

2015

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

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



Group of energy
companies

www.le.lt

CONTENTS

CONDENSED INTERIM FINANCIAL INFORMATION

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 information	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.

Condensed interim financial information was approved by Chief Executive Officer, Finance and Treasury Director and Accounting department director of Verslo Aptarnavimo Centras UAB acting under Order No V-020 of 24 April 2015 on 26 February 2016:

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, Žveju g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
At 31 December 2015

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2015-12-31	2014-12-31	2015-12-31	2014-12-31
ASSETS					
Non-current assets					
Intangible assets	3	21.569	15.334	-	-
Property, plant and equipment	3	1.628.207	1.621.089	286	9
Prepayments for non-current assets		1.267	7	-	-
Investment property		48.758	37.394	-	-
Investments in subsidiaries	4	6	-	1.083.810	968.386
Investments in associates		-	123	-	-
Amounts receivable after one year		245.436	240.812	238.975	238.975
Long-term investments		4.534	4.696	4.534	4.696
Other non-current assets		3.291	7.574	-	-
Deferred income tax asset		6.377	8.203	50	32
Total non-current assets		1.959.445	1.935.232	1.327.655	1.212.098
Current assets					
Inventories		39.973	53.013	-	-
Prepayments		40.169	9.338	6	3
Trade receivables		106.966	130.534	27	-
Other amounts receivable		16.422	21.557	4.733	2.102
Other current assets		747	645	-	-
Prepaid income tax		5.776	7.247	-	-
Short-term investments		14	15	14	15
Cash and cash equivalents		164.339	211.019	13.179	31.347
		374.406	433.368	17.959	33.467
Non-current assets held for sale		209	576	77	77
Total current assets		374.615	433.944	18.036	33.544
TOTAL ASSETS		2.334.060	2.369.176	1.345.691	1.245.642
EQUITY AND LIABILITIES					
Equity					
Share capital	5	1.212.156	1.210.568	1.212.156	1.210.568
Reserves		92.487	92.039	4.255	74
Retained earnings (deficit)		(55.271)	(42.547)	64.802	34.323
Equity attributable to owners of the parent		1.249.372	1.260.060	1.281.213	1.244.965
Non-controlling interests		50.432	48.830	-	-
Total equity		1.299.804	1.308.890	1.281.213	1.244.965
Liabilities					
Non-current liabilities					
Non-current borrowings		277.806	250.015	-	-
Finance lease liabilities		473	42	-	-
Grants and subsidies		296.437	304.449	-	-
Deferred income tax liabilities		28.252	21.436	-	-
Provisions		5.084	8.543	-	-
Deferred income		53.602	53.973	-	-
Other non-current amounts payable and liabilities		11.235	17.550	17.873	23
Total non-current liabilities		672.889	656.008	17.873	23
Current liabilities					
Current portion of long-term debts		99.023	128.076	-	-
Current borrowings		43.232	13.456	-	-
Current portion of finance lease liabilities		155	18	-	-
Trade payables		92.111	142.405	443	188
Advance amounts received		39.394	40.030	28	-
Income tax liabilities		1.279	12.032	221	159
Provisions		19.480	5.884	-	-
Other current amounts payable and liabilities		66.693	62.377	45.913	307
Total current liabilities		361.367	404.278	46.605	654
Total liabilities		1.034.256	1.060.286	64.478	677
TOTAL EQUITY AND LIABILITIES		2.334.060	2.369.176	1.345.691	1.245.642

