

2016

LIETUVOS ENERGIJA, UAB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE II QUARTER OF 2016 AND 6 MONTHS PERIOD ENDED 30 JUNE 2016
PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



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Translation note:

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

Condensed interim financial information was approved by the Chief Executive Officer, Finance and Treasury Director of "Lietuvos energija", UAB and Head of Accounting Service Center of UAB Verslo Aptarnavimo Centras (acting under Order No V-088 of 29 August 2016) at 31 August 2016:



Dalius Misiūnas
Chief Executive Officer



Darius Kašauskas
Finance and Treasury Director



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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2016-06-30	2015-12-31	2016-06-30	2015-12-31
ASSETS					
Non-current assets					
Intangible assets	4	24.005	21.539	-	-
Property, plant and equipment	5	1.717.976	1.631.117	284	286
Prepayments for non-current assets		1.268	1.267	-	-
Investment property		45.922	48.519	-	-
Investments in subsidiaries	6	3	6	1.151.611	1.102.286
Amounts receivable after one year	7	218.164	243.153	209.975	238.975
Other non-current assets		1.784	3.288	-	-
Deferred income tax asset		2.310	6.488	49	50
Total non-current assets		2.011.432	1.955.377	1.361.919	1.341.597
Current assets					
Inventories	9	19.722	39.974	-	-
Prepayments	9	20.606	40.170	106	6
Trade receivables		87.300	107.066	-	-
Other amounts receivable		12.577	20.977	6.679	4.760
Other current assets		1.080	798	-	-
Prepaid income tax		576	5.757	14	-
Loans and short-term investments	8	4.552	4.561	9.593	4.561
Cash and cash equivalents	10	171.845	164.341	672	13.179
		318.258	383.644	17.064	22.506
Non-current assets held for sale		796	209	77	77
Total current assets		319.054	383.853	17.141	22.583
TOTAL ASSETS		2.330.486	2.339.230	1.379.060	1.364.180
EQUITY AND LIABILITIES					
Equity					
Share capital	11	1.212.156	1.212.156	1.212.156	1.212.156
Reserves		94.887	91.148	9.777	4.255
Retained earnings (deficit)		(50.882)	(49.264)	52.755	83.289
Equity attributable to owners of the parent		1.256.161	1.254.040	1.274.688	1.299.700
Non-controlling interests		59.391	50.445	-	-
Total equity		1.315.552	1.304.485	1.274.688	1.299.700
Liabilities					
Non-current liabilities					
Non-current borrowings	12	334.342	277.805	24.506	-
Finance lease liabilities		404	473	-	-
Grants and subsidies		291.977	296.437	-	-
Deferred income tax liabilities		32.222	26.648	-	-
Provisions	13	3.218	5.084	-	-
Deferred income		53.045	53.602	-	-
Other non-current amounts payable and liabilities		18.902	9.033	18.210	17.873
Total non-current liabilities		734.110	669.082	42.716	17.873
Current liabilities					
Current portion of long-term debts	12	97.898	99.023	1.065	-
Current borrowings	12	26.768	43.232	36.698	-
Current portion of finance lease liabilities		146	155	-	-
Trade payables		60.018	92.119	159	443
Advance amounts received		28.514	39.386	357	28
Income tax liabilities		6.002	1.314	-	223
Provisions	13	8.537	23.333	-	-
Other current amounts payable and liabilities		52.941	67.101	23.377	45.913
Total current liabilities		280.824	365.663	61.656	46.607
Total liabilities		1.014.934	1.034.745	104.372	64.480
TOTAL EQUITY AND LIABILITIES		2.330.486	2.339.230	1.379.060	1.364.180

