

2015

# LIETUVOS ENERGIJA, UAB CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS

COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE  
THIRD QUARTER OF 2015 AND 9 MONTHS PERIOD OF 2015 PREPARED  
ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM  
FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED)



# CONTENTS

## CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed interim statements of financial position	3
Condensed interim statements of comprehensive income	4 – 5
Condensed interim statements if changes in equity	6 – 8
Condensed interim statements of cash flows	9
Notes to the condensed interim financial statements	10 – 21

### Translation note:

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**At 30 September 2015**

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2015-09-30	2014-12-31	2015-09-30	2014-12-31
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	3	20.752	15.334	-	-
Property, plant and equipment	3	1.643.315	1.621.089	6	9
Prepayments for non-current assets		1.004	7	-	-
Investment property		38.258	37.394	-	-
Investments in subsidiaries	4	259	-	1.073.909	968.386
Investments in associates		101	123	-	-
Amounts receivable after one year		242.998	240.812	238.975	238.975
Long-term investments		4.679	4.696	4.679	4.696
Other non-current assets		3.255	7.574	-	-
Deferred income tax asset		5.480	8.203	27	32
<b>Total non-current assets</b>		<b>1.960.101</b>	<b>1.935.232</b>	<b>1.317.596</b>	<b>1.212.098</b>
<b>Current assets</b>					
Inventories		45.023	53.013	-	-
Prepayments		46.637	9.338	16	3
Trade receivables		91.405	130.534	14	-
Other amounts receivable		9.495	21.557	37.858	2.102
Other current assets		817	645	-	-
Prepaid income tax		4.108	7.247	-	-
Short-term investments		2.162	15	77	15
Cash and cash equivalents		151.573	211.019	43.222	31.347
		<b>351.220</b>	<b>433.368</b>	<b>81.187</b>	<b>33.467</b>
Non-current assets held for sale		151	576	77	77
<b>Total current assets</b>		<b>351.371</b>	<b>433.944</b>	<b>81.264</b>	<b>33.544</b>
<b>TOTAL ASSETS</b>		<b>2.311.472</b>	<b>2.369.176</b>	<b>1.398.860</b>	<b>1.245.642</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	5	1.212.156	1.210.568	1.212.156	1.210.568
Reserves		92.612	92.039	4.266	74
Retained earnings (deficit)		(2.602)	(42.547)	95.282	34.323
Equity attributable to owners of the parent		<b>1.302.166</b>	<b>1.260.060</b>	<b>1.311.704</b>	<b>1.244.965</b>
Non-controlling interests		49.214	48.830	-	-
<b>Total equity</b>		<b>1.351.380</b>	<b>1.308.890</b>	<b>1.311.704</b>	<b>1.244.965</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings		286.714	250.015	-	-
Finance lease liabilities		39	42	-	-
Grants and subsidies		303.691	304.449	-	-
Deferred income tax liabilities		25.093	21.436	-	-
Provisions		5.122	8.543	-	-
Deferred income		53.403	53.973	-	-
Other non-current amounts payable and liabilities		6.590	17.550	41.127	23
<b>Total non-current liabilities</b>		<b>680.652</b>	<b>656.008</b>	<b>41.127</b>	<b>23</b>
<b>Current liabilities</b>					
Current portion of long-term debts		69.681	128.076	-	-
Current borrowings		43.610	13.456	-	-
Current portion of finance lease liabilities		9	18	-	-
Trade payables		58.008	142.405	274	188
Advance amounts received		35.076	40.030	21	-
Income tax liabilities		625	12.032	234	159
Provisions		5.460	5.884	-	-
Other current amounts payable and liabilities		66.971	62.377	45.500	307
<b>Total current liabilities</b>		<b>279.440</b>	<b>404.278</b>	<b>46.029</b>	<b>654</b>
<b>Total liabilities</b>		<b>960.092</b>	<b>1.060.286</b>	<b>87.156</b>	<b>677</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2.311.472</b>	<b>2.369.176</b>	<b>1.398.860</b>	<b>1.245.642</b>

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

Condensed interim financial statements were approved by Lietuvos energija, UAB at 27 November 2015.

**Dalius Misiūnas**  
Chief Executive Officer

**Darius Kašauskas**  
Finance and Treasury Director

**Edita Steponavičienė**  
Accounting department director of  
Verslo Aptarnavimo Centras UAB  
acting under Order No V-020 of 24  
April 2015

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

	Notes	Group				Company			
		2015 I – III Q	2015 III Q	2014 I – III Q (restated, Note 9)	2014 III Q (restated, Note 9)	2015 I – III Q	2015 III Q	2014 I – III Q	2014 III Q
<b>Revenue</b>									
Sales revenue		727.543	202.185	606.369	221.741	1.883	947	-	-
Other income		34.350	11.404	31.287	13.182	-	(1)	2	-
<b>Total revenue</b>		<b>761.893</b>	<b>213.589</b>	<b>637.656</b>	<b>234.923</b>	<b>1.883</b>	<b>946</b>	<b>2</b>	<b>-</b>
<b>Operating expenses</b>									
Purchases of electricity, gas for trading and related services		(502.043)	(116.383)	(306.460)	(89.155)	-	-	-	-
Purchases of gas and heavy fuel oil		(9.719)	(5.103)	(67.462)	(50.329)	-	-	-	-
Depreciation and amortisation		(55.998)	(18.937)	(97.554)	(34.032)	(2)	-	(3)	-
Wages and salaries and related expenses		(67.672)	(20.757)	(53.673)	(20.503)	(1.921)	(552)	(2.104)	(724)
Repair and maintenance expenses		(24.036)	(8.967)	(30.708)	(9.799)	-	-	-	-
Other expenses	6	(22.202)	(4.302)	(25.862)	(17.452)	(2.948)	(396)	(993)	(371)
<b>Total operating expenses</b>		<b>(681.670)</b>	<b>(174.449)</b>	<b>(581.719)</b>	<b>(221.270)</b>	<b>(4.871)</b>	<b>(948)</b>	<b>(3.100)</b>	<b>(1.095)</b>
<b>Operating profit (loss)</b>		<b>80.223</b>	<b>39.140</b>	<b>55.937</b>	<b>13.653</b>	<b>(2.988)</b>	<b>(2)</b>	<b>(3.098)</b>	<b>(1.095)</b>
Negative goodwill on acquisition of AB Lietuvos Dujos		-	-	44.660	-	-	-	-	-
Share of result of associate		-	-	43.209	-	-	-	-	-
Re-measurement of associate		-	-	(28.379)	-	-	-	-	-
Finance income		4.696	1.553	5.743	1.611	98.553	34.522	145.125	73.370
Finance costs		(6.626)	(2.008)	(5.903)	(1.393)	(2.065)	(335)	(119)	(56)
Share of results of associates		-	-	(287)	(200)	-	-	-	-
<b>Profit (loss) before tax</b>		<b>78.293</b>	<b>38.685</b>	<b>114.980</b>	<b>13.671</b>	<b>93.500</b>	<b>34.185</b>	<b>141.908</b>	<b>72.219</b>
Current year income tax expense		(8.062)	(1.938)	(10.140)	(3.034)	(234)	(198)	(19)	(12)
Deferred income tax (expense)/income		(6.301)	(3.112)	1.232	7	(7)	(4)	39	14
<b>Net profit (loss)</b>		<b>63.930</b>	<b>33.635</b>	<b>106.072</b>	<b>10.644</b>	<b>93.259</b>	<b>33.983</b>	<b>141.928</b>	<b>72.221</b>
Attributable to:									
Owners of the parent		59.104	31.646	102.395	10.157	93.259	33.983	141.928	72.221
Non-controlling interests		4.826	1.989	3.677	487	-	-	-	-

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The accompanying notes form an integral part of these condensed interim financial statements.  
 Condensed interim financial statements were approved by Lietuvos energija, UAB at 27 November 2015.

