Bank loans	17	4,142	4,863	-	3,766	-	12,771
Liabilities from cash pool	20	-	43	-	-	-	43
Total		**4,142**	**4,906**	**-**	**3,766**	**-**	**12,814**

USD	Note	31/12/2014					Total
		EURIBOR	LIBOR	VILIBOR	Other	Fixed rate	
Financial instruments by class							
Financial assets							
Other non-current receivables	9	-	-	-	2,454	-	2,454
Deposits	9,13	-	-	-	-	9,808	9,808
Loans granted	9,13	-	-	-	-	153	153
Receivables from cash pool	13	-	-	1,581	-	-	1,581
Total		**-**	**-**	**1,581**	**2,454**	**9,961**	**13,996**
Financial liabilities							
Bank loans	17	2,291	4,785	-	2,010	-	9,086
Liabilities from cash pool	20	-	25,885	-	-	-	25,885
Total		**2,291**	**30,670**	**-**	**2,010**	**-**	**34,971**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

EUR	Note	31/12/2014					Total
		EURIBOR	LIBOR	VILIBOR	Other	Fixed rate	
Financial instruments by class							
Financial assets							
Other non-current receivables	9	-	-	-	2,017	-	2,017
Deposits	9,13	-	-	-	-	8,064	8,064
Loans granted	9,13	-	-	-	-	126	126
Receivables from cash pool	13	-	-	1,300	-	-	1,300
Total		**-**	**-**	**1,300**	**2,017**	**8,190**	**11,507**
Financial liabilities							
Bank loans	17	1,883	3,934	-	1,653	-	7,470
Liabilities from cash pool	20	-	21,281	-	-	-	21,281
Total		**1,883**	**25,215**	**-**	**1,653**	**-**	**28,751**

Sensitivity analysis for interest rate risk

The influence of financial instruments on profit before tax due to changes in significant interest rates:

Interest rate	Assumed variation		Influence on profit before tax			
	31/12/2015	31/12/2014	31/12/2015	31/12/2015	31/12/2014	31/12/2014
			USD	EUR	USD	EUR
EURIBOR	+50	+50	4	475	(11)	(9)
LIBOR	+50	+50	488	(25)	(153)	(126)
VILIBOR	-	+50	-	-	8	6
Total			**492**	**450**	**(156)**	**(129)**

The above interest rates variations were calculated based on observations of interest rates fluctuations in the current and prior year annual reporting periods as well as on the basis of available analysts' forecasts.

The sensitivity analysis was performed on the basis of instruments held as at 31 December 2015 and 31 December 2014. The influence of interest rates changes was presented on annual basis.

The sensitivity of financial instruments for interest rate risk was calculated as arithmetic product of the balance of the statement of financial position items, sensitive to interest rates (excluding derivatives) multiplied by adequate variation of interest rate. In case of derivatives, the influence of interest rate variations on fair value was examined at constant level of currency rates.

In the case of derivatives in the sensitivity analysis for interest rate risk The Group uses interest rate curve shift of the reasonably possible change in the reference interest rates, assuming the immutability of other risk factors.

26.4.3.3. Risk of changes in CO_2 emission allowance prices

ORLEN Lietuva was granted CO_2 emission allowance on the basis of the binding legal regulations resulting from the Kyoto Protocol to the United Nations Framework Convention on Climate Change, adopted by the European Union, followed by the decision of the Council of Ministers.

The Group performs verification of the number of rights annually and defines methods of systematic balancing of identified shortages/surpluses either in the way of intercompany transactions or through market term and spot transactions depending on the situation.

Additional information regarding CO_2 emission allowance is disclosed in Note 7.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

27. Fair value determination

As at 31 December 2015

USD	Note	fair value	carrying amount	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial assets						
Deposits	9,13	2,256	2,256	-	2,256	-
Other non-current receivables	9	1,214	1,214	-	1,214	-
Trade receivables	12	89,426	89,426	-	89,426	-
Receivables from cash pool	13	108,299	108,299	-	108,299	-
Loans granted	9,13	106	106	-	106	-
Cash flow hedge instruments	13	2,331	2,331	-	2,331	-
Receivables on settled cash flow hedge instruments	13	6,443	6,443	-	6,443	
Cash and cash equivalents	14	1,051	1,051	1,051	-	-
Total		**211,126**	**211,126**	**1,051**	**210,075**	**-**
Financial liabilities						
Bank loans	17	13,954	13,954	-	13,954	-
Trade liabilities	19	176,556	176,556	-	176,556	-
Liabilities on settled derrivatives not designated for hedge accounting	20	51	51	-	51	-
Liabilities on settled cash flow hedge instruments	20	417	417	-	417	-
Liabilities from cash pool	20	47	47	47	-	-
Total		**191,025**	**191,025**	**47**	**190,978**	**-**