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

	Notes	Group				Company			
		2016 Jan-Jun	2016 Apr-Jun	2015 Jan-Jun (restated, Note 20)	2015 Apr-Jun (restated, Note 20)	2016 Jan-Jun	2016 Apr-Jun	2015 Jan-Jun	2015 Apr-Jun
Revenue									
Sales revenue		563.732	235.680	525.358	214.244	613	288	936	573
Other income		15.901	8.854	22.946	12.296	1	1	1	1
Total revenue		579.633	244.534	548.304	226.540	614	289	937	574
Operating expenses									
Purchases of electricity, gas for trading and related services		(357.092)	(141.959)	(385.660)	(161.073)	-	-	-	-
Purchases of gas and heavy fuel oil		(18.904)	(7.755)	(4.616)	(3.912)	-	-	-	-
Depreciation and amortisation		(38.332)	(19.461)	(37.061)	(18.017)	(2)	(1)	(2)	(1)
Wages and salaries and related expenses		(42.519)	(20.303)	(46.915)	(23.293)	(1.641)	(898)	(1.369)	(735)
Repair and maintenance expenses		(10.147)	(5.591)	(15.069)	(9.700)	-	-	-	-
Other expenses	14	(24.180)	(9.788)	(17.900)	(8.633)	(728)	(383)	(2.552)	(2.230)
Total operating expenses		(491.174)	(204.857)	(507.221)	(224.628)	(2.371)	(1.282)	(3.923)	(2.966)
Operating profit (loss)		88.459	39.677	41.083	1.912	(1.757)	(993)	(2.986)	(2.392)
Finance income	15	2.152	1.214	3.143	1.343	33.739	1.973	64.031	62.299
Finance costs	16	(4.056)	(2.083)	(4.618)	(1.250)	(652)	(390)	(1.730)	(142)
Share of results of associates accounted for using equity method		-	2	-	-	-	-	-	-
Profit (loss) before tax		86.555	38.810	39.608	2.005	31.330	590	59.315	59.765
Current year income tax expense		(9.650)	(3.109)	2.415	7.228	(66)	26	(36)	(36)
Deferred income tax (expense)/income		(9.832)	(3.908)	(3.189)	(1.374)	(7)	(16)	(3)	(17)
Net profit (loss)		67.073	31.793	38.834	7.859	31.257	600	59.276	59.712
Attributable to:									
Owners of the parent		60.903	28.877	35.997	5.801	31.257	600	59.276	59.712
Non-controlling interests		6.170	2.916	2.837	2.058	-	-	-	-
Other comprehensive income (loss)									
Items that will not be reclassified to profit or loss									
Gain (loss) on revaluation of non-current assets		-	-	(54)	-	-	-	-	-
Items that will not be reclassified to profit or loss, total		-	-	(54)	-	-	-	-	-
Items that will be reclassified to profit or loss									
Change in fair value of available-for-sale financial assets		(29)	(15)	-	-	(29)	(15)	-	-
Items that will be reclassified to profit or loss, total		(29)	(15)	-	-	(29)	(15)	-	-
Other comprehensive income (loss)		(29)	(15)	(54)	-	(29)	(15)	-	-
Total comprehensive income (loss) for the period		67.044	31.778	38.780	7.859	31.228	585	59.276	59.712
Attributable to:									
Owners of the parent		60.874	28.862	35.943	5.801	31.228	585	59.276	59.712
Non-controlling interests		6.170	2.916	2.837	2.058	-	-	-	-

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Group					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		-	-	(54)	-	-	(54)	-	(54)
Total other comprehensive income (loss)		-	-	(54)	-	-	(54)	-	(54)
Net profit for the reporting period (recalculated, Note 20)		-	-	-	-	35.997	35.997	2.837	38.834
Total comprehensive income (loss) for the period		-	-	(54)	-	35.997	35.943	2.837	38.780
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(2.833)	-	2.833	-	-	-
Transfer to reserves and movement in reserves		-	4.413	-	27	(4.413)	27	8	35
Dividends	18	-	-	-	-	(28.093)	(28.093)	(2.521)	(30.614)
Share capital conversion result	16	1.588	-	-	-	-	1.588	-	1.588
Acquisition of shares from non-controlling interest		-	2	(188)	-	699	513	(275)	238
Balance at 30 June 2015		1.212.156	28.777	64.555	74	(35.524)	1.270.038	48.879	1.318.917
Balance at 1 January 2016		1.212.156	28.777	62.323	48	(49.264)	1.254.040	50.445	1.304.485
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	(29)	-	(29)	-	(29)
Total other comprehensive income (loss)		-	-	-	(29)	-	(29)	-	(29)
Net profit for the period		-	-	-	-	60.903	60.903	6.170	67.073
Total comprehensive income (loss) for the period		-	-	-	(29)	60.903	60.874	6.170	67.044
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(2.359)	-	2.359	-	-	-
Transfer to reserves and movement in reserves		-	5.768	-	-	(5.768)	-	-	-
Dividends	18	-	-	-	-	(56.240)	(56.240)	(1.938)	(58.178)
Acquisition of subsidiary (UAB EURAKRAS)	6	-	-	-	-	-	-	2.033	2.033
Change in non-controlling interest due to reorganization		-	85	284	-	9	378	(378)	-
Acquisition of shares from non-controlling interest		-	67	6	-	(2.964)	(2.891)	(2.212)	(5.103)
Share of non-controlling interest in transfers to reserves		-	(83)	-	-	83	-	-	-
Increase of share capital of Kauno Kogeneracinė Jėgainė UAB	6	-	-	-	-	-	-	5.271	5.271
Balance at 30 June 2016		1.212.156	34.614	60.254	19	(50.882)	1.256.161	59.391	1.315.552