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

Notes	Group				Company			
	2015 I – IV Q	2015 IV Q	2014 I – IV Q (re-presented, Note 9)	2014 IV Q	2015 I – IV Q	2015 IV Q	2014 I – IV Q	2014 IV Q
Revenue								
Sales revenue	1.048.020	320.477	926.065	319.696	1.992	109	-	-
Other income	47.654	13.304	46.624	15.337	2	2	2	-
Total revenue	1.095.674	333.781	972.689	335.033	1.994	111	2	-
Operating expenses								
Purchases of electricity, gas for trading and related services	(764.287)	(262.244)	(536.527)	(230.067)	-	-	-	-
Purchases of gas and heavy fuel oil	(11.883)	(2.164)	(75.853)	(8.391)	-	-	-	-
Depreciation and amortisation	(74.081)	(18.083)	(131.917)	(34.363)	(3)	(1)	(4)	(1)
Wages and salaries and related expenses	(93.803)	(26.131)	(76.534)	(22.861)	(2.735)	(814)	(2.652)	(548)
Repair and maintenance expenses	(27.345)	(3.309)	(34.721)	(4.013)	-	-	-	-
Revaluation of property, plant and equipment	(1.443)	(1.443)	(416.501)	(416.501)	-	-	-	-
Other expenses	(61.991)	(39.789)	(91.547)	(65.685)	(4.031)	(1.083)	(59.668)	(58.675)
Total operating expenses	(1.034.833)	(353.163)	(1.363.600)	(781.881)	(6.769)	(1.898)	(62.324)	(59.224)
Operating profit (loss)	60.841	(19.382)	(390.911)	(446.848)	(4.775)	(1.787)	(62.322)	(59.224)
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	5.625	929	5.422	(321)	99.872	1.319	146.717	1.592
Finance costs	(7.186)	(560)	(7.824)	(1.921)	(2.321)	(256)	(120)	(1)
Share of results of associates	-	-	291	578	-	-	-	-
Profit (loss) before tax	59.280	(19.013)	(333.532)	(448.512)	92.776	(724)	84.275	(57.633)
Current year income tax expense	(10.601)	(2.539)	(15.394)	(5.254)	(260)	(26)	(158)	(139)
Deferred income tax (expense)/income	(8.580)	(2.279)	68.965	67.733	14	21	24	(15)
Net profit (loss)	40.099	(23.831)	(279.961)	(386.033)	92.530	(729)	84.141	(57.787)
Attributable to:								
Owners of the parent	34.054	(25.050)	(261.428)	(363.823)	92.530	(729)	84.141	(57.787)
Non-controlling interests	6.045	1.219	(18.533)	(22.210)	-	-	-	-

Continued on the next page

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

	Notes	Group				Company			
		2015 I – IV Q	2015 IV Q	2014 I – IV Q (reclassified, Note 9)	2014 IV Q	2015 I – IV Q	2015 IV Q	2014 I – IV Q	2014 IV Q
Other comprehensive income (loss)									
Gain (loss) on revaluation of non-current assets		406	(67)	(165.893)	(165.893)	-	-	-	-
Items that will not be reclassified to profit or loss, total		406	(67)	(165.893)	(165.893)	-	-	-	-
Items that will be reclassified to profit or loss									
Change in fair value of available-for-sale financial assets		(26)	(11)	74	2	(26)	(11)	74	2
Items that will be reclassified to profit or loss, total		(26)	(11)	74	2	(26)	(11)	74	2
Other comprehensive income (loss)		380	(78)	(165.819)	(165.891)	(26)	(11)	74	2
Total comprehensive income for the period		40.479	(23.909)	(445.780)	(551.924)	92.504	(740)	84.215	(57.785)
Attributable to:									
Owners of the parent		34.420	(25.127)	(417.972)	(520.439)	92.504	(740)	84.215	(57.785)
Non-controlling interests		6.059	1.218	(27.808)	(31.485)	-	-	-	-

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 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			
Balance at 1 January 2014		1.177.932	22.322	210.721	188.678	(15.248)	1.584.405	197.466	1.781.871
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	74	-	74	-	74
Revaluation of property, plant and equipment, net of deferred tax asset		-	-	(156.617)	-	-	(156.617)	(9.276)	(165.893)
Total other comprehensive income (loss) for the period		-	-	(156.617)	74	-	(156.543)	(9.276)	(165.819)
Net profit for the period		-	-	-	-	(261.428)	(261.428)	(18.533)	(279.961)
Total comprehensive income for the period		-	-	-	74	(261.428)	(417.971)	(27.809)	(445.780)
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(14.579)	-	14.579	-	-	-
Transfer to reserves and movement in reserves		-	362	-	(188.703)	188.341	-	-	-
Dividends	7	-	-	-	-	(24.604)	(24.604)	(10.626)	(35.230)
Increase in share capital		32.636	-	-	-	-	32.636	-	32.636
Acquisition of shares from non-controlling interest		-	1.678	28.105	(2)	54.154	83.935	(118.077)	(34.142)
Acquisition of subsidiary		-	-	-	-	-	-	8.040	8.040
Reduction of share capital of UAB Duomenų logistikos centras		-	-	-	-	-	-	(2.654)	(2.654)
Increase in share capital of UAB LITGAS		-	-	-	-	-	-	3.935	3.935
Disposal of supply business from Lietuvos Dujos AB to Lietuvos Dujų Tiekimas UAB		-	-	-	-	1.659	1.659	(1.659)	-
Other structural changes		-	-	-	-	-	-	214	214
Balance at 31 December 2014		1.210.568	24.362	67.630	47	(42.547)	1.260.060	48.830	1.308.890