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**Darius Kašauskas**  
 Finance and Treasury Director

**Edita Steponavičienė**  
 Accounting department director of Verslo  
 Aptarnavimo Centras UAB acting under Order No V-020  
 of 24 April 2015

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

Notes	Group				Company			
	2015 I – III Q	2015 III Q	2014 I – III Q (restated, Note 9)	2014 III Q (restated, Note 9)	2015 I – III Q	2015 III Q	2014 I – III Q	2014 III Q
<b>Other comprehensive income (loss)</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Gain (loss) on revaluation of non-current assets	473	527	-	-	-	-	-	-
<b>Items that will not be reclassified to profit or loss, total</b>	<b>473</b>	<b>527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Items that will be reclassified to profit or loss</b>								
Change in fair value of available-for-sale financial assets	(15)	(15)	72	18	(15)	(15)	72	18
<b>Items that will be reclassified to profit or loss, total</b>	<b>(15)</b>	<b>(15)</b>	<b>72</b>	<b>18</b>	<b>(15)</b>	<b>(15)</b>	<b>72</b>	<b>18</b>
<b>Other comprehensive income (loss)</b>	<b>458</b>	<b>512</b>	<b>72</b>	<b>18</b>	<b>(15)</b>	<b>(15)</b>	<b>72</b>	<b>18</b>
<b>Total comprehensive income for the period</b>	<b>64.388</b>	<b>34.147</b>	<b>106.144</b>	<b>10.662</b>	<b>93.244</b>	<b>33.968</b>	<b>142.000</b>	<b>72.239</b>
Attributable to:								
Owners of the parent	59.547	32.143	102.467	10.175	93.244	33.968	142.000	72.239
Non-controlling interests	4.841	2.004	3.677	487	-	-	-	-

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Lietuvos energija, UAB, Company code 301844044, Žveju g. 14, LT-09310 Vilnius, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Company					Subtotal	Non-controlling interest	Total
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings			
<b>Balance at 1 January 2014</b>		<b>1.177.932</b>	<b>22.322</b>	<b>210.721</b>	<b>188.678</b>	<b>8.746</b>	<b>1.608.399</b>	<b>202.510</b>	<b>1.810.909</b>
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	72	-	72	-	72
<b>Total other comprehensive income (loss) for the period</b>		-	-	-	72	-	72	-	72
Net profit for the period		-	-	-	-	36.316	36.316	1.382	37.698
<b>Total comprehensive income for the period</b>		-	-	-	72	36.316	36.388	1.382	37.770
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(17.611)	-	17.611	-	-	-
Transfer to reserves and movement in reserves		-	362	-	(188.703)	188.341	-	-	-
Dividends		-	-	-	-	-	-	(10.626)	(10.626)
Increase in share capital		32.636	-	-	-	-	32.636	-	32.636
Acquisition of shares from non-controlling interest		-	1.678	28.106	(2)	57.569	87.351	(121.493)	(34.142)
Acquisition of subsidiary		-	-	-	-	-	-	8.040	8.040
Contribution of a non-controlling interest in the share capital of subsidiaries		-	-	-	-	-	-	1.380	1.380
<b>Balance at 30 September 2014</b>		<b>1.210.568</b>	<b>24.362</b>	<b>221.216</b>	<b>45</b>	<b>308.583</b>	<b>1.764.774</b>	<b>81.193</b>	<b>1.845.967</b>
Restatement, Note 9		-	-	-	-	66.079	66.079	2.295	68.374
<b>Balance at 30 September 2014 (restated)</b>		<b>1.210.568</b>	<b>24.362</b>	<b>221.216</b>	<b>45</b>	<b>374.662</b>	<b>1.830.853</b>	<b>83.488</b>	<b>1.914.341</b>

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 of 24 April 2015

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Company					Subtotal	Non-controlling interest	Total
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings			
<b>Balance at 1 January 2015</b>		<b>1.210.568</b>	<b>24.362</b>	<b>67.630</b>	<b>47</b>	<b>(42.547)</b>	<b>1.260.060</b>	<b>48.830</b>	<b>1.308.890</b>
Revaluation of property, plant and equipment, net of deferred income tax		-	-	458	-	-	458	15	473
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	(15)	-	(15)	-	(15)
<b>Total other comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>458</b>	<b>(15)</b>	<b>-</b>	<b>443</b>	<b>15</b>	<b>458</b>
Net profit (loss) for the period		-	-	-	-	59.104	59.104	4.826	63.930
<b>Total comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>458</b>	<b>(15)</b>	<b>59.104</b>	<b>59.547</b>	<b>4.841</b>	<b>64.388</b>
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(4.124)	-	4.124	-	-	-
Transfer to reserves and movement in reserves		-	4.413	-	27	(4.437)	3	9	12
Dividends	7	-	-	-	-	(28.093)	(28.093)	(4.191)	(32.284)
Result of conversion of share capital	5	1.588	-	-	-	-	1.588	-	1.588
Acquisition of shares from non-controlling interest		-	2	(188)	-	708	522	(275)	247
Adjustment of income tax due to acquisition of part of business	2	-	-	-	-	8.539	8.539	-	8.539
<b>Balance at 30 September 2015</b>		<b>1.212.156</b>	<b>28.777</b>	<b>63.776</b>	<b>59</b>	<b>(2.602)</b>	<b>1.302.166</b>	<b>49.214</b>	<b>1.351.380</b>

(Concluded)

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 Condensed interim financial statements were approved by Lietuvos energija, UAB at 27 November 2015.