EUR	Note	fair value	carrying amount	Fair value hierarchy		
				Level 1	Level 2	Level 3
Financial assets						
Deposits	9,13	2,065	2,065	-	2,065	-
Other non-current receivables	9	1,111	1,111	-	1,111	-
Trade receivables	12	81,847	81,847	-	81,847	-
Receivables from cash pool	13	99,120	99,120	-	99,120	-
Loans granted	9,13	97	97	-	97	-
Cash flow hedge instruments	13	2,133	2,133	-	2,133	-
Receivables on settled cash flow hedge instruments	13	5,897	5,897	-	5,897	-
Cash and cash equivalents	14	962	962	962	-	-
Total		**193,232**	**193,232**	**962**	**192,270**	**-**
Financial liabilities						
Bank loans	17	12,771	12,771	-	12,771	-
Trade liabilities	19	161,593	161,593	-	161,593	-
Liabilities on settled derrivatives not designated for hedge accounting	20	47	47	-	47	-
Liabilities on settled cash flow hedge instruments	20	382	382	-	382	-
Liabilities from cash pool	20	43	43	43	-	-
Total		**174,836**	**174,836**	**43**	**174,793**	**-**

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

As at 31 December 2014

USD	Note	fair value	carrying amount	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets						
Deposits	9,13	9,808	9,808	-	9,808	-
Other non-current receivables	9	2,454	2,454	-	2,454	-
Trade receivables	12	101,612	101,612	-	101,612	-
Receivables from cash pool	13	1,581	1,581	-	1,581	-
Loans granted	9,13	153	153	-	153	-
Derivatives not designated as hedge accounting	13	64	64	-	64	-
Cash and cash equivalents	14	4,629	4,629	4,629	-	-
Total		**120,301**	**120,301**	**4,629**	**115,672**	**-**
Financial liabilities						
Bank loans	17	9,086	9,086	-	9,086	-
Trade liabilities	19	354,785	354,785	-	354,785	-
Derivatives not designated for hedge accounting	20	497	497	-	497	-
Liabilities on settled derrivatives not designated for hedge accounting	20	1,084	1,084	-	1,084	-
Liabilities from cash pool	20	25,885	25,885	25,885	-	-
Total		**391,337**	**391,337**	**25,885**	**365,452**	**-**

EUR	Note	fair value	carrying amount	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets						
Deposits	9,13	8,064	8,064	-	8,064	-
Other non-current receivables	9	2,017	2,017	-	2,017	-
Trade receivables	12	83,540	83,540	-	83,540	-
Receivables from cash pool	13	1,300	1,300	-	1,300	-
Loans granted	9,13	126	126	-	126	-
Derivatives not designated as hedge accounting	13	52	52	-	52	-
Cash and cash equivalents	14	3,806	3,806	3,806	-	-
Total		**98,905**	**98,905**	**3,806**	**95,099**	**-**
Financial liabilities						
Bank loans	17	7,470	7,470	-	7,470	-
Trade liabilities	19	291,684	291,684	-	291,684	-
Derivatives not designated for hedge accounting	20	455	455	-	455	-
Liabilities on settled derrivatives not designated for hedge accounting	20	845	845	-	845	-
Liabilities from cash pool	20	21,281	21,281	21,281	-	-
Total		**321,735**	**321,735**	**21,281**	**300,454**	**-**

Methods applied in determining fair values (fair value hierarchy)

The Group measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves, for currencies and commodities quoted on active markets. As compared to the previous reporting period the Group has not changed valuation methods concerning derivative instruments.

The fair value of derivative instruments is based on discounted future cash flows of the transactions, calculated based on the difference between the forward rate and the transaction.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

Forward exchange rate is not modelled as a separate risk factor, but is derived from the relevant spot rate and forward interest rate for foreign currencies in relation to USD.

Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in fair value of derivative instruments, for witch hedge accounting is not applicable, are recognized in a current year profit or loss.
The Group's management is of the opinion that the carrying amounts less impairment losses of cash and cash equivalents, trade and other receivables, and the carrying amounts of accounts payable approximate their fair value due to the short-term nature of expected cash-flows.
Loans granted, financial liabilities and other financial instruments are measured at fair value using discounted cash flow method. Future cash flows are discounted using discount rates calculated on the basis of market interest rates as at 31 December 2015, and 31 December 2014 based on quotations of 1-month, 3-month and 6-month interest rates plus applicable margins for individual financial instruments.

Fair value of derivatives is determined based on other input data, apart from market quotations, which are directly or indirectly possible to observe (so called Level 2).

28. Capital commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	31/12/2015		31/12/2014	
	USD	EUR	USD	EUR
Property, plant and equipment	4,797	4,390	3,160	2,598

29. Contingencies

Other litigations and claims

The main litigations and claims are presented in Note 35.

Guarantees under waste treatment plans

Based on the Waste Management Activity Termination Plans, as approved by the Ministry of Environment, the banks on behalf of the Parent Company issued guarantees to Regional Departments of the Ministry of Environment for a total amount of USD 2,616 thousand or EUR 2,394 thousand as at 31 December 2015 and USD 2,913 thousand or EUR 2,394 thousand as at 31 December 2014. The guarantees shall remain valid through to 18 May 2016. Payments under these guarantees shall be made in the cases when the Parent Company is unable to continue managing the waste having accumulating in the production process. In the consolidated financial statement for the year ended on 31 December 2015, the Parent Company made a provision for the environmental liabilities amounting to USD 3,391 thousand or EUR 3,103 thousand and as at 31 December 2014 it was made USD 3,166 thousand or EUR 2,603 thousand (Note 18).

Tax inspections

During the period from 2007 to 31 December 2015 the State Tax Inspectorate did not perform any thorough tax audit in the Parent Company. In 2015 several local audits (taxation inspections) were performed to collect/inspect counter information. Neither violations nor any additional tax/customs liabilities have been identified (customs duties not refunded).

Customs inspections

On 31 December 2015 Klaipėda Customs Office performed one targeted operations-commercial audit in the Company (regarding approval of authorized economic operator AEO status). No violations have been identified. AEO status has been extended for the following 3 years. One recommendation has been made to improve the customs procedure. As of 31 December 2015 there were no any thorough customs audits or disputes with Klaipėda Customs Office.

30. Guarantees and sureties

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 31 December 2015 and 31 December 2014 amounted to USD 4,906 thousand or EUR 4,490 thousand and USD 352 thousand or EUR 289 thousand, respectively.

As at 31 December 2015 guarantees granted on behalf of the Group but not covered by the Group's cash amounted to USD 6,224 thousand or EUR 5,697 thousand and covered of the Group's cash amounted to USD 2,255 thousand or EUR 2,063 thousand. As at 31 December 2014 guarantees granted on behalf of the Group were covered by the Group's cash amounted to USD 5,829 thousand or EUR 4,792 thousand, respectively. Sureties and guarantees relate to obligations issued to third parties in the course of ongoing operations relate mainly to: warranties and guarantees of good performance, payment guarantees.

31. Related party transactions

31.1. Information on material transactions concluded by the Group companies with related parties on other than market terms

In 2015 and 2014 the Group did not conclude any material related party transactions on other than market terms.

31.2. Transactions with members of the Management Board and Supervisory Board, their spouses, siblings, descendants and ascendants and their other relatives

In 2015 and 2014 the Group companies did not grant to managing and supervising persons and their relatives any advances, loans, guarantees and sureties, or other agreements obliging to render services to the Group and its related parties.

As at 31 December 2015 and 31 December 2014 there were no loans granted by the Group to managers and supervisors and their relatives.

In 2015 and 2014 there were no significant transactions concluded with members of the Management Board, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

31.3. Transactions with related parties concluded through the key management personnel of the Parent company and other Group companies

In 2015 and 2014 members of the Group's key executive personnel of the Parent company and the Group companies basing on the submitted statements on transactions concluded with related parties disclosed that they did not conclude any transactions with related parties.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

31.4. Transactions and balance of settlement of the Group with related parties

for the year ended 31 December 2015

USD	Note	Related parties	Associates	Total
Sales		81,525	18,229	99,754
Purchases		3,175,264	-	3,175,264
Interest income		48	-	48
Interest expenses		1,304	-	1,304
Other operating income		4	-	4
Other financial costs		185	-	185
Receivables from cash pool	13	108,299	-	108,299
Trade and other receivables (net)		4,085	65	4,150
Liabilities from cash pool	20	47	-	47
Trade and other liabilities		76,871	-	76,871

EUR	Note	Related parties	Associates	Total
Sales		73,778	16,430	90,208
Purchases		2,858,527	-	2,858,527
Interest income		44	-	44
Interest expenses		1,168	-	1,168
Other operating income		3	-	3
Other financial costs		161	-	161
Receivables from cash pool	13	99,120	-	99,120
Trade and other receivables (net)		3,739	59	3,798
Liabilities from cash pool	20	43	-	43
Trade and other liabilities		70,356	-	70,356

The above transactions with related parties include sales and purchases of refinery products, purchases of repair, transportation and other services.