Continued on the next page

Lietuvos energija, UAB, Company code 301844044, Žveju g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 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			
Balance at 1 January 2015		1.210.568	24.362	67.630	47	(42.547)	1.260.060	48.830	1.308.890
Revaluation of property, plant and equipment, net of deferred income tax		-	-	392	-	-	392	14	406
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	(26)	-	(26)	-	(26)
Total other comprehensive income (loss) for the period		-	-	392	(26)	-	366	14	380
Net profit (loss) for the period		-	-	-	-	34.054	34.054	6.045	40.099
Total comprehensive income (loss) for the period		-	-	392	(26)	34.054	34.420	6.059	40.479
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(5.815)	-	5.815	-	-	-
Transfer to reserves and movement in reserves		-	4.413	1.643	27	(4.440)	1.643	9	1.652
Dividends	7	-	-	-	-	(57.844)	(57.844)	(4.191)	(62.035)
Acquisition of shares from non-controlling interest		-	2	(188)	-	707	521	(275)	246
Result of conversion of share capital	5	1.588	-	-	-	-	1.588	-	1.588
Adjustment of income tax due to acquisition of part of business	2	-	-	-	-	8.539	8.539	-	8.539
Other structural changes		-	-	-	-	445	445	-	445
Balance at 31 December 2015		1.212.156	28.777	63.662	48	(55.271)	1.249.372	50.432	1.299.804

(Concluded)

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2014		1.177.932	-	-	(25.214)	1.152.718
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	74	-	74
Total other comprehensive income (expenses)		-	-	74	-	74
Net profit for the period		-	-	-	84.141	84.141
Total comprehensive income for the period		-	-	74	84.141	84.215
Increase in share capital		32.636	-	-	-	32.636
Dividends	7	-	-	-	(24.604)	(24.604)
Balance at 31 December 2014		1.210.568	-	74	34.323	1.244.965
Balance at 1 January 2015		1.210.568	-	74	34.323	1.244.965
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	(26)	-	(26)
Total other comprehensive income (expenses)		-	-	(26)	-	(26)
Net profit for the period		-	-	-	92.530	92.530
Total comprehensive income for the period		-	-	(26)	92.530	92.504
Transfer to legal reserve		-	4.207	-	(4.207)	-
Dividends	7	-	-	-	(57.844)	(57.844)
Result of conversion of share capital	5	1.588	-	-	-	1.588
Balance at 31 December 2015		1.212.156	4.207	48	64.802	1.281.213

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

	Group		Company	
	2015	2014	2015	2014
Cash flows from operating activities				
Net profit (loss) for the period	40.099	(279.961)	92.530	84.141
Adjustments for non-monetary expenses (income):				
Depreciation and amortisation expenses	3 86.439	143.880	3	4
Goodwill impairment	-	51.582	-	-
Impairment of property, plant and equipment	30.133	-	-	-
Impairment of financial assets/ (reversal of impairment)	(1.768)	-	-	-
Revaluation of investment property	1.407	-	-	-
Revaluation of property, plant and equipment	1.510	416.501	-	-
Impairment of investments in subsidiaries and associates	6 -	-	2.260	58.344
Share of profit of associates and joint ventures	-	(291)	-	-
Income tax expenses (income)	19.182	(53.571)	246	135
(Depreciation) of grants	(12.358)	(11.963)	-	-
Increase (decrease) in provisions	9.966	2.426	-	-
Inventory write-down to net realizable value/ (reversal)	(739)	(822)	-	-
(Gain) loss on disposal/write-off of property, plant and equipment	3.950	3.963	-	-
Used emission allowances	2.992	2.908	-	-
(Gain) loss on revaluation of emission allowances	(370)	-	-	-
Elimination of results of financing and investing activities:				
Interest (income)	(4.363)	(4.693)	(6.047)	(4.870)
Interest expenses	4.496	6.991	419	116
Other finance (income) expenses	1.428	106	(91.923)	(141.847)
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable	26.274	(20.705)	(3.315)	(52)
(Increase) decrease in inventories, prepayments and other current assets	(14.276)	35.828	(3)	-
Increase (decrease) in amounts payable, deferred income and advance amounts received	(58.474)	3.370	322	(11)
Income tax (paid)	(12.449)	(14.142)	-	-
Net cash flows from (used in) operating activities	123.079	281.407	(5.508)	(4.040)
Cash flows from investing activities				
(Acquisition) of property, plant and equipment and intangible assets	(146.090)	(142.848)	(280)	(3)
Disposal of property, plant and equipment and intangible assets	289	1.495	-	-
Loans (granted)	-	(29.000)	-	(29.000)
Loans repaid	96	-	-	-
(Acquisition) disposal of subsidiaries and associates	117	5.779	(54.627)	(20.218)
Grants received	9.362	6.987	-	-
Bonds redeemed	145	47.181	131	47.181
Interest received	4.175	3.893	6.507	4.205
Changes in non-controlling interest arising from Group structural changes	246	-	-	-
Dividends received	-	1.924	93.825	141.720
Acquisition of AB LESTO shares from minority shareholders	-	-	-	(34.142)
Acquisition of AB Lietuvos Dujos shares	-	(102.746)	-	(139.411)
Net cash flows from (used in) investing activities	(131.660)	(207.335)	45.556	(29.668)
Cash flows from financing activities				
Proceeds from borrowings	282.048	98.149	-	14.623
Repayments of borrowings	(282.031)	(40.685)	-	(14.623)
Finance lease payments	120	(28)	-	-
Interest paid	(4.701)	(6.675)	(372)	(116)
Dividends paid	7 (62.035)	(35.230)	(57.844)	(24.604)
Acquisition of AB LESTO shares from minority shareholders	-	(34.142)	-	-
Increase of share capital of UAB LITGAS	-	4.014	-	-
Reduction of share capital of UAB Duomenų logistikos centras	-	(2.731)	-	-
Net cash flows from (used in) financing activities	(66.599)	(17.328)	(58.216)	(24.720)
Increase (decrease) in cash and cash equivalents (including overdraft)	(75.180)	56.744	(18.168)	(58.428)
Cash and cash equivalents (including overdraft) at the beginning of the period	197.988	141.244	31.347	89.775
Cash and cash equivalents (including overdraft) at the end of the period	122.808	197.988	13.179	31.347