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 of 24 April 2015

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2014</b>		<b>1.177.932</b>	-	-	<b>(25.214)</b>	<b>1.152.718</b>
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	72	-	72
<b>Total other comprehensive income for the period</b>		-	-	<b>72</b>	-	<b>72</b>
Net profit (loss) for the period		-	-	-	141.928	141.928
<b>Total comprehensive income for the period</b>		-	-	<b>72</b>	<b>141.928</b>	<b>142.000</b>
Increase in share capital		32.636	-	-	-	32.636
<b>Balance at 30 September 2014</b>		<b>1.210.568</b>	-	<b>72</b>	<b>116.714</b>	<b>1.327.354</b>
<b>Balance at 1 January 2015</b>		<b>1.210.568</b>	-	<b>74</b>	<b>34.323</b>	<b>1.244.965</b>
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	(15)	-	(15)
<b>Total other comprehensive income (loss) for the period</b>		-	-	<b>(15)</b>	-	<b>(15)</b>
Net profit (loss) for the period		-	-	-	93.259	93.259
<b>Total comprehensive income for the period</b>		-	-	<b>(15)</b>	<b>93.259</b>	<b>93.244</b>
Transfer to legal reserve		-	4.207	-	(4.207)	-
Dividends	7	-	-	-	(28.093)	(28.093)
Result of conversion of share capital	5	1.588	-	-	-	1.588
<b>Balance at 30 September 2015</b>		<b>1.212.156</b>	<b>4.207</b>	<b>59</b>	<b>95.282</b>	<b>1.311.704</b>

The accompanying notes form an integral part of these condensed interim financial statements.  
 Condensed interim financial statements were approved by Lietuvos energija, UAB at 27 November 2015.

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 of 24 April 2015



Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

	Group		Company	
	2015-09-30	2014-09-30 (restated, Note 9)	2015-09-30	2014-09-30
<b>Cash flows from operating activities</b>				
Net profit for the period	63.930	106.072	93.259	141.928
<b>Adjustments for non-monetary expenses (income):</b>				
Depreciation and amortisation expenses	3 64.704	106.392	3 -	3 -
Impairment of PP&E/(reversal) of impairment	3 (137)	(3.083)	-	-
Revaluation of property, plant and equipment	(158)	-	-	-
Share of profit of associates and joint ventures	22	287	-	-
Impairment of investments in subsidiaries	4 -	-	1.667	-
Income tax expenses	14.363	8.908	241	(20)
(Depreciation) of grants	(8.706)	(8.838)	-	-
Increase (decrease) in provisions	(1.651)	9.327	-	-
Change in fair value of trade derivatives	(2.085)	-	-	-
(Income) expenses on revaluation of emission allowances	(320)	-	-	-
(Gain) loss on disposal/write-off of property, plant and equipment	1.436	2.434	-	-
Change in non-controlling interest due to changes in Group's structure	246	-	-	-
(Gain) on acquisition of business	-	(59.537)	-	-
Elimination of results of financing and investing activities:				
Interest income	(3.473)	(3.419)	(4.728)	(3.279)
Interest expenses	3.705	5.585	280	116
Other finance (income) costs	1.698	(2.006)	(92.040)	(141.843)
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other amounts receivable	50.137	5.277	(4.119)	(8)
(Increase) decrease in inventories, prepayments and other current assets	(28.533)	31.044	(13)	(14)
Increase (decrease) in amounts payable, deferred income and advance amounts received	(94.850)	(10.221)	65	384
Income tax (paid)	(9.017)	(9.166)	-	-
<b>Net cash flows from (used in) operating activities</b>	<b>51.311</b>	<b>179.056</b>	<b>(5.385)</b>	<b>(2.733)</b>
<b>Cash flows from investing activities</b>				
(Acquisition) of property, plant and equipment and intangible assets	(94.950)	(83.731)	-	-
Disposal of property, plant and equipment and intangible assets	1.433	955	-	-
Loans (granted), loan repayments	47	(29.208)	-	(29.000)
Change in time deposits	-	209	-	-
Acquisition of subsidiaries (associates)	(259)	-	(21.093)	(18.684)
Grants received	5.936	2.808	-	-
Bonds redeemed	-	47.052	-	47.052
Interest received	4.235	4.087	5.943	3.944
Dividends received	-	1.924	60.738	84.582
Acquisition of AB LESTO shares from minority shareholders	-	-	-	(34.142)
Acquisition of AB Lietuvos Dujos shares	-	(102.746)	-	(139.411)
Other cash flows from investing activities	-	73	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(83.558)</b>	<b>(158.577)</b>	<b>45.588</b>	<b>(85.659)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	92.647	210.696	-	-
Repayments of borrowings	(113.196)	(173.402)	-	-
Finance lease payments	(12)	58	-	-
Interest paid	(3.359)	(5.549)	(235)	(116)
Dividends paid	7 (32.283)	(7.107)	(28.093)	-
Acquisition of AB LESTO shares from minority shareholders	-	(34.142)	-	-
Other cash flows from financing activities	-	1.400	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(56.203)</b>	<b>(8.046)</b>	<b>(28.328)</b>	<b>(116)</b>
<b>Increase (decrease) in cash and cash equivalents (including overdraft)</b>	<b>(88.450)</b>	<b>12.433</b>	<b>11.875</b>	<b>(88.508)</b>
Cash and cash equivalents (including overdraft) at the beginning of the period	197.989	141.244	31.347	89.775
<b>Cash and cash equivalents (including overdraft) at the end of the period</b>	<b>109.539</b>	<b>153.677</b>	<b>43.222</b>	<b>1.267</b>

The accompanying notes form an integral part of these condensed interim financial statements.  
 Condensed interim financial statements were approved by Lietuvos energija, UAB at 27 November 2015.

**Dalius Misiūnas**  
 Generalinis direktorius

**Darius Kašauskas**  
 Finansų ir išdo direktorius

**Edita Steponavičienė**  
 Accounting department director of  
 Verslo Aptarnavimo Centras UAB  
 acting under Order No V-020 of 24  
 April 2015

## 1 Accounting policies

Condensed interim financial statements of the "Lietuvos energija" UAB (hereinafter - the Company) and consolidated condensed interim financial information of the Company and its subsidiaries (hereinafter – the Group) for a nine-month period ended 30 September 2015 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting'). This unaudited condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS as adopted by the EU.

Financial year of Company and other Group companies coincides with the calendar year.

The accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2014.

Income taxes for the interim reporting periods have been estimated using the tax rate that would be applicable to the estimation of income taxes on the expected gross profit for the year.

## 2 Critical accounting estimates and judgements used in the preparation of financial statements

Accounting estimates and judgments are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial information according to International Financial Reporting Standards as adopted by the EU requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures of contingencies. Changes in the underlying assumptions, estimates and judgments may have a material effect on this financial information. The accounting estimates applied in preparing the condensed interim financial information are consistent with those used in preparing the annual financial statements for the year ended 31 December 2014.

Only those relevant accounting estimates with effect on these condensed interim financial statements are presented below:

### Impairment of investments in subsidiaries

As at 30 June 2015, the Company performed the impairment test in respect of investment in the subsidiary UAB VAE SPB and recognized impairment of 575 thous. Eur.