On 30 September 2015 UAB EMAS was reorganised by merger with UAB Paslaugos tau, who ceased the operations and UAB Emas is continuing as one entity.

In April 2015 the Parent Company additionally purchased 0,2 MM tones CO2 from PKN ORLEN S.A.

for the year ended 31 December 2014

USD	Note	Related parties	Associates	Total
Sales		185,519	28,179	213,698
Purchases		5,082,866	-	5,082,866
Interest expenses		9,681	-	9,681
Revenue from disposal of CO2		22,348	-	22,348
Net value of disposed CO2 allowances		26,998	-	26,998
Other operating income		23	-	23
Other financial costs		669	-	669
Receivables from cash pool	13	1,581	-	1,581
Trade and other receivables (net)		5,314	207	5,521
Liabilities from cash pool	20	25,885	-	25,885
Trade and other liabilities		283,150	-	283,150

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

EUR	Note	Related parties	Associates	Total
Sales		139,730	21,229	160,959
Purchases		3,828,343	-	3,828,343
Interest expenses		7,291	-	7,291
Revenue from disposal of CO2 allowances		16,832	-	16,832
Net value of disposed CO2 allowances		20,335	-	20,335
Other operating income		17	-	17
Other financial costs		504	-	504
Receivables from cash pool	13	1,300	-	1,300
Trade and other receivables (net)		4,369	151	4,520
Liabilities from cash pool	20	21,281	-	21,281
Trade and other liabilities		232,790	-	232,790

In June 2014 the Parent company sold emission allowances to PKN ORLEN S.A.

In August 2014, the retail company AB Ventus Nafta was sold to PKN ORLEN S.A.

Sale and purchase transactions with related parties were made at market conditions.

The Group granted guarantees and sureties on behalf of related parties. As at 31 December 2015 and as at 31 December 2014 they amounted to USD 3,496 thousand or EUR 3,200 thousand and USD 5,704 thousand or EUR 4,690 thousand, respectively.

32. Remuneration together with profit-sharing paid and due or potentially due to Management Board, Supervisory Board and other members of key executive personnel of Parent company and the Group companies in accordance with IAS 24

The Management Board's, the Supervisory Board's and other key executive personnel's remuneration includes short-term employee benefits, other long-term employee benefits and termination benefits paid, due and potentially due during the period.

	for the year ended 31/12/2015		for the year ended 31/12/2014	
	USD	EUR	USD	EUR
Remuneration and other benefits of the key executive personnel	**2,544**	**2,310**	**4,143**	**3,121**
- key executive personnel of the Parent company	2,002	1,796	3,348	2,522
- key executive personnel of the subsidiaries belonging to the Group	542	514	639	481
- key executive personnel from discontinued operation	-	-	156	118

Since 2007 the Group's key executive personnel is participating in the annual Management by objectives (MBO) bonus system. The persons subject to the MBO system are remunerated for the accomplishment of specific goals set at the beginning of the bonus period, by the Board for the General Director and his deputies and by the General Director of the Parent Company for the key personnel members. MBO system in subsidiaries is applied only for the manager of the entity, the goals and bonus amount are set and approved by the Board.

The bonus systems are structured in such way, so as to promote the cooperation between individual employees in view to achieve the best possible results for the Group. The goals are qualitative, dedicated to increase Group's management quality and process efficiency, and quantitative, which are related with operational and financial indicators in managed area. Goals are accounted for following the end of the year for which they were set, on the appropriate rules.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

33. Remuneration arising from the agreement with the entity authorized the conduct audit of the financial statements

In the period covered by this consolidated financial statement the entity authorized to conduct audit of the Group's financial statements is KPMG Baltics, UAB.

According to the agreement amendment concluded on 17 April 2015 with the Parent Company for the years 2015 and 2016, KPMG Baltics, UAB, performs the agreed upon procedures of interim and audits of separate and consolidated financial statements.