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

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 twelve-month period ended 31 December 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:

Revaluation and impairment of property, plant and equipment

The Group accounts for property, plant and equipment (except for assets of power plants, gas distribution pipelines, gas technological equipment and IT and telecommunication equipment) at revalued amount in accordance with International Accounting Standard 16 'Property, plant and equipment'.

Buildings of NT Valdos, UAB were revalued at 31 December 2015 by independent appraisers UAB InReal using the comparative price (sale prices analogue) and income method.

Revaluation of property, plant and equipment of UAB Kauno energetikos remontas at 31 December 2015 was carried out by independent appraisers using comparative price (sale prices analogue) method. For purpose of evaluation of other groups of assets comparative prices method and replacement cost method were used in parallels. For assets evaluated using replacement cost method, impairment test was performed and it was determined, that there are no indications of possible impairment.

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

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

As of 31 December 2015 and 2014, impairment test was carried out for the rest of property, plant and equipment of the Reserve Power Plant and Combined-Cycle Unit (hereinafter collectively – "Elektrėnai Complex"), Biofuel Boiler House and Steam Boiler House (hereinafter collectively – "HSB") and it was determined that the recoverable amount of Elektrėnai Complex and HSB exceeded the carrying amount of EUR 46 million (31 December 2014: the recoverable amount of Elektrėnai Complex exceeded EUR 590 million), hence no impairment was recognised.

Other Group companies has not performed revaluation of property, plant and equipment, accounted for at revalued value, as of 31 December 2015, due to the fact that revaluations were carried out in recent 4 years and there are no indications that carrying value of assets stated at revalued amount would differ significantly from its market value.

Impairment of investments in subsidiaries

As at 31 December 2015, the Company performed the impairment test in respect of investment in the subsidiary UAB VAE SPB and recognized impairment of 1.168 thous. Eur.

All amounts in thousands of euro unless otherwise stated

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 31 December 2015.

As at 31 December 2015 no impairment indicators were identified 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.

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 31 December 2015 loss from Biofuel Boiler House Project has increased, so the management of the Company has determined, that acquisition price of UAB Kauno energetikos remontas shares should be reduced by 436 thous. Eur. The Company reduced accordingly the acquisition price of investment in subsidiary UAB Kauno energetikos remontas from 4.778 thous. Eur to 4.342 thous. Eur.

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.

All amounts in thousands of euro unless otherwise stated

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
Period ended 31 December 2015		
Net book value at the beginning of the period	15.334	1.621.089
Acquisitions	2.711	150.727
Revaluation	-	984
Impairment (reversal of impairment)	-	(36.592)
Sales	-	(1.761)
Write-offs	-	(2.697)
Emission allowances grants received	2.140	-
Emission allowances utilised	(3.083)	-
Repayment of emission allowances lent	4.615	-
Revaluation of emission allowances	2.144	-
Reclassification (from) property, plant and equipment/intangible assets to other assets	79	(2.082)
Reclassification (to) from investment property	-	(17.787)
Reclassification from inventories	-	394
Depreciation/amortisation	(2.371)	(84.068)
Net book value at 31 December 2015	21.569	1.628.207

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

Company	Intangible assets	Property, plant and equipment
Period ended 31 December 2015		
Net book value at the beginning of the period	-	9
Acquisition	-	280
Depreciation/amortisation	-	(3)
Net book value at 30 September 2015	-	286

4 Investments in subsidiaries and other investments

Acquisitions and incorporation of subsidiaries

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 described in Note 2, acquisition price of UAB Kauno energetikos remontas was adjusted at 31 December 2015 considering due to increase of loss from Biofuel Boiler House Project. Acquisition price of investment was reduced by 436 thous. Eur.