As at 30 June 2015, the Company performed the impairment test in respect of investment in the subsidiary UAB Litgas using the discounted cash flow method. Discounted cash flows were calculated according to effective legal acts and methodologies regulating the designated supplier activity and considering most likely natural gas trading activity development scenario together with uncertainties existing in the liquid natural gas branch. Discounted cash flows were calculated using a pre-tax discount rate of 9,72%, which corresponds to the required capital return. Based on analysis performed, Company's management has recognized impairment of 1.092 thous. Eur.

As at 30 September 2015 no impairment indicators were identified for investments in UAB VAE SPB and UAB Litgas and for other Company's investments in subsidiaries.

### Assessment of supplementary elements to the final considerations for shares acquired

#### *Supplementary element to the final consideration for shares of NT Valdos, UAB*

In April 2015 the Company has acquired shares of NT Valdos, UAB from AB LESTO, Lietuvos energijos gamyba, AB, UAB Duomenų logistikos centras and Litgrid AB and so acquired 100% direct control over these shares. Detail information about shares purchase is provided in the Note 4.

Supplementary element to the final consideration is provided for the shares acquired until 31 March 2019, it's amount depends on results achieved by NT Valdos, UAB. Maximum amount of supplementary element is 19.400 thous. Eur. In the assessment of Company's management NT Valdos, UAB will achieve set results in the future, therefore maximum amount of supplementary element was accounted for in accounts payable – 19.400 thous. Eur. The supplementary element was discounted to the present value using the average interest rate published by Bank of Lithuania for loans over 1.000 thous. Eur, which at the initial recognition date was equal to 2,65%. Investment cost in subsidiary was reduced by the amount of discount. Impact of discounting will be accounted as finance expenses in the financial statements in later accounting periods.

#### *Supplementary element to the final consideration for shares of UAB Kauno energetikos remontas*

As at 31 March 2015 the Company concluded shares acquisition agreement with Lietuvos energijos gamyba AB and acquired 100% or 15.244.112 ordinary shares of UAB Kauno energetikos remontas.

**Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

UAB Kauno energetikos remontas is implementing the Biofuel Boiler House Project for Lietuvos energijos gamyba AB. As at 31 December 2014 for this project 3.853 thous. Eur provision was recognized in the financial statements of UAB Kauno energetikos remontas. If loss from Biofuel Boiler House Project implementation will increase or decrease by more than 50 thous. Eur, UAB Kauno energetikos remontas shares price will be adjusted by 89% of such change.

At 30 September 2015 Company's management has assessed Biofuel Boiler House Project implementation, assessed the supplementary element to the final consideration and determined that its value is equal to zero, as main assumptions for its calculation did not change.

***Change in taxation of goodwill***

As at 15 October 2014 AB Lietuvos dujos concluded agreement with UAB Lietuvos dujų tiekimas and transferred natural gas supply activity together with assets, rights and obligations allocated to it. Ownership right to the part of the company – natural gas supply activity - was transferred to UAB Lietuvos dujų tiekimas on 31 October 2014 according to the agreement. According to the agreement UAB Lietuvos dujų tiekimas paid the price for the natural gas supply activity together with assets, rights and obligations allocated to it, which amounted to 17.510 thous. Eur and was set by independent appraiser as market value for the natural gas supply activity. Carrying amount of net assets acquired comprised 74.434 thous. Eur. Significant difference between paid price and carrying amount of net assets acquired appeared due to requirements of International Financial Reporting Standards, according to which impact of retrospective reduction of prices of imported OAO Gazprom gas for companies for the period from 1 January 2013 to 30 April 2014 could not be accounted as current period expenses.

UAB Lietuvos dujų tiekimas has assessed taxation risk and considered written communication between UAB Lietuvos dujų tiekimas and National Tax authority and recognized the difference between carrying amount of net assets acquired (74.434 thous. Eur) and fair value of gas supply business set by independent assessors (17.510 thous. Eur) as negative goodwill and calculated income tax.

Seeking to clarify taxation aspects for this transaction, UAB Lietuvos dujų tiekimas has approached National Tax Authority asking for binding decision, as taxation questions are closely related to the future natural gas sale agreements, though they are affected by the retrospective reduction of the imported gas prices obtained from Gazprom OAO.

As at 30 April 2015 UAB Lietuvos dujų tiekimas has obtained binding decision of National Tax Authority, according to it the difference between net assets acquired and market value of natural gas supply business set by independent assessors should not be accounted as a negative goodwill and should not be taxed with income tax. As the income tax impact in amount of 8.539 thous. Eur recognized in 2014 was accounted for in the retained earnings, adjusting entry required after National Tax authority decision in 2015 was also accounted in retained earnings.

### 3 Intangible assets and property, plant and equipment

Movement on Group's account of intangible assets and property, plant and equipment is presented below:

Group	Intangible assets	Property, plant and equipment
<b>Period ended 30 September 2015</b>		
Net book value at the beginning of the period	15.334	1.621.089
Acquisitions	1.359	88.738
Revaluation	-	697
Reversal of impairment	-	137
Sales	-	(906)
Write-offs	-	(1.617)
Grants received	2.139	-
Emission allowances utilised	(2.992)	-
Repayment of emission allowances lent	4.615	-
Income from revaluation of emission allowances	1.965	-
Reclassification (from) property, plant and equipment/intangible assets to other assets	30	(1.385)
Reclassification (to) investment property	-	(864)
Reclassification from inventories	-	432
Depreciation/amortisation	(1.698)	(63.006)
<b>Net book value at 30 September 2015</b>	<b>20.752</b>	<b>1.643.315</b>

Movement on Company's account of intangible assets and property, plant and equipment is presented below:

Company	Intangible assets	Property, plant and equipment
<b>Period ended 30 September 2015</b>		
Net book value at the beginning of the period	-	9
Depreciation/amortisation	-	(3)
<b>Net book value at 30 September 2015</b>	<b>-</b>	<b>6</b>

## 4 Investments in subsidiaries and other investments

At 19 February 2015 new companies - UAB Vilniaus kogeneracinė jėgainė and UAB Kauno kogeneracinė jėgainė – were established, whose activity is aimed at modernization of heat economy in Vilnius and Kaunas by set up of cogeneration power plants heat by waste and biofuel. New power plants also will produce significant part of electricity at competitive price, which will secure more favorable electricity prices to consumers. Share capital of new companies is 2.900 Euro each, shares quantity – 10.000 units each at nominal price 0,29 Euro per share, shares subscribed were paid in full at 20 February 2015.

As at 31 March 2015 the Company concluded shares acquisition agreement with Lietuvos energijos gamyba AB and acquired 100 % or 15.244.112 ordinary shares of UAB Kauno energetikos remontas and 100% or 750.000 ordinary shares of Energijos tiekimas UAB. Shares of UAB Kauno energetikos remontas acquisition price – 4.778 thous. Eur, Energijos tiekimas UAB – 6.883 thous. Eur. By mean of this agreement the Company has acquired control over indirectly owned subsidiaries Geton Energy SIA and Geton Energy OU.