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2015		1.210.568	-	74	34.323	1.244.965
Net profit for the period		-	-	-	59.276	59.276
Total comprehensive income for the period		-	-	-	59.276	59.276
Transfer to legal reserve		-	4.207	-	(4.207)	-
Dividends	18	-	-	-	(28.093)	(28.093)
Share capital conversion result	16	1.588	-	-	-	1.588
Balance at 30 June 2015		1.212.156	4.207	74	61.299	1.277.736
Balance at 1 January 2016		1.212.156	4.207	48	83.289	1.299.700
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	(29)	-	(29)
Total other comprehensive income (loss)		-	-	(29)	-	(29)
Net profit for the period		-	-	-	31.257	31.257
Total comprehensive income (loss) for the period		-	-	(29)	31.257	31.228
Transfer to legal reserve		-	5.551	-	(5.551)	-
Dividends	18	-	-	-	(56.240)	(56.240)
Balance at 30 June 2016		1.212.156	9.758	19	52.755	1.274.688

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2016-06-30	2015-06-30 (restated, Note 20)	2016-06-30	2015-06-30
Cash flows from operating activities					
Net profit (loss) for the year		67.073	38.834	31.257	59.276
Adjustments for non-monetary expenses (income):					
Depreciation and amortisation expenses	4,5	44.293	42.972	2	2
Impairment of PP&E/reversal of impairment	5	(22)	(125)	-	-
Impairment of financial assets		371	57	-	-
Impairment of investments in subsidiaries		-	-	-	1.667
Income tax expenses		19.482	775	73	39
(Depreciation) of grants		(5.961)	(5.787)	-	-
Increase (decrease) in provisions		(15.514)	8.345	-	-
Inventory write-down expenses		17	(918)	-	-
Change in fair value of trade derivatives		-	(1.947)	-	-
(Income) expenses on revaluation of emission allowances		6.330	(302)	-	-
Emission allowances utilised	4	2.999	2.992	-	-
(Gain) loss on disposal/write-off of property, plant and equipment		903	697	-	-
Elimination of results of financing and investing activities:					
Interest income	15	(1.833)	(2.451)	(2.532)	(3.293)
Interest expenses	16	2.917	2.449	328	142
Other finance (income) costs		820	1.477	(30.883)	(59.150)
Changes in working capital:					
(Increase) decrease in trade receivables and other amounts receivable		33.525	46.204	347	(1.047)
(Increase) decrease in inventories, prepayments and other current assets		39.082	21.197	(180)	-
Increase (decrease) in amounts payable, deferred income and advance amounts received		(38.606)	(93.066)	139	(19)
Income tax (paid)		(1.903)	(3.979)	(223)	-
Net cash flows from (used in) operating activities		153.973	57.424	(1.672)	(2.383)
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(79.379)	(52.625)	-	-
Disposal of property, plant and equipment and intangible assets		1.071	1.066	-	-
Loans (granted)		-	-	(5.191)	-
Loan repayments received		29.000	-	29.150	-
(Acquisition) of subsidiaries	6	(27.674)	-	(71.929)	(23.334)
Grants received		138	4.168	-	-
Interest received		58	829	1.490	1.202
Change in non-controlling interest due to changes in Group's structure		(5.103)	238	-	-
Dividends received		-	-	29.957	60.738
Net cash flows from (used in) investing activities		(81.889)	(46.324)	(16.523)	38.606
Cash flows from financing activities					
Proceeds from borrowings		45.540	80.334	25.571	-
Repayments of borrowings		(34.677)	(96.867)	-	-
Finance lease payments		(83)	(8)	-	-
Interest paid		(2.935)	(2.909)	(341)	-
Dividends paid		(58.178)	(30.614)	(56.240)	(28.093)
Increase of share capital of Kauno Kogeneracinė/Jėgėgainė UAB		1.277	-	-	-
Net cash flows from (used in) financing activities		(49.056)	(50.064)	(31.010)	(28.093)
Increase (decrease) in cash and cash equivalents (including overdraft)					
		23.028	(38.964)	(49.205)	8.130
Cash and cash equivalents (including overdraft) at the beginning of the year	10	122.810	197.989	13.179	31.347
Cash and cash equivalents (including overdraft) at the end of the year	10	145.838	159.025	(36.026)	39.477

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

1. General information

This financial information contains unaudited condensed interim financial information of Lietuvos Energija UAB (hereinafter referred to as "the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") for a six-month period ended 30 June 2016 (hereinafter referred to as "the financial information" or "the interim financial information").