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.

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).

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

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 means of above-mentioned agreements the Company has acquired 100% direct control over its subsidiary NT Valdos, UAB.

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 October 2015 the name of UAB Gotlitas was changed to UAB Elektroninių mokėjimų agentūra. Activity of UAB Elektroninių mokėjimų agentūra – payments collection services.

On 15 October 2015 the agreement between Lietuvos energija, UAB and UAB FORTUM HEAT LIETUVA regarding UAB Kauno kogeneracinė jėgainė came into 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 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.

Increase and reduction of share capitals

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.

At 4 July 2015 share capital of UAB Vilniaus kogeneracinė jėgainė was increased up to 1.004 thous. Eur by issuing 3.450.000 units of ordinary shares.

At 14 October 2015 after Articles of Association were registered, the share capital of Energijos tiekimas UAB was increased by issuing 782.500 units of ordinary shares at par value 1 Eur each.

At 23 December 2015 share capital of Energijos tiekimas UAB was increased by issuing 16.240.000 units of ordinary shares at par value 1 Eur each. Unpaid part of share capital as of 31 December 2015 was 7.240 thous. Eur.

At 28 October 2015 at sole shareholder decision share capital of UAB Elektroninių mokėjimų agentūra was increased by issuing 347 thous. units of ordinary shares at par value 1 Eur each.

At 1 December 2015 at sole shareholder decision share capital of UAB Elektroninių mokėjimų agentūra was increased by issuing 87 thous. units of ordinary shares at par value 1 Eur each.

As at 31 December 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
Energijos tiekimas UAB	16.666	-	-	16.666	100,00
UAB LITGAS	8.689	(1.092)	-	7.597	66,67
UAB ELEKTROS TINKLO PASLAUGOS	4.795	-	-	4.795	100,00
UAB Kauno energetikos remontas	4.342	-	-	4.342	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 Vilniaus kogeneracinė jėgainė	1.004	-	-	1.004	100,00
UAB Lietuvos dujų tiekimas	869	-	-	869	100,00
UAB Elektroninių mokėjimų agentūra	495	-	-	495	100,00
VšĮ Energetikų mokymo centras	309	-	-	309	100,00
UAB Verslo aptarnavimo centras	295	-	-	295	51,00
UAB VAE SPB	1.018	(1.168)	314	164	100,00
Lietuvos energijos paramos fondas	3	-	-	3	100,00
UAB Kauno kogeneracinė jėgainė	3	-	-	3	100,00
	1.144.100	(60.604)	314	1.083.810	

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

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
	1.026.697	(58.344)	4	968.357	
Investments:					
NT Valdosa, UAB	29	-	-	29	0,03
	29	-	-	29	
	1.026.726	(58.344)	4	968.386	

5 Share capital

As at 31 December 2015 the Company's share capital comprised 1.212.156.294 Eur. As at 31 December 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 31 December 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'.

6 Other expenses

	Group		Company	
	2015	2014	2015	2014
Taxes	6.485	6.078	44	42
Business services expenses	-	-	199	-
Telecommunication and IT services	3.718	3.685	222	290
Motor vehicles	2.701	4.566	113	126
Consulting services	1.521	1.490	566	198
Customer service	2.745	2.728	-	-
Rent	2.349	2.819	159	158
Write-offs of property, plant and equipment	2.768	4.102	-	-
Utility services	1.667	2.009	55	91
Impairment of inventories	(739)	(538)	-	-
Expenses of low-value inventory items	1.092	800	-	-
Public relations and marketing	1.208	1.060	102	68
Impairment of receivables	(1.651)	(2.409)	-	-
Business trips	535	444	42	52
Personnel development	671	579	119	65
Impairment of investments in subsidiaries	-	-	2.260	58.344
Goodwill impairment	-	51.582	-	-
Impairment of property, plant and equipment	30.276	11.707	-	-
Revaluation and provisions of emission allowances	(711)	(3.056)	-	-
Other expenses	7.356	3.901	150	234
	61.991	91.547	4.031	59.668

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 thous. Eur.

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.

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 thous. Eur from profit for appropriation. The Company received dividends of 11.401 thous. Eur. 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 thous. Eur for the period shorter than financial year. The Company received dividends of 20.522 thous. Eur.

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 thous. Eur from profit for appropriation. The Company received dividends of 20.880 thous. Eur. 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 thous. Eur for the period shorter than financial year. The Company received dividends of 2.564 thous. Eur.