Following the concluded agreements for the year 2015, KPMG Baltics, UAB performs the agreed upon procedures of interim and audit of financial statements of the subsidiaries (except for UAB Mažeikių Naftos prekybos namai).

	for the year ended 31/12/2015		for the year ended 31/12/2014	
	USD	EUR	USD	EUR
Fees payable to KPMG Baltics UAB in respect of the Parent Company	**133**	**122**	**157**	**118**
audit of the annual financial statements	39	36	64	48
agreed upon procedures on financial statements	87	79	85	64
other services	7	7	8	6
Fees payable to KPMG companies in respect of subsidiaries belonging to the Group	**41**	**38**	**45**	**33**
audit of the annual financial statements	27	25	28	21
agreed upon procedures on financial statements	11	10	15	11
other services	3	3	2	1
	174	**160**	**202**	**151**

34. Employment structure

	31/12/2015	31/12/2014
Average employment in persons		
Blue collar workers	929	1,014
White collar workers	645	721
	1,574	**1,735**
Employment in persons		
Blue collar workers	923	967
White collar workers	646	683
	1,569	**1,650**

Average employment is calculated based on number of active employees. Employment in persons includes all employees.

Mainly due to restructuring activities held in the Group, employment decreased by 43 persons in 2015 and by 191 persons in 2014.

35. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies

35.1. Court proceedings in which Parent company act as plaintiff

Compensation due to property damages

Parent company is a party in the compensation proceeding against RESORT MARITIME SA, The London Steamship Owners' Mutual Insurance Association Limited, Sigma Tankers Inc., Cardiff Maritime Inc., Heidenreich Marine, Heidenreich Maritime Inc. and Heidmar Inc. due to losses incurred during the accident in Būtingė Terminal (the tanker ship hit a terminal buoy) on 29 December 2005. The total compensation claim amounts to approximately EUR 17,266 thousand (USD 18,865 thousand at exchange rate as at 31 December 2015).

Court proceedings against AB Lietuvos geležinkeliai regarding calculation of transportation tariffs and overpaid difference

The dispute regarding calculation of transportation tariffs and overpaid difference according to the Railway services agreement between Parent company and AB Lietuvos geležinkeliai started in 2014. The value of the dispute is approx. EUR 59.9 million (USD 65,5 million at exchange rate as at 31 December 2015). The Parent Company filled the request for arbitration in Vilnius court of commercial arbitration on 31 Dec 2014. The case is at preliminary stage.

Court proceedings against AB Lietuvos geležinkeliai regarding repayment of the debt and penalty interest under fuel sale-purchase contract

The Parent company started the civil proceedings at Vilnius District Court against AB Lietuvos geležinkeliai regarding the repayment of the debt and penalty interest under fuel sale-purchase contract. The value of the claim exceeds EUR 5,7 million (USD 6,2 million at exchange rate as at 31 December 2015). The case is at preliminary stage.

35.2. Court proceedings in which Parent company act as a defendant

Payment request from a Company of inventors

In November 2010 inventors Company (seven individuals) filed a claim with Šiauliai District Court for royalties and interest in the amount of EUR 10,5 million (USD 11.5 million at exchange rate as at 31 December 2015). The claim was received by the Company in February 2011. A payment request from a Company of individuals related to a production improvement process invented and patented by the Company and subsequently implemented by the oil refinery covers the period of years 1996 - 2010. The claim was partially satisfied by the Šiauliai District Court at the first instance. EUR 6,798 thousand (USD 7,427 thousand at exchange rate as at 31 December 2015) was adjudged to claimants from the Company. Company appealed against the decision in September 2015 and expects for a hearing at the appellate instance. Parent Company created a provision by amount USD 9,506 thousand or EUR 8,616 thousand including interests.

Dispute with Lietuvos geležinkeliai regarding transportation agreement

Starting from 1 January 2014, AB Lietuvos Geležinkeliai applied to the Parent company higher tariffs for railway transportation. Calculation of the tariffs, according to AB Lietuvos Geležinkeliai, relates to the regulation on infrastructure fees, approved by the Government of the Republic of Lithuania. The Parent company did not agree with the applied tariffs, as they were calculated by AB Lietuvos Geležinkeliai not in accordance with the effective transportation agreement. Therefore, the Company covered only a respective portion of the invoices issued by AB Lietuvos Geležinkeliai and paid for transportation services applying the appropriately calculated tariffs.