As at 31 March 2015 the Company concluded shares acquisition agreement with AB LESTO and acquired 100% or 18.904 ordinary shares of UAB ELEKTROS TINKLO PASLAUGOS. Shares acquisition price – 7.695 thous. Eur.

At 24 April 2015 by the sole shareholder decision the share capital of UAB ELEKTROS TINKLO PASLAUGOS was reduced by means of cancelling 10.000 units of ordinary shares with par value 0.29 Eur each. Total amount of cancelled shares is 2.900 thous. Eur, Articles of Association were registered and reduction of share capital was accounted at 20 July 2015.

As at 27 April 2015 the Company concluded shares acquisition agreement with AB LESTO and acquired 57,30% or 1.692.666 ordinary shares of NT Valdos, UAB. Shares acquisition price – 41.176 thous. Eur, supplementary element to the final consideration 11.120 thous. Eur (Note 2).

As at 27 April 2015 the Company concluded shares acquisition agreement with Lietuvos energijos gamyba, AB and acquired 41,73 % or 1.232.897 ordinary shares of NT Valdos, UAB. Shares acquisition price – 29.987 thous. Eur, supplementary element to the final consideration 8.099 thous. Eur (Note 2).

As at 27 April 2015 the Company concluded shares acquisition agreement with UAB Duomenų logistikos centras and acquired 0,59 % or 17.384 ordinary shares of NT Valdos, UAB. Shares acquisition price – 424 thous. Eur, supplementary element to the final consideration 114 thous. Eur (Note 2).

As at 30 April 2015 the Company concluded shares acquisition agreement with Litgrid AB and acquired 0,35 % or 10.193 ordinary shares of NT Valdos, UAB. Shares acquisition price – 252 thous. Eur, supplementary element to the final consideration 67 thous. Eur (Note 2).

Supplementary element to final consideration accounted for 19.400 thous. Eur and was discounted to the present value using average interest rate published by the Bank of Lithuania equal to 2,65% (Note 2). Discounting effect at initial recognition comprised 1.895 thous. Eur. By mean of above-mentioned agreements the Company has acquired 100% direct control over its subsidiary NT Valdos, UAB.

At 4 July 2015 share capital of UAB Vilniaus kogeneracinė jėgainė was increased up to 1.003 thous. Eur by issuing 3.450.000 units of ordinary shares. At 30 September 2015 250 thous. Eur were paid for the new shares emission.

At 19 August 2015 the Company has signed shares acquisition agreement with UAB Kauno energetikos remontas and acquired 100% of Gotlitas, UAB ordinary shares. Shares acquisition price – 61 thous. Eur. In August 2015 shares emission agreement was signed and UAB Gotlitas share capital was increased up to 350 thous. Eur by issuing 347.104 units of ordinary shares. At 30 September 2015 new shares emission was paid in full.

**Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

As at 30 September 2015 the Company's investments in subsidiaries and other investments comprised:

Company name	Acquisition cost	Impairment	Contributions against loss	Carrying amount	Interest held (%)
Subsidiaries:					
AB LESTO	538.874	(55.781)	-	483.093	94,39
Lietuvos energijos gamyba, AB	294.832	-	-	294.832	96,13
AB Lietuvos dujos	172.047	-	-	172.047	96,64
NT Valdos, UAB	89.373	-	-	89.373	100,00
UAB LITGAS	8.689	(1.092)	-	7.597	66,67
Energijos tiekimas UAB	6.883	-	-	6.883	100,00
UAB ELEKTROS TINKLO PASLAUGOS	4.795	-	-	4.795	100,00
UAB Kauno energetikos remontas	4.778	-	-	4.778	100,00
UAB Duomenų logistikos centras	7.268	(2.563)	-	4.705	79,64
UAB Technologijų ir inovacijų centras	3.218	-	-	3.218	50,00
UAB Lietuvos dujų tiekimas	869	-	-	869	100,00
UAB VAE SPB	1.018	(575)	4	447	100,00
UAB Gotlitas	408	-	-	408	100,00
VšĮ Energetikų mokymo centras	309	-	-	309	100,00
UAB Verslo aptarnavimo centras	295	-	-	295	51,00
UAB Vilniaus kogeneracinė jėgainė	254	-	-	254	100,00
Lietuvos energijos paramos fondas	3	-	-	3	100,00
UAB Kauno kogeneracinė jėgainė	3	-	-	3	100,00
	<b>1.133.916</b>	<b>(60.011)</b>	<b>4</b>	<b>1.073.909</b>	

As at 31 December 2014 the Company's investments in subsidiaries and other investments comprised:

Company name	Acquisition cost	Impairment	Contributions against loss	Carrying amount	Interest held (%)
Subsidiaries:					
AB LESTO	538.874	(55.781)	-	483.093	94,39
Lietuvos energijos gamyba, AB	294.832	-	-	294.832	96,13
AB Lietuvos dujos	172.047	-	-	172.047	96,64
UAB LITGAS	8.689	-	-	8.689	66,67
UAB Duomenų logistikos centras	7.268	(2.563)	-	4.705	79,64
UAB Technologijų ir inovacijų centras	3.218	-	-	3.218	97,80
UAB VAE SPB	293	-	4	297	100,00
UAB Lietuvos dujų tiekimas	869	-	-	869	100,00
VšĮ Energetikų mokymo centras	309	-	-	309	100,00
UAB Verslo aptarnavimo centras	295	-	-	295	97,00
Lietuvos energijos paramos fondas	3	-	-	3	100,00
	<b>1.026.697</b>	<b>(58.344)</b>	<b>4</b>	<b>968.357</b>	
Investments:					
NT Valdos, UAB	29	-	-	29	0,03
	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>	
	<b>1.026.726</b>	<b>(58.344)</b>	<b>4</b>	<b>968.386</b>	

## 5 Share capital

As at 30 September 2015 the Company's share capital comprised 1.212.156.294 Eur. As at 30 September 2015 the Company's share capital was divided in to 4.179.849.289 ordinary shares with par value 0,29 Eur each.

As at 31 December 2014 the Company's share capital comprised 4.179.849.289 Lt. As at 31 December 2014 the Company's share capital was divided in to 4.179.849.289 ordinary shares with par value 1 Lt each.

As at 30 September 2015 and 31 December 2014 share capital was fully paid.

In accordance with the Lithuanian Law on the Adoption of the Euro in the Republic of Lithuania and the provisions of the procedure for the conversion of the nominal value of the share capital to the euro of Lietuvos Centrinis Vertybinių Popierių Depozitoriumas AB (Central Securities Depository of Lithuania), on 1 January 2015 the Company's authorized share capital was converted to the euro. The result of the conversion of the nominal value of shares amounted to 1.588 thous. Eur. The Company included the result of conversion in comprehensive income in line 'Finance costs'.