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 thous. Eur from profit for appropriation. The Company received dividends of 27.054 thous. Eur. 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 thous. Eur for the period shorter than financial year. The Company received dividends of 10.001 thous. Eur.

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 thous. Eur from profit for appropriation. The Company received dividends of 248 thous. Eur.

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 thous. Eur from profit for appropriation. The Company received dividends of 1.155 thous. Eur.

Based on the Order issued by The Lithuanian Ministry of Finance on 14 November 2014, the Company's set of interim financial statements for a 6-month period was approved, and dividends for the state-owned Company's shares were established in amount of 60% (24,6 million Eur) of the Company's profit for the 1st half of 2014.

On 4 April 2014, the General Meeting of Shareholders of LESTO AB approved payment of dividends in amount of 33,2 million Eur from profit for appropriation. Dividends allocated to the Company amounted to 27,5 million Eur.

On 4 April 2014, the General Meeting of Shareholders of Lietuvos Energijos Gamyba AB approved payment of dividends in amount of 43,4 million Eur from profit for appropriation. Dividends allocated to the Company amounted to 41,8 million Eur.

On 30 April 2014, the General Meeting of Shareholders of Duomenų Logistikos Centras UAB approved payment of dividends in amount of 0,6 million Eur from profit for appropriation. Dividends allocated to the Company amounted to 0,4 million Eur.

On 22 July 2014, the General Meeting of Shareholders of Lietuvos Dujos AB approved payment of dividends in amount of 15,4 million Eur from profit for appropriation. Dividends allocated to the Company amounted to 14,9 million Eur.

On 30 September 2014, the Extraordinary General Meeting of Shareholders of LESTO AB approved payment of dividends in amount of 19,2 million Eur for a period shorter than the financial year. Dividends allocated to the Company amounted to 18,2 million Eur.

On 30 September 2014, the Extraordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba AB approved payment of dividends in amount of 20,2 million Eur for a period shorter than the financial year. Dividends allocated to the Company amounted to 19,5 million Eur.

On 30 September 2014, the Extraordinary General Meeting of Shareholders of Lietuvos Dujos AB approved payment of dividends in amount of 20,2 million Eur for a period shorter than the financial year. Dividends allocated to the Company amounted to 19,5 million Eur.

8 Transactions with related parties

In 2015 and 2014 the principal shareholder 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, Žvejų g. 14, LT-09310 Vilnius, Lithuania
 NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
 For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

Group's transactions with related parties

Sale of goods and services during 2015 and 2014:

	Group	
	2015	2014
UAB EPSO-G	3.919	4.062
Litgrid AB	21.544	31.173
BALTPOOL UAB	82.939	104.359
UAB TETAS	1.670	1.768
AB Amber Grid (from 2014-07-01)	316	2.059
Other related parties	303	6.050
Total	110.691	149.471

Purchases of goods and services in 2015 and 2014:

	Group	
	2015	2014
Litgrid AB	64.397	78.402
BALTPOOL UAB	92.458	133.404
UAB TETAS	15.372	13.076
AB Amber Grid (from 2014-07-01)	8.594	5.054
Other related parties	1.483	29
Total	182.304	229.965

Amounts receivable from related parties:

	Group	
	2015-12-31	2014-12-31
UAB EPSO-G	239.957	240.372
Litgrid AB	2.370	3.198
BALTPOOL UAB	10.700	9.983
UAB TETAS	183	359
AB Amber Grid (from 2014-07-01)	34	297
Other related parties	137	73
Total	253.381	254.282

Amounts payable to related parties:

	Group	
	2015-12-31	2014-12-31
Litgrid AB	6.997	8.976
BALTPOOL UAB	15.253	19.487
UAB TETAS	4.042	3.275
AB Amber Grid (from 2014-07-01)	77	349
Other related parties	232	494
Total	26.601	32.581

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

Company's transactions with related parties

Sale of goods and services in 2015 and 2014:

	Company	
	2015	2014
Subsidiaries		
AB LESTO	32.569	45.634
Lietuvos energijos gamyba AB	23.794	61.219
AB Lietuvos dujos	37.424	34.440
UAB Lietuvos dujų tiekimas	160	-
NT Valdos, UAB	109	-
UAB Kauno energetikos remontas	85	-
UAB Verslo aptarnavimo centras	199	-
Energijos tiekimas UAB	1.203	-
UAB LITGAS	2.033	370
UAB ELEKTROS TINKLO PASLAUGOS	78	-
UAB Technologijų ir inovacijų centras	215	3
UAB VAE SPB	22	-
VšĮ Energetikų mokymų centras	26	-
UAB Duomenų logistikos centras	277	446
Other related parties		
UAB EPSO-G	3.919	4.062
Total	102.113	146.174

*For the period ended 31 December 2015 sales of goods and services include dividend income in amount of 93.825 thous. Eur (Note 7) (for the period ended 31 December 2014 – 141.720 thous. Eur).