(all tabular amounts are in USD'000 and EUR'000 unless otherwise stated)

As a result of disagreement, on 4 June and 28 October 2014 AB Lietuvos geležinkeliai filed claims against the Parent company claiming the overdue debt and penalty interest in amount of approx. EUR 8.4 million (USD 9.2 million at exchange rate as at 31 December 2015) as well as annual interest of 6 % from the date of the claim to the full settlement of the claims. On 26 June 2015 and 19 August 2015 AB Lietuvos geležinkeliai filed claims against the Parent company claiming the overdue debt and penalty interest in amount of approx. EUR 9.6 million (USD 10.5 million at exchange rate as at 31 December 2015), as well as annual interest of 6% from the date of the claim to the full settlement of the claims. The Parent company objected against jurisdiction of state courts on the basis of effective transportation agreement, and argued that all the disputes raised by AB Lietuvos geležinkeliai fall under the jurisdiction of arbitration. Issue of jurisdiction and other related procedural matters are being examined by the appellate instance of state courts. All amounts claimed by AB Lietuvos geležinkeliai are accounted under trade liabilities; therefore, no additional provision was recognised as at 31 December 2015.

Other litigations and claims

The Parent company is involved in other litigation where claims have been lodged against it for the matters arising in the ordinary course of business, which have not been described above. In the opinion of the management, the outcome of these claims will not have a material adverse effect on the Group's operations.

36. Significant events after the end of the reporting period

After the end of the reporting period there were no significant events that may have influence on future Group results.

37. Factors and events that may influence future results

In the reporting period, there were not factors and events that could affect the future results of the Group.

Ireneusz Fąfara General Director	Marek Golębiewski Chief Financial Officer	Genutė Barkuvienė Chief Accountant

CONSOLIDATED ANNUAL REPORT OF PUBLIC COMPANY ORLEN LIETUVA FOR THE YEAR 2015

Public Company ORLEN Lietuva and its subsidiaries (hereinafter – the Group) ended the year 2015 with the record improvement of their main performance indicators which were directly impacted by favorable macroeconomic conditions as well as achievements in the areas of production and sales.

Improvement of flexibility and operational efficiency were among the key targets of the Group for the year 2015. The Group has perfectly adapted to the changed market conditions taking advantage of all business opportunities to establish a sustainable position on the market exposed to the tough competition.

Last year the Group succeeded in achieving exceptional results, with Contingency Plan of Public Company ORLEN Lietuva (hereinafter – Parent Company) making an important contribution to the financial success of the Group. The Parent Company was implementing the operational efficiency improvement, sales promotion, performance optimization measures, and the value creating initiatives as well as continued the labor efficiency increase to maintain a competitive presence on the market in case of worsened situation.

In 2015, the work organization and structural changes were continued by introducing advanced technical measures and tools as well as performing modernization of processes, which was followed by staff optimization and labor efficiency increase.

Operating Results

In 2015, the feedstock processing volume amounted to 9 million tons, i.e. was by 1 million tons (12.5%) higher than in the previous year, when the volume of feedstock processed was 8 million tons. Annual capacity utilization in 2015 was higher than the last year by 10.7 percentage points. Increased processing volume and better capacity utilization were caused by favorable macroeconomic environment. The year 2015 was also marked by improvement of other indicators representing the operational efficiency such as increase of the light products yield, improvement of energy intensity index and mechanical availability.

Increased processing volume resulted in growth of the product sales. Sales of petroleum products by the Group in 2015 amounted to 8.6 million tons, compared to 7.7 million tons in 2014. Petroleum product sales volume in 2015 was by 0.9 million tons or 11.7% higher in comparison with 2014. Despite the sales volume increase, the Group revenues in 2015 reached USD 4.1 billion (EUR 3.7 billion), whereas revenues of the Group in 2014 were USD 6.2 billion (EUR 4.7 billion), with lower revenues caused by the fall in world prices for crude oil and petroleum products.

Sales of light products in Lithuania during 2015 amounted to 1.6 million tons; the Group succeeded in maintaining the sales level of 2014 when it comprised 1.7 million tons. Such result was achieved through the stable market share: the majority of the national retail network was trading in the Parent Company-produced fuel; moreover, fuel consumption in Lithuania increased.

2015 was also marked by the particularly successful sales to Ukraine reaching almost 0.8 million tons of fuel in spite of the extremely difficult conditions for sale impacted by the complicated economic and political situation in this country.

Notwithstanding the fierce competition on the market of Baltic countries, the Group succeeded in increasing gasoline and diesel sales not only in Lithuania but in Latvia and Estonia as well. Volume of sales in comparison with the year 2014 increased by 20.8%. Fuel supply to Statoil, one of the biggest clients in Latvia and Estonia, was resumed. The Baltic countries have three large fuel retail network players the loss of which would lead to significant reduction of the Group market share;

therefore, further increase of the growing number of clients was and still remains one of the main targets for the sales activities.

Growth of the processing volume also resulted in seaborne sales increase by 21%. Seaborne sales in 2015 amounted to 4.3 million tons, compared to 3.6 million tons in 2014.

Financial Results

The net profit of the Group for the year 2015 under the International Financial Reporting Standards (IFRS) amounted to USD 235.9 million (EUR 213.3 million), while the net loss for 2014 impacted by the impairment of the Parent Company's property plant and equipment and intangible assets was USD 963.5 million (EUR 725.7 million). Operating profit for the year 2015 comprised USD 283.1 million (EUR 254.5 million), in comparison with the operating loss of USD 870.9 million (EUR 655.9 million) in 2014.

Positive results of the Group have also contributed to the improvement of its financial indicators. Net profit margin of the Group for the year 2015 was 5.7% (-15.7% in 2014). Changes of other indicators were as follows: the net debt to equity ratio was -0.31 (0.41 in 2014), the current ratio was 1.46 (0.81 in 2014), and the asset turnover ratio was 7.07 (11.33 in 2014).

Information on financial risk management of the Group is available in Note 26 of Consolidated Financial Statements. The information includes data on financial risk management trends, used insurance instruments to which the accounting of insurance transactions is applicable as well as pricing risk, credit risk, liquidity risk, and cash flow risk.

Modernization, Mandatory and Other Projects

The total amount of investments made by the Parent Company to property plant and equipment as well as intangible assets (excluding purchase of deficient CO_2 emission allowances) during the year 2015 comprised USD 22.1 million, i.e. was by 8% lower than in the year 2014 (USD 24.0 million).

In 2015, the Parent Company commenced the project of heat exchange optimization in LK-2 Crude Distillation Unit to be completed in 2016. The project will allow for fuel savings reaching USD 10 million per year.

The main focus of the Group, similar to the previous years, was given for implementation of the projects with the short pay-back period requiring relatively low investments. In 2015, the number of such completed projects was 22, with their total budget reaching USD 3.5 million and the positive impact on EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) that may reach USD 7.6 million per year, depending on market situation.

The main projects intended by the Parent Company for EBITDA improvement in the year 2015 were as follows: installation of APC (Advanced Process Control) System in FCC Unit, installation of additional heat exchanger in PENEX Unit, use of secondary Visbreaking Residue Vacuum Rectification Unit (VVF) heat for steam production, replacement of K-1 Tower packing reflux equipment, implementation of RBI (Risk Based Inspection) System, installation and refurbishment of thermal insulation for hot pipelines, flanges and valves.

In addition to the projects intended for profit margin increase, the activities intended for refurbishment of process units and catalyst replacement works were also implemented.

Employees' Development and Work Compensation Policy

Employees' development remains the priority area of the human resources management. In 2015, following the applicable legislation and the internal requirements 1,846 employees of the Group attended trainings and received certificates in the areas of fire safety, first aid and hygiene, as well as execution of specialized works.

The Parent Company continuously improves qualifications of its workers to ensure proper servicing by the operational staff of the process equipment and modernized units. During 2015, trainings in this relation were completed by 358 employees. More than 648 employees of the Group participated in trainings on ecology, engineering, finance and accounting, law, Lean management, and skills development, leadership, business security, and other areas.

In 2015, the project of internal trainings *Expert Club. Refined Knowledge* was further continued by aiming to exchange of knowledge and learning from each other. Experts being the experienced specialists and managers of the Parent Company prepared information and introduced activities of their departments as well as various projects to more than 697 employees.

More than 80 managers from the operational level of the Parent Company participated in the Leadership Program improving knowledge of the refining market specifics, activities of the Company and management solutions, taking part in business simulation classes. The project that has proved successful will be further continued: at the end of 2015 the Leadership Program enrolled 60 mid-level managers and specialists.

The Parent Company's remuneration system is aimed at encouraging its employees to pursue achievement of the best possible results. The remuneration system comprises of the following main parts: base salary (monthly salary or hourly wage), monthly, quarterly, or annual incentive bonus, reward for the initiatives submitted, implemented and recognized as rewardable, management discretion bonuses for exceptional performance, and annual bonus for the Company's performance results under the Company's Collective Agreement.

On 22 January 2015, subsidiary of the Parent Company UAB EMAS signed the new Collective Agreement establishing remuneration and motivation provisions.

Organizational Changes and Restructuring

Performance optimization and labor efficiency increase remained one of the key targets of the Group to achieve the objectives set by its shareholders. In September 2015, reorganization of UAB EMAS and UAB Paslaugos tau was completed by way of merger of UAB Paslaugos tau, wound up after the reorganization, with UAB EMAS, which continues after the reorganization having assumed the activities of UAB Paslaugos tau as well as its employees, assets, rights and obligations.

To improve the efficiency of internal processes, the Parent Company was further implementing organizational changes and restructuring processes. Upon implementation of the work organization associated changes, introduction of advanced technical solutions, and modernization of processes staff optimization in many organizational units of the Parent Company was achieved and other performance indicators improved.

Organizational changes and restructuring in the Group allowed for staff reduction by 85 employees during the last year. The number of active employees in the Group at the end of 2015 was 1,552 (including the Company's Representative Office in Ukraine).

Environmental Protection

In 2015, the Parent Company was operating in compliance with the established environmental requirements, introducing the changes required for adequate implementation of the provisions set forth by Directive 2010/75/EU on Industrial Emissions effective from January 2016.

To prepare for application in the Parent Company of the conclusions on the best available techniques (BAT) for the refining of mineral oil and gas established in the 9 October 2014 Decision of the European Commission, the Parent Company performed comparison of the Refinery techniques with the BAT conclusions as well as completed the independent audit, preparing the relevant action plan until October of 2018, with the estimated costs for implementation amounting to EUR 26-40 million, depending on the selected scenario.

In 2015, different environmental measures were implemented by the Parent Company, with the most important of these being related to fuel and electricity savings intended for reduction of industrial emissions. Implementation of the said measures in 2015 allowed the Parent Company’s Refinery to reduce the energy consumption by approx. 2% in comparison with the year 2014.

Certification and Maintaining of the Management Systems

Activities of the Parent Company comply with the strict international integrated management system standards (ISO 9001, ISO 14001, BS OHSAS 18001 and ISO/IEC 27001) implemented by many European companies. In the European business practice, the companies which have introduced ISO 9001 standard are considered as the solid and reliable partners oriented towards the long-term plans and quality instead of pursue of the short-term profitability.

In 2015, the Parent Company further continued maintenance and improvement of its Integrated Management System which includes the areas of quality, environmental, information security as well as occupational health and safety management. In January of 2015, LRQA Lietuva completed audit of the Parent Company’s Integrated Management System, determined that activities of the Parent Company are compliant to the requirements of ISO 9001, ISO 14001, ISO/IEC 27001 and OHSAS 18001 standards, and extended validity of the relevant certificates until 2017. In December 2015 the Parent Company successfully renewed the certificate of its information security management system under the new ISO 27001:2013 standard.

ISO internal auditor trainings were held in December 2015 to discuss the expected changes and requirements of ISO 9001:2015 and ISO 14001:2015 standards; three new employees of the Parent Company were added to the team of internal auditors.

Ownership Structure

Shares of the Parent Company are owned by the sole shareholder Polski Koncern Naftowy ORLEN S.A. entitled to 100% of the shares.

In 2015, the Group did not acquire or transfer any of its own shares.

Branches

The Parent Company has no branches established; it has Public Company ORLEN Lietuva Representative Office in Ukraine.

The Year 2016 – Continued Pursuit of the Group Strategy

In 2016 the Group will focus on the objectives established in Operating Budget for 2016, reflecting the current macroeconomic conditions.

The forecasted throughput of the Refinery in 2016 is about 9.1 million tons of feedstock. The Group intends concentrating its efforts on capacity utilization increase, reduction of the internal energy consumption and ensuring the stability of performance, increasing sales to inland markets as well as reducing costs, especially in the area of logistics.

To ensure the long term perspective of both Public Company ORLEN Lietuva and its subsidiaries as well as the entire PKN ORLEN Group under conditions of increasing competition and constantly changing macroeconomic situation, the management of the Group in the year 2016 will continue intensive implementation of advanced management solutions in the areas of operational efficiency increase and process optimization.

General Director Ireneusz Fąfara