**Lietuvos energija, UAB, Company code 301844044, Žveju g. 14, LT-09310 Vilnius, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

## 6 Other expenses

	Group		Company	
	2015-09-30	2014-09-30	2014-09-30	2014-09-30
Taxes	4.814	4.259	27	20
Telecommunication and IT services	2.794	2.640	167	176
Motor vehicles	2.255	3.406	81	98
Consulting services	2.181	895	429	225
Customer service	2.061	1.835	-	-
Rent	1.802	2.143	115	122
Write-offs of PP&E	1.617	2.703	-	-
Utility services	1.200	1.411	37	63
Impairment of inventories	1.005	(155)	-	-
Expenses of low-value inventory items	678	533	-	-
Public relations and marketing	619	422	73	50
Impairment of receivables	390	1.334	-	-
Business trips	387	297	29	38
Personnel development	333	296	56	33
Impairment of investments in subsidiaries	-	-	1.667	-
Revaluation of PP&E and impairment	(355)	-	-	-
Revaluation and provisions of emission allowances	(626)	(30)	-	-
Other expenses	1.047	3.873	267	168
	<b>22.202</b>	<b>25.862</b>	<b>2.948</b>	<b>993</b>

## 7 Dividends

Based on the Order issued by the Lithuanian Ministry of Finance on 29 April 2015, the Company's set of annual financial statements was approved and dividends for the state-owned Company's shares were established in amount 28.093 thousand Euro.

The Company did not pay any dividends for the I – III quarter of 2014.

During the General Shareholder's Meeting of AB LESTO held on 27 April 2015, the decision was made to pay out dividends in the amount of 12.079 thousand Euro from profit for appropriation. The Company received dividends of 11.401 thousand Euro. During the General Shareholder's Meeting of AB LESTO held on 24 September 2015, the decision was made to pay out dividends in the amount of 21.742 thousand Euro for the period shorter than financial year. The Company received dividends of 20.522 thousand Euro.

During the General Shareholder's Meeting of Lietuvos energijos gamyba AB held on 27 April 2015, the decision was made to pay out dividends in the amount of 21.720 thousand Euro from profit for appropriation. The Company received dividends of 20.880 thousand Euro. During the General Shareholder's Meeting of Lietuvos energijos gamyba AB held on 24 September 2015, the decision was made to pay out dividends in the amount of 2.667 thousand Euro for the period shorter than financial year. The Company received dividends of 2.564 thousand Euro.

During the General Shareholder's Meeting of AB Lietuvos dujos held on 27 April 2015, the decision was made to pay out dividends in the amount of 27.993 thousand Euro from profit for appropriation. The Company received dividends of 27.054 thousand Euro. During the General Shareholder's Meeting of AB Lietuvos dujos held on 24 April 2015, the decision was made to pay out dividends in the amount of 10.348 thousand Euro for the period shorter than financial year. The Company received dividends of 10.001 thousand Euro.

During the General Shareholder's Meeting of UAB Duomenų logistikos centras held on 8 April 2015, the decision was made to pay out dividends in the amount of 311 thousand Euro from profit for appropriation. The Company received dividends of 248 thousand Euro.

During the General Shareholder's Meeting of Energijos tiekimas UAB held on 27 April 2015, the decision was made to pay out dividends in the amount of 1.155 thousand Euro from profit for appropriation. The Company received dividends of 1.155 thousand Euro.

## 8 Transactions with related parties

As at 30 September 2015 and 31 December 2014 the parent company was the Republic of Lithuania represented by Ministry of Finance. For the purpose of disclosure of related parties, the Republic of Lithuania does not include central and local government authorities. The disclosures comprise transactions and their balances with the parent company, subsidiaries (Company's transactions), associates and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and management.

**Lietuvos energija, UAB, Company code 301844044, Žveju g. 14, LT-09310 Vilnius, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

***Group's transactions with related parties***

Sale of goods and services in January – September 2015 and 2014:

	Group	
	2015-09-30	2014-09-30
UAB EPSO-G	3.107	2.877
Litgrid AB	17.526	29.074
BALTPOOL UAB	67.113	104.374
UAB TETAS	1.309	1.410
AB Amber Grid (from 2014-07-01)	233	359
Other related parties	168	5.916
<b>Total</b>	<b>86.456</b>	<b>144.010</b>

Purchases of goods and services in January – September 2015 and 2014:

	Group	
	2015-09-30	2014-09-30
Litgrid AB	44.960	58.755
BALTPOOL UAB	63.847	94.401
UAB TETAS	9.457	8.226
AB Amber Grid (from 2014-07-01)	7.147	4.011
Other related parties	765	12.587
<b>Total</b>	<b>126.176</b>	<b>177.980</b>

Amounts receivable from related parties:

	Group	
	2015-09-30	2014-12-31
UAB EPSO-G	239.145	240.372
Litgrid AB	2.829	3.198
BALTPOOL UAB	14.981	9.983
UAB TETAS	62	359
AB Amber Grid (from 2014-07-01)	25	297
Other related parties	103	73
<b>Total</b>	<b>257.145</b>	<b>254.282</b>

Amounts payable to related parties:

	Group	
	2015-09-30	2014-12-31
Litgrid AB	6.349	8.976
BALTPOOL UAB	13.576	19.487
UAB TETAS	2.269	3.275
AB Amber Grid (from 2014-07-01)	1.303	349
Other related parties	-	494
<b>Total</b>	<b>23.497</b>	<b>32.581</b>

**Lietuvos energija, UAB, Company code 301844044, Žveju g. 14, LT-09310 Vilnius, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

***Company's transactions with related parties***

Sale of goods and services in January – September 2015 and 2014:

	Company	
	2015-09-30*	2014-09-30*
AB LESTO	32.571	45.632
Lietuvos energijos gamyba AB	23.899	61.219
AB Lietuvos dujos	37.324	34.440
UAB Lietuvos dujų tiekimas	121	-
NT Valdos, UAB	93	-
UAB Kauno energetikos remontas	65	-
UAB Verslo aptarnavimo centras	26	-
Energijos tiekimas UAB	1.195	-
UAB LITGAS	1.553	-
UAB ELEKTROS TINKLO PASLAUGOS	48	-
UAB Technologijų ir inovacijų centras	38	3
UAB VAE SPB	18	-
VšĮ Energetikų mokymų centras	22	-
UAB Duomenų logistikos centras	266	446
UAB EPSO-G	3.107	2.877
<b>Total</b>	<b>100.346</b>	<b>144.617</b>

\*For the period ended 30 September 2015 sales of goods and services include dividend income in amount of 93.825 thous. Eur (Note 7) (for the period ended 30 September 2014 – 141.720 thous. Eur).