Purchases of goods and services in 2015 and 2014:

	Company	
	2015	2014
Subsidiaries		
AB LESTO	59.308	5.560
Lietuvos energijos gamyba, AB	48.844	12.049
UAB Duomenų logistikos centras	531	-
NT Valdos. UAB	294	318
UAB Verslo aptarnavimo centras	35	24
UAB Technologijų ir inovacijų centras	44	290
UAB Kauno energetikos remontas	61	-
VšĮ Energetikų mokymų centras	11	5
Other related parties		
Litgrid AB	314	-
Total	109.442	18.246

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

Amounts receivable from related parties:

	Company	
	2015-12-31	2014-12-31
Subsidiaries		
AB LESTO	144	-
Lietuvos energijos gamyba AB	-	-
AB Lietuvos dujos	119	-
UAB Lietuvos dujų tiekimas	47	-
NT Valdos, UAB	39	-
UAB Kauno energetikos remontas	102	-
UAB Verslo aptarnavimo centras	3	-
Energijos tiekimas UAB	20	-
UAB LITGAS	170	204
UAB ELEKTROS TINKLO PASLAUGOS	2.939	-
UAB Technologijų ir inovacijų centras	26	-
UAB VAE SPB	4	-
VšĮ Energetikų mokymų centras	13	-
UAB Duomenų logistikos centras	-	-
Other related parties		
UAB EPSO-G	239.957	240.371
Total	243.583	240.575

Amounts payable to related parties:

	Company	
	2015-12-31	2014-12-31
Subsidiaries		
AB LESTO	34.682	-
Lietuvos energijos gamyba AB	28.253	-
NT Valdos, UAB	35	27
UAB Verslo aptarnavimo centras	-	22
UAB Technologijų ir inovacijų centras	8	81
UAB Duomenų logistikos centras	321	-
VšĮ Energetikų mokymo centras	-	1
Other related parties		
Litgrid AB	188	-
Total	63.487	131

Amounts payable to AB LESTO, Lietuvos energijos gamyba, AB and UAB Duomenų logistikos centras are related acquisition of shares of UAB Kauno energetikos remontas, Energijos tiekimas, UAB, UAB ELEKTROS TINKLO PASLAUGOS and NT Valdos, UAB.

Management compensation:

	Group		Company	
	2015-12-31	2014-12-31	2015-12-31	2014-12-31
Salaries and other short-term benefits	4.517	3.434	700	628
Whereof: Termination benefits and benefits to Board Members	733	415	92	94
Number of management staff	71	77	10	8

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

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

All amounts in thousands of euro unless otherwise stated

9 Restatement of comparative information

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 comparability purposes financial data for year 2014 was re-presented.

From 2015 the Group presents Subcontracting and materials for construction expenses within 'Repair and maintenance expenses' line. Until 31 December 2014 these expenses were presented within 'Other expenses' line. For information comparability purposes financial data for year 2014 was re-presented.

	2014			
	As reported	Re-presented Gas for trading expenses	Re-presented Subcontracting and materials for construction expenses	Re-presented
Sales revenue	926.065	-	-	926.065
Other income	46.624	-	-	46.624
Total revenue	972.689	-	-	972.689
Purchases of electricity, gas for trading and related services	(387.673)	(148.854)	-	(536.527)
Purchases of gas and heavy fuel oil	(224.707)	148.854	-	(75.853)
Depreciation and amortisation	(131.917)	-	-	(131.917)
Wages and salaries and related expenses	(76.534)	-	-	(76.534)
Repair and maintenance expenses	(29.924)	-	(4.797)	(34.721)
Revaluation of property, plant and equipment	(416.501)	-	-	(416.501)
Other expenses	(96.344)	-	4.797	(91.547)
Total operating expenses	(1.363.600)	-	-	(1.363.600)
Operating profit (loss)	(390.911)	-	-	(390.911)
Negative goodwill on acquisition of AB Lietuvos Dujos	44.660	-	-	44.660
Share of result of investment accounted at equity method	43.209	-	-	43.209
Re-measurement of investment accounted at equity method	(28.379)	-	-	(28.379)
Finance income	5.422	-	-	5.422
Finance costs	(7.824)	-	-	(7.824)
Share of results of other associates	291	-	-	291
Profit (loss) before tax	(333.532)	-	-	(333.532)
Current year income tax expense	(15.394)	-	-	(15.394)
Deferred income tax (expense)/income	68.965	-	-	68.965
Net profit (loss)	(279.961)	-	-	(279.961)
Attributable to:				
Owners of the parent	(261.428)	-	-	(261.428)
Non-controlling interests	(18.533)	-	-	(18.533)
Other comprehensive income (expenses)	(165.819)	-	-	(165.819)
Total comprehensive income (expenses) for the period	(445.780)	-	-	(445.780)
Attributable to:				
Owners of the parent	(417.972)	-	-	(417.972)
Non-controlling interests	(27.808)	-	-	(27.808)

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.

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

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 - Aguonų 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 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

Reorganization of subsidiaries

As described in Note 10, at 1 January 2016 AB LESTO and Lietuvos dujos, AB were reorganized and new company AB Energijos skirstymo operatorius commenced its operation. From 11 January 2016 shares of AB Energijos skirstymo operatorius are quoted in the Official Trading Desk of NASDAQ Vilnius.

As described in Note 10, at 1 January 2016 UAB ELEKTROS TINKLO PASLAUGOS and UAB Kauno energetikos remontas were reorganized and new company UAB Energetikos paslaugų ir rangos organizacija commenced its operation.

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.

At 1 January 2016 planned finalization of merger of UAB Lietuvos dujų tiekimas and UAB LITGAS was postponed, until legal and regulative base for liquid natural gas terminal and designated supplier will be prepared and harmonized, and changes of agreement with Statoil will be finalized. Merger of companies is due in the middle of 2016.

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 carried out these activities.

Acquisitions and disposals of investments

On 18 January 2016 the Company has acquired 209.662 units of ordinary shares of UAB EURAKRAS, which comprise 75% of UAB EURAKRAS share capital and carries 75% of voting rights in the shareholders meeting. Shares acquisition price 17.058 thous. Eur. Acquired Lithuanian company “EURAKRAS” holds 8 wind power plants park of 24 MW power in Geišiai and Rotulių II villages, Jurbarkas district.

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the year ended 31 December 2015

All amounts in thousands of euro unless otherwise stated

On 31 January the Company has acquired 100% of ordinary shares of Estonian company HOB OU and 43,28% of ordinary shares of Estonian company Tuuleenergija Osauhing for total consideration of 11.350 thous. Eur. HOB OU owns 56,72% of Tuuleenergija Osauhing shares, therefore after conclusion of this agreement the Company acquired control over 100% of Tuuleenergija Osauhing shares. Tuuleenergija Osauhing owns 6 wind power plants park f 18,3 MW power in Mali and Tamba, Estonia.

On 9 February 2016 the Company has established new company - UAB Energijos sprendimų centras. The share capital of newly established company comprises 10 thous. Eur and is divided in to 10.000 units of ordinary shares at par value 1 Eur each. Shares emission price is 150 thous. Eur. The main activity of the UAB Energijos sprendimų centras is providing energy spare services and development of renewing energy resources. Articles of association of UAB Energijos sprendimų centras were registered in the Register of Legal Entities on 17 February 2016.

Redemption of shares under a judgement of Supreme Court of Lithuania

The Order issued by the Minister of Finance obligates the Company to implement the Resolution of the Government of the Republic of Lithuania No 1126 of 26 October 2015 'On the redemption of shares' (hereinafter referred to as the 'Resolution') and to redeem (purchase), on the terms and conditions set out in the Resolution, the shares of minority shareholders of former LIETUVOS ELEKTRINĖ AB which are redeemable by the State, which have been acquired into ownership by converting the shares into shares of Lietuvos energija, AB (present name Lietuvos energijos gamyba, AB) upon the reorganisation of LIETUVOS ENERGIJA, AB and LIETUVOS ELEKTRINĖ, and which were not transferred to third parties.

The beginning of redemption of the shares was announced on 9 February 2016. The shares to be redeemed shall be the shares of minority shareholders of LIETUVOS ELEKTRINĖ, AB that are equated to the shares of Lietuvos Energijos Gamyba according to the rate indicated in the above-mentioned Resolution – 1,37 shares of Lietuvos Energijos Gamyba for one share held in LIETUVOS ELEKTRINĖ, AB. The price per redeemed ordinary registered share of Lietuvos Energijos Gamyba shall be EUR 1,2959.

Within the set time limit of 90 (ninety) calendar days from the publication of the notification on the redemption of the shares of Lietuvos Energijos Gamyba in the electronic publication for public notifications administered by the manager of the Register of Legal Entities (State Enterprise Centre of Registers) on 9 February 2016, all minority shareholders shall have the right to request that Lietuvos Energija redeems their shares, meeting the above criteria. Shareholders, who fail to do that within the set time limit of 90 (ninety) calendar days, will lose the right to request redemption of the shares specified in the Resolution for the price fixed in the Court's ruling and in the Resolution.