Lietuvos Energija UAB is a private limited liability company registered in the Republic of Lithuania. The address of the Company's registered office is Žvejų g. 14, LT-09310, Vilnius, Lithuania. The Company is a limited liability profit-seeking entity registered on 28 August 2008 with the Register of Legal Entities managed by the public institution the Centre of Registers. The Company's code 301844044, VAT payer's code LT10004278519. The Company has been established for an unlimited period.

Lietuvos Energija UAB is a parent company, which is responsible for the management and coordination of activities of the Group companies engaged in electric power and heat production and supply (also electric power production from renewable sources), electric power import and export, distribution and trade, natural gas distribution and trade, as well as in service and development of electric energy industry.

The Company analyses the activities of the Group companies, represents the whole group, implements its shareholders' rights and obligations, defines operation guidelines and rules, and coordinates the activities in the fields of finance, law, strategy and development, human resources, risk management, audit, technology, communication and other.

The Company seeks to ensure effective operation of the Group companies, implementation of goals related to the Group's activities set forth in the National Energetic Independence Strategy and other legal acts, ensuring that it builds a sustainable value in a socially responsible manner.

The Company is wholly owned by the state of the Republic of Lithuania.

Company's shareholder	2016-06-30		2015-12-31	
	Share capital, EUR thousand	%	Share capital, EUR thousand	%
Republic of Lithuania represented by the Lithuanian Ministry of Finance	1.212.156	100,00	1.212.156	100,00

The Group consists of Lietuvos Energija UAB and subsidiaries directly or indirectly controlled by the Company:

Company	Office address	Effective ownership interest at 2016-06-30 (%)	Share capital (EUR thousand) 2016-06-30	Main activity
Lietuvos Energijos Gamyba AB	Elektrinės g. 21, Elektrėnai	96,75	184.174	Electricity generation, supply, import, export and trade
Energijos Skirstymo Operatorius AB (until 2016-01-01 LESTO, AB and Lietuvos dujos, AB)	Aguonų g. 24, Vilnius	94,98	259.443	Electricity supply and distribution to end users, natural gas distribution
NT Valdosa UAB	Geologų g. 16, Vilnius	100,00	85.550	Operation of real estate, other related activities and provision of services
Duomenų Logistikos Centras UAB	A. Juozapavičiaus g. 13, Vilnius	79,64	4.033	Support services for information technology and telecommunications
Energetikos Paslaugų ir Rangos Organizacija UAB (until 2016-01-01 ELEKTROS TINKLO PASLAUGOS UAB and Kauno energetikos remontas UAB)	Motorų g. 2, Vilnius	100,00	7.003	Construction, repair and maintenance of electricity networks, energy and related equipment, connection of customers to the grid, manufacturing of metal structures
LITGAS UAB	Žvejų g. 14, Vilnius	66,67	13.050	Supply of liquid natural gas via terminal and trade in natural gas (100% of votes)
Elektroninių Mokėjimų Agentūra UAB (former Gotlitas UAB)	Žvejų g. 14, Vilnius	100,00	437	Provision of payment collection services
Energijos Tiekimas UAB	Lukšio g. 1, Vilnius	100,00	17.240	Supply of electricity and natural gas
Public Institution Energetikų Mokymo Centras	Jeruzalės g. 21, Vilnius	100,00	85	Professional development and continuing training of energy specialists
Geton Energy OÜ	Narva mnt 5, 10117 Tallinn	100,00	35	Supply of electricity
Geton Energy SIA	Bezdelingu 12, LV-1048, Riga	100,00	28	Supply of electricity
Technologijų ir Inovacijų Centras UAB	A. Juozapavičiaus g. 13, Vilnius	97,80	6.440	Provision of IT, telecommunication and other services
VAE SPB UAB	Smolensko g. 5, Vilnius	100,00	293	Nuclear power plant Project development, business and other management consultations
Verslo Aptarnavimo Centras UAB	P. Lukšio g. 5B, Vilnius	97,00	580	Organisation and execution of public procurement, accounting and personnel administration services