Purchases of goods and services in January – September 2015 and 2014:

	Company	
	2015-09-30	2014-09-30
AB LESTO	58.905	34
Lietuvos energijos gamyba, AB	48.957	74
UAB Duomenų logistikos centras	527	-
NT Valdos, UAB	205	250
UAB Verslo aptarnavimo centras	162	-
UAB Technologijų ir inovacijų centras	162	178
UAB Kauno energetikos remontas	61	-
VšĮ Energetikų mokymų centras	6	-
Litgrid AB	252	-
<b>Total</b>	<b>109.237</b>	<b>536</b>

Amounts receivable from related parties:

	Company	
	2015-09-30	2014-12-31
AB LESTO	20.986	-
Lietuvos energijos gamyba AB	3.112	-
AB Lietuvos dujos	10.156	-
UAB Lietuvos dujų tiekimas	58	-
NT Valdos, UAB	67	-
UAB Kauno energetikos remontas	78	-
UAB Verslo aptarnavimo centras	4	-
Energijos tiekimas UAB	12	-
UAB LITGAS	169	204
UAB ELEKTROS TINKLO PASLAUGOS	2.918	-
UAB Technologijų ir inovacijų centras	23	-
UAB VAE SPB	6	-
VšĮ Energetikų mokymų centras	12	-
UAB Duomenų logistikos centras	-	-
UAB EPSO-G	239.145	240.371
<b>Total</b>	<b>276.746</b>	<b>240.575</b>



**Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2015**

All amounts in thousands of euro unless otherwise stated

Amounts payable to related parties:

	Company	
	2015-09-30	2014-12-31
AB LESTO	46.829	-
Lietuvos energijos gamyba AB	38.838	-
NT Valdos, UAB	36	27
UAB Verslo aptarnavimo centras	37	22
UAB Technologijų ir inovacijų centras	18	81
UAB Duomenų logistikos centras	427	-
VšĮ Energetikų mokymo centras	3	1
Litgrid AB	189	-
<b>Total</b>	<b>86.377</b>	<b>131</b>

Management compensation:

	Group		Company	
	2015-09-30	2014-09-30*	2015-09-30	2014-09-30
Salaries and other short-term benefits	2.947	2.388	517	456
Whereof: Termination benefits and benefits to Board Members	305	287	74	70
Number of management staff	73	74	10	10

Management in the table above includes heads of administration and their deputies, and chief financiers.

\*AB Lietuvos dujos salaries and other short term benefits included from 1 July 2014.

## 9 Restatement of comparative information

On 7 May 2014, AB Lietuvos Dujos concluded an arrangement with natural gas supplier Gazprom OAO regarding a significant reduction of price for natural gas imported by AB Lietuvos Dujos for the period from 1 January 2013 to 31 December 2015. Based on this arrangement, gas import price calculation formula was adjusted retrospectively for the Company for the period from 1 January 2013 to 31 March 2014.

At 21 July 2014, after the Board of the AB Lietuvos dujos has concluded to account for the provision for probable additional expenses, related to reduction of the gas price for the business customers in the future, AB Lietuvos dujos recognised EUR 80.4 million provision and related deferred tax for the purpose to settle the effect of the price reduction for the business customer. Provision was reversed at 31 October 2014.

From 2015 the Group presents gas for sale purchase expenses within 'Purchases of electricity, gas for trading and related services' line. Until 31 December 2014 these expenses were presented together within 'Purchases of gas and heavy fuel oil' line.

For information to be comparable, comparative information for the III quarter of 2015 and 9 months of 2015 was restated.

	2014 Q I – III				2014 Q III			
	Before restatement	Restated provision	Restated comparative figures	Restated	Before restatement	Restated provision	Restated comparative figures	Restated
Sales revenue	606.369	-	-	606.369	221.741	-	-	221.741
Other income	31.287	-	-	31.287	13.182	-	-	13.182
	<b>637.656</b>	-	-	<b>637.656</b>	<b>234.923</b>	-	-	<b>234.923</b>
Purchases of electricity, gas for trading and related services	(265.516)	80.306	(121.250)	(306.460)	(55.464)	80.306	(113.997)	(89.155)
Purchases of gas and heavy fuel oil	(188.712)	-	121.250	(67.462)	(164.326)	-	113.997	(50.329)
Depreciation and amortisation	(97.554)	-	-	(97.554)	(34.032)	-	-	(34.032)
Wages and salaries and related expenses	(53.673)	-	-	(53.673)	(20.503)	-	-	(20.503)
Repair and maintenance expenses	(30.708)	-	-	(30.708)	(9.799)	-	-	(9.799)
Other expenses	(25.862)	-	-	(25.862)	(17.452)	-	-	(17.452)
	<b>(662.025)</b>	<b>80.306</b>	-	<b>(581.719)</b>	<b>(301.576)</b>	<b>80.306</b>	-	<b>(221.270)</b>
<b>Operating profit (loss)</b>	<b>(24.369)</b>	<b>80.306</b>	-	<b>55.937</b>	<b>(66.653)</b>	<b>80.306</b>	-	<b>13.653</b>
Negative goodwill on acquisition of AB Lietuvos Dujos	44.660	-	-	44.660	-	-	-	-
Share of result of associate	43.209	-	-	43.209	-	-	-	-
Re-measurement of associate	(28.379)	-	-	(28.379)	-	-	-	-
Finance income	5.609	134	-	5.743	1.477	134	-	1.611
Finance costs	(5.903)	-	-	(5.903)	(1.393)	-	-	(1.393)
Share of results of associates	(287)	-	-	(287)	(200)	-	-	(200)
<b>Profit (loss) before tax</b>	<b>34.540</b>	<b>80.440</b>	-	<b>114.980</b>	<b>(66.769)</b>	<b>80.440</b>	-	<b>13.671</b>
Current year income tax expense	(10.140)	-	-	(10.140)	(3.034)	-	-	(3.034)
Deferred income tax (expense)/income	13.298	(12.066)	-	1.232	12.073	(12.066)	-	7
<b>Net profit (loss)</b>	<b>37.698</b>	<b>68.374</b>	-	<b>106.072</b>	<b>(57.730)</b>	<b>68.374</b>	-	<b>10.644</b>

(Continued on next page)

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
 For the nine-month period ended 30 September 2015

All amounts in thousands of euro unless otherwise stated

	2014 Q I – III				2014 Q III			
	Before restatement	Restated provision	Restated comparative figures	Restated	Before restatement	Restated provision	Restated comparative figures	Restated
Attributable to:								
Owners of the parent	36.316	66.079	-	102.395	(55.922)	66.079	-	10.157
Non-controlling interests	1.382	2.295	-	3.677	(1.808)	2.295	-	487
<b>Other comprehensive income (expenses)</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>72</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>18</b>
<b>Total comprehensive income (expenses) for the period</b>	<b>37.770</b>	<b>68.374</b>	<b>-</b>	<b>106.144</b>	<b>(57.712)</b>	<b>68.374</b>	<b>-</b>	<b>10.662</b>
Attributable to:								
Owners of the parent	36.388	66.079	-	102.467	(55.904)	66.079	-	10.175
Non-controlling interests	1.382	2.295	-	3.677	(1.808)	2.295	-	487

(Concluded)

## 10 Reorganization of subsidiaries

### Reorganization of AB LESTO and public limited liability company Lietuvos dujos

The terms of reorganization of LESTO AB (hereinafter – LESTO) and public limited liability company Lietuvos dujos (hereinafter – Lietuvos dujos), which were discussed and approved by the Boards of LESTO AB and public limited liability company Lietuvos Dujos on 31 August 2015, were published in accordance with Article 65 of the Law on Companies.