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2016

All amounts in thousands of euro unless otherwise stated

Company	Office address	Effective ownership interest at 2016-06-30 (%)	Share capital (EUR thousand) 2016-06-30	Main activity
Lietuvos Dujų Tiekimas UAB Lithuanian Energy Support Fund	Žvejų g. 14, Vilnius	100,00	8.370	Natural gas supply
Vilniaus Kogeneracinė Jėgainė, UAB	Žvejų g. 14, Vilnius	100,00	1.003	Provision of support for projects, initiatives and activities of public interest
Kauno Kogeneracinė Jėgainė UAB	Žvejų g. 14, Vilnius	100,00	1.003	Modernisation of district heating supply in Vilnius city
Tuuleenergia OU	Žvejų g. 14, Vilnius Keskus, Helmküla, Varbla Rural Municipality, Pärnu County	51,00	10.759	Modernisation of district heating supply in Kaunas city
HOB OU	Mustamäe tee 16, Tallinn	100,00	499	Electricity generation from renewable sources
Eurakras UAB	Vytenio g. 46, Vilnius	75,00	3.653	Shareholder of 57% of Tuuleenergia OU, engaged in electricity generation from renewable sources
Energijos Sprendimų Centras UAB	Žvejų g. 14, Vilnius	100,00	8.096	Electricity generation from renewable sources
			10	Provision of electricity spare services

As at 30 June 2016 the Group had 4.916 employees (31 December 2015 – 5.379), the Company had 84 employees (31 December 2015 - 78).

The Company's management approved this condensed interim financial information on 31 August 2016.

2. Summary of significant accounting principles

This condensed interim financial information for a six-month period ended 30 June 2016 has been prepared in accordance with International Accounting Standards (IAS) as adopted by European Union and applicable for the preparation of interim financial statements (IAS 34 Interim Financial Reporting).

For a better understanding of data contained in the condensed interim financial information, this financial information should be read in conjunction with the consolidated and the Company's financial statements for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

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 2015.

Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

New and amended standards, and interpretations

There are no new standards, amendments and interpretations that are mandatory for the Group and the Company with effect from 2016, and that would have a material impact on the Group's and Company's financial information.

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

Accounting policies applied to significant transactions within the Group in relation to the Group's restructuring are set out below (as described in Note 6).

Business combinations

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases.

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IFRS 3 Business Combinations is not applied to business combinations involving entities under common control, therefore, for the purpose of this financial information business combinations involving entities under common control were accounted for using the 'pooling of interest' method.

Acquisition method is applied to account for acquisition of subsidiaries that are not part of the Company's group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred in a bargain purchase, the equity interests issued, and the liabilities assumed at the bargain purchase date. Acquisition-related costs are expensed as incurred. Identifiable net assets, liabilities and contingent liabilities acquired in the acquiree, which meet IFRS 3 Business Combinations criteria, are recognised at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Minority interest in the acquiree is initially recognised at the minority interest's proportionate share of the recognised amounts of net assets, liabilities and contingent liabilities.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Critical accounting estimates and judgments 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 2015.

Revaluation and impairment of assets

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

If the value of assets is measured based on a depreciated replacement cost method, International Valuation Standards require that an economic depreciation test should be performed. Accounting standards require a periodical review of property, plant and equipment for impairment. The value of property, plant and equipment should be reduced if its carrying value in the statement of financial position is higher than its value in use or the fair value less cost to sell. In other words, the carrying amount of property, plant and equipment reported in the statement of financial position should be written down to the higher of the present value of the future benefits that would be derived by the Company or the Group from the continued use of the assets and the proceeds it would derive from the asset's disposal.

Revaluation of assets of subsidiaries, except for Enerģijos Skirstymo Operatorius AB, and fair value measurement

As at 31 December 2015, an independent valuation at the Group level was carried out in respect of Kauno Enerģetikos Remontas UAB (from 1 January 2016 Enerģetikos Paslaugų ir Rangos Organizacija UAB, see Note 6) and NT Valdos UAB (buildings and structures). The valuation of assets was conducted by independent valuers.

As at 31 December 2015, the fair value of property, plant and equipment of subsidiary Kauno Enerģetikos Remontas UAB was determined by independent valuer using the sales comparison approach (analogous sale prices) in respect of the category of immovable property. Valuation of other categories of assets was carried out using in parallel the sales comparison and the replacement cost methods. Assets that were evaluated using the replacement cost method were tested for impairment, as a result of which no indications of impairment were identified. In the opinion of the management of Enerģetikos Paslaugų ir Rangos Organizacija UAB, fair value of Kauno Enerģetikos Remontas UAB, which was merged at 1 January 2016, did not change significantly through the I half-year of 2016.

In November 2015, valuation of all buildings and structures of subsidiary NT Valdos UAB was carried out by independent valuer InReal UAB using the sales comparison approach (analogous sale prices) and the income approach. In the opinion of management of NT Valdos UAB, the adjusted values of these assets under the above-mentioned approach as at 1 December 2015 approximated their fair value as at 31 December 2015 and did not change significantly during the I half-year of 2016.

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As at 30 June 2016 and 31 December 2015 other Group companies did not carry out valuation of assets stated at revalued amounts, because revaluations were performed not more than 4 years ago and there are no indications of a significant difference between the net book amount and market value of assets stated at revalued amount.

Revaluation of property, plant and equipment of Energijos Skirstymo Operatorius AB (until 1 January 2016 LESTO AB and Lietuvos Dujos AB)

Revaluation and impairment of property, plant and equipment of Lietuvos Dujos AB in 2015

In September 2015, the whole category of buildings was subject to revaluation with reference to the value determined by independent property valuers – Korporacija Matininkai UAB and Ober-Haus Nekilnojamas Turtas UAB. The valuation was performed using the sales comparison approach. The revaluation results were recorded within other comprehensive income and in profit or loss.

At the reporting date of 31 December 2015, the assets of Lietuvos Dujos AB were tested for impairment using the discounted cash flow method. Discounted cash flows were calculated in accordance with the legal acts and methodologies regulating the gas distribution activities, effective as at 31 December 2015.

The impairment test of Lietuvos Dujos AB included the cash flow forecasts until 2070 as the gas distribution activity is regulated on the basis of the regulated asset base, which mostly consists of assets with long useful life (55 years); continuous cash flow has been estimated beyond the year 2070.

Lietuvos Dujos AB did not identify any impairment indications in respect of property, plant and equipment after the completion of the impairment test.

Revaluation of property, plant and equipment of LESTO AB in 2015

At the reporting date of 31 December 2015, LESTO AB used the discounted cash flow method to assess whether the carrying amount of its property, plant and equipment does not materially differ from fair value. Discounted cash flows were calculated in accordance with the legal acts and methodologies regulating the distribution and supply activities, effective as at 31 December 2015.

The assessment of the fair value of property, plant and equipment of LESTO AB as at 31 December 2015 included the cash flow forecasts until 2055 as the distribution activity is regulated on the basis of the regulated asset base, which mostly consists of assets with long useful life (40 years) – electricity lines.

After the completion of the fair value assessment, LESTO AB has identified that the carrying amount of property, plant and equipment does not significantly differ from its fair value

All the above asset valuation assumptions, considering the period from the last valuation date of property, plant and equipment valuation up to 30 June 2016, have not significantly changed, therefore there are indications for possible impairment or changes in fair value of property, plant and equipment of Energijos Skirstymo Operatorius AB.

Impairment of assets stated at acquisition cost

In 2016 and 2015, the Group accounted for property, plant and equipment, except for the assets of Hydro Power Plant, Pumped Storage Power Plant (Reserve Power Plant and Combined-Cycle Unit), wind power plants and its equipment, at the revalued amount in accordance with IAS 16, 'Property, Plant and Equipment'.

The Group makes an assessment, at least annually, whether there are any indications that the carrying amount of property, plant and equipment has been impaired.

As at 30 June 2016 and 31 December 2015, the Company's management evaluated the property, plant and equipment of Kruonis Pumped Storage Power Plant and Kaunas Hydro Power Plant named after Algirdas Brazauskas and did not identify any impairment indications.

In view of the Company's management decision on dismantling units 5 and 6 of the Reserve Power Plant passed at the end of 2015, the Company recognised impairment loss equal to the carrying value of units 5 and 6 of the Reserve Power Plant as at 31 December 2015. The dismantling works of units 5 and 6 are expected to start at the beginning of 2017 after the completion of the dismantling of units 1 and 2.

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

As at 30 June 2016 Group's management had not determined any impairment indications for other property, plant and equipment, accounted for at cost.

Assessment of investments in subsidiaries

Although the shares of the Company's subsidiaries Energijos Skirstymo Operatorius AB and Lietuvos Energijos Gamyba AB are traded at Vilnius Stock Exchange, the Company's management believes this market is not active enough so that the quoted stock prices could be treated as an equivalent to the fair value of investments in the subsidiaries at the reporting date.

As at 31 December 2015, the Company tested for impairment its investment in subsidiary LESTO AB using the discounted cash flow method and recognised reversal of impairment of EUR 38,9 million, which largely resulted from changes in the regulatory environment.

As at 31 December 2015, the Company tested for impairment its investment in subsidiary Lietuvos Dujos AB using the discounted cash flow method and recognised impairment of EUR 20,4 million, which largely resulted from changes in the regulatory environment. As at 30 June 2016, the Company assessed the investment in Energijos Skirstymo Operatorius AB (until 1 January 2016 LESTO AB and Lietuvos Dujos AB) and did not establish any impairment indications.

As at 31 December 2015 the Company tested for impairment the investment in subsidiary VAE SPB UAB and recognised impairment of EUR 1.168 thous.

As at 30 June 2015, the Company tested for impairment its investment in subsidiary Litgas UAB using the discounted cash flow method. Discounted cash flows were calculated in accordance with the effective legal acts and methodologies regulating the activity of the designated supplier and taking into consideration the most probable scenario for the development of the natural gas trade activity and uncertainties existing in the liquefied natural gas industry. Discounted cash flows were calculated using a discount rate of 9.72%, which is established as the required return on the share capital. As a result of the analysis, the Company's management determined that the impairment of the investment in Litgas UAB was equal to EUR 1.092 thousand as at 30 June 2015 and 31 December 2015.

As at 30 June 2016, the Company performed the impairment test in respect of the investment in subsidiary Duomenų Logistikos Centras UAB and did not establish any impairment indications.

The Company estimated the existence of impairment indications in respect of the investments in other subsidiaries of the Company and did not identify any impairment indications thereon as at 30 June 2016. Consequently, the impairment tests were not performed.

Consideration for the disposal of LITGRID AB

As part of the implementation of the requirements of the Law on Electricity, the Lithuanian Government passed Resolution No 826 on 4 July 2012 Regarding the establishment of the private limited liability company and investment of state-owned assets, whereby the Ministry of Energy was committed to establish a private limited liability company and pass all necessary decisions in order to transfer the shares of Litgrid AB held by Lietuvos Energija UAB to a newly established private limited liability company EPSO-G UAB in return for a certain consideration based on the market value of shares established by independent valuers. The independent valuer determined the market value in respect of 97.5% of shares of Litgrid AB using the income approach.

The purchase-sale agreement of shares of Litgrid AB provide for a premium to the final price, the amount of which depends on the regulatory environment in the future periods. On 15 January 2015, the Commission approved a new regulation methodology (LRAIC) under which the Commission set the price caps for Litgrid AB's transmission services via high voltage networks for the period 2016-2020. On 21 September 2015, the Commission approved the amendments to the methodology, under which the price caps for electricity transmission via high voltage networks were recalculated for the period 2016-2020 and approved under Resolution of 19 October 2015. In view of the above-mentioned developments, the Company assessed the price premium and determined that according to the purchase-sale agreement of shares of Litgrid AB the price premium was equal to zero as at 30 June 2016 and 31 December 2015.

Assessment of price premiums in establishing the acquisition cost of shares

Price premium for the shares of NT Valdos UAB

In April 2015, the Company acquired the shares of NT Valdos UAB from LESTO AB, Lietuvos Energijos Gamyba AB, Duomenų Logistikos Centras UAB and Litgrid AB, thereby resulting in 100% direct control over NT Valdos UAB.

The premium to the basic sale price established for the acquired shares is payable by 31 March 2019, the amount of which may vary depending on the financial performance of NT Valdos UAB. The Company assumes that the established premium to the basic sale price payable in 2019 will be equal to the maximum amount, i.e. EUR 19.400 thousand. In estimating the acquisition cost of the investments the Company accounted for this premium at the present value prevailing at the acquisition date, i.e. EUR 17.506 thousand. The price premium was discounted using an average interest rate set by the Bank of Lithuania on borrowings in excess of EUR 1.000 thousand, which was equal to 2.65% at the date of acquisition. Interest expenses related to the establishment of the present value of the price premium that were recognised by the Company amounted to EUR 234 thousand for the six-month period ended 30 June 2016. As at 30 June 2016, the Company reviewed the actual and projected financial performance indicators of NT Valdos UAB and assumed that NT Valdos UAB will achieve the financial performance targets. Consequently, the assessment made in 2015 stating that the Company will pay the maximum amount of the price premium on 31 March 2019 has remained unchanged.

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Price premium for the shares of Kauno Energetikos Remontas UAB

On 31 March 2015, the Company signed the share purchase-sale agreement with Lietuvos Energijos Gamyba AB, under which it acquired 100% (i.e. 15,244,112) of ordinary registered shares of Kauno Energetikos Remontas UAB. The purchase-sale agreement of shares of Kauno Energetikos Remontas UAB provide for a premium to the final price, the amount of which depends on the implementation of the biofuel boiler plant project. If the loss from the biofuel boiler plant project increases or decreases by more than EUR 50 thousand, the purchase-sale price of shares of Kauno Energetikos Remontas UAB will be adjusted by 89% of the amount of this change. The purchase-sale price of shares of Kauno Energetikos Remontas UAB can be recalculated till 31 December 2016. As at 31 December 2015, in view of the fact that the loss from the biofuel boiler plant project increased, the Company's management estimated that the acquisition cost of the shares of Kauno Energetikos Remontas UAB should be EUR 436 thousand lower and reduced accordingly the acquisition cost of the investment. The Company's management reviewed the implementation the biofuel boiler plant project and determined that the loss did not change significantly, thus the price premium for the shares of Kauno Energetikos Remontas UAB was left unadjusted as at 30 June 2016.

Evaluation of the option as per the Shareholders' Agreement with FORTUM HEAT LIETUVA UAB

As described in more detail in Note 6, the authorised share capital of Kauno Kogeneracinė Jėgainė UAB (KKJ) was increased on 15 March 2016. As a result, the Company's ownership interest in KKJ is equal to 51%, whereas the rest 49% of shares of KKJ are held by FORTUM HEAT LIETUVA UAB (FORTUM). Both shareholders have signed the Shareholders' Agreement, whereby the Company was vested with an option to buy the shares of KKJ owned by FORTUM, whereas FORTUM was vested with an option to sell the shares of KKJ to the Company in the event that the shareholders fail to achieve the resolution of the Deadlock Situation by mutual agreement as defined in the Shareholders' Agreement.

Under the provisions of the Shareholders' Agreement, if the Company or FORTUM decides to exercise the option, the price to be paid by the Company to FORTUM for the purchased shares owned by FORTUM in KKJ shall be equal to the sum of amounts invested by FORTUM into the capital of KKJ (i.e. the price of the issue of shares paid by FORTUM):

- plus a premium in the amount of 15% of the amounts invested by FORTUM into the capital of KKJ, if the Company exercises the Call Option; or, respectively,
- minus an investment risk discount in the amount of 15% of the amounts invested by FORTUM into the capital of KKJ, if FORTUM exercises the Put Option.

New customer connection fees

Fees paid by customers received after 1 July 2009 for the connection of new customers and producers to the Company's electricity networks and electricity network facilities or for the dislocation or reconstruction of electricity network facilities on the request of the customer, producer or any other entity, are recognised as revenue upon connection.

The above-mentioned fees received before 1 July 2009 were initially recognised as deferred income and subsequently recognised as income on a proportionate basis over the useful life of the related newly created property, plant and equipment. The related costs comprising the acquisition cost of property, plant and equipment and other costs were capitalised and are depreciated over the estimated useful life of the assets capitalised.

Payments made by customers for the connection to the Company's gas system are recorded as accrued deferred income in the statement of financial position and recognised as income over the useful life of the capitalised property, plant and equipment concerned. Such income is shown in the line item 'Sales revenue' of the statement of comprehensive income.

Accounting methods applied to account for fees paid by new customers for the connection to the electricity and gas system differ depending on the pricing of these services:

- the fee for the connection to the electricity network is determined on the basis of fees and methodologies approved by the Lithuanian legal acts and regulatory authorities; the service is deemed to be provided upon the connection of the customer to the electricity network;
- the fee for the connection non-household customers to the gas system is determined on the basis of fees and methodologies approved by the Lithuanian legal acts and regulatory authorities, however, the connection agreement of the customer who connects a new natural gas system stipulates a minimum quantity of gas to be transported via a non-household customer or new natural gas system and the minimum capacities which ensure that the new customer or