On the basis of the reorganization terms of LESTO and Lietuvos Dujos (hereinafter - the Reorganization Terms), LESTO and Lietuvos dujos are reorganised by way of merger, as laid down in Article 2.97 (4) of the Civil Code of the Republic of Lithuania.

The establishment of a new company is planned after the reorganization - AB Energijos Skirstymo Operatorius (legal entity code to be attributed in accordance with the procedure established in the legislation of the Republic of Lithuania following the registration of AB Energijos Skirstymo Operatorius with the Register of Legal Entities, legal form – public limited liability company, future registered address - Aaguony St. 24, LT-03212, Vilnius, Republic of Lithuania, the ISIN code of the issue of shares will be attributed following the registration of the issue of AB Energijos Skirstymo Operatorius shares with the Central Securities Depository) (hereinafter - ESO).

The General Meetings of Shareholders of LESTO and Lietuvos Dujos will take a decision on the reorganization of LESTO and Lietuvos Dujos, on the approval of the Reorganization Terms and other related issues in accordance with the procedure established in the legislation of the Republic of Lithuania. The new company, which will be incorporated and will commence its activities after the reorganization, is ESO.

The shares of LESTO and Lietuvos Dujos will be exchanged to the shares of ESO, the company to be acting after the Reorganization, in accordance with the procedure and on the grounds established in the Reorganization Terms.

ESO will immediately apply for the issuance of the electrical energy distribution license, license for public supply of electrical energy and natural gas distribution license after its registration with the Register of Legal Entities.

ESO, the company to be acting after the reorganization, will take over all non-current and current assets of LESTO and Lietuvos Dujos also non-current and current financial and other liabilities, accounts receivable and payable in accordance with agreements concluded by LESTO and Lietuvos Dujos or obligations arising on other grounds (hereinafter - Transferred Assets, Rights and Obligations).

The intended commencement of ESO's activities after the takeover of the Transferred Assets, Rights and Obligations from LESTO and Lietuvos Dujos is 1 January 2016.

### Reorganization of UAB Lietuvos dujų tiekimas and UAB LITGAS

UAB Lietuvos dujų tiekimas and UAB LITGAS are reorganized by way of adjunction as laid down in Article 2.97 (3) of the Civil Code of the Republic of Lithuania. UAB LITGAS will cease its operations as a legal entity and will be merged to UAB Lietuvos dujų tiekimas, which will continue its operations after reorganization and will take over all rights and liabilities together with contractual rights and liabilities of UAB LITGAS, and account for them in its corporate accounts starting from the takeover moment fixed in reorganization terms, i.e. from 31 December 2015 24 h. 00 min.

### Reorganization of UAB ELEKTROS TINKLO PASLAUGOS and UAB Kauno energetikos remontas

On 30 June 2015 Boards of UAB Elektros Tinklo Paslaugos and UAB Kauno energetikos remontas have approved reorganization project of UAB Elektros Tinklo Paslaugos and UAB Kauno energetikos remontas, which states that UAB Elektros Tinklo Paslaugos and UAB Kauno energetikos remontas will be reorganized by way of merger, as laid down in Article 2.97 (4) of the Civil Code of the Republic of Lithuania. After the merger UAB Elektros Tinklo Paslaugos and UAB Kauno energetikos remontas will cease operating as separate legal entities and will be merged in to UAB Energetikos paslaugų ir rangos organizacija which will commence its operations after reorganization and will take over all rights and liabilities of UAB Elektros Tinklo Paslaugos and UAB Kauno energetikos remontas starting from the moment fixed in the reorganization terms, i.e. from 31 December 2015, 24 h 00 min. UAB Energetikos paslaugų ir rangos organizacija was registered in the Register of Legal Entities at 9 November 2015, company's code 304132956.

## 11 Events after the reporting period

### Commercial part of business transfer

On 12 October 2015 the Company and Energijos tiekimas UAB (hereafter – “Energijos tiekimas”) signed agreement on sale of commercial part of business of wholesale electricity trade. The part of business which was sold to Energijos tiekimas consists of trade activities of derivative financial instruments and the provision of balancing services, which are not related to physical electricity trading. The title of ownership of sold commercial part of business of wholesale electricity trade will pass to Energijos tiekimas on 1 January 2016. Up to this date, Lietuvos energijos gamyba, AB will carry out these activities.

### Dividends

Based on the Order issued by Lithuanian Ministry of Finance on 22 October 2015, the Company's set of financial statements for the shorter than financial year 6 month period of 2015 was approved and dividends for the state-owned Company's shares were established in amount 29.750 thous. Eur.

All amounts in thousands of euro unless otherwise stated

Acquisitions and disposals of investments

On 15 October 2015 the agreement between Lietuvos energija, UAB and UAB FORTUM HEAT LIETUVA regarding UAB Kauno kogeneracinė jėgainė came in to force, which have fixed liabilities of the partners and rules of joint business for consolidated investment in to new cogeneration power plant in Kaunas. It is planned to equip new cogeneration power plant of high efficiency in Kaunas, which will use waste as a fuel; electric capacity of the plant will seek 24 MW, thermal capacity – 70 MW. The agreement stipulates, that after the completion of the deal, Lietuvos energija, UAB will control 51% and UAB FORTUM HEAT LIETUVA respectively 49% of the shares of the new power plant. The share capital of UAB Kauno kogeneracinė jėgainė will be partially raised by non-monetary asset contributions and residual will be paid by monetary contributions. The permission of the European Commission on activity concentration, necessary for the completion of the deal, was obtained on 23 November 2015.

On 28 October 2015 the sole shareholder of UAB Gotlitas decided to increase its share capital by 350 thous. Eur, by issuing 350 thous. units of ordinary shares with nominal value 1 Eur each.

In October 2015 the name of UAB Gotlitas was changed to UAB Elektroninių mokėjimų agentūra.

On 6 November 2015 AB Lietuvos dujos and AB Amber Grid concluded shares sale and purchase agreement. After conclusion of the agreement AB Lietuvos dujos sold shares of UAB GET Baltic, comprising 34% of share capital of UAB GET Baltic, to AB Amber Grid. Shares were sold for the consideration determined by independent appraiser – 131 thous. Eur.

Regarding the long-term loan agreement

On 30 October 2015 AB LESTO through the Central Public Tenders Information System has informed participants about the winner of the 70 million Eur long-term loan tender, published on 15 April 2015.

Purchase commission has decided, that most attractive proposal was given by Pohjola Bank Plc. The loan agreement with the winner will be signed after the termination of the 15-day loan agreement postponement period, compulsory by the purchase procedures.

The funds will be used to refinance AB LESTO financial liabilities and also for the working capital needs. Floating interest rate will be 1 month EURIBOR.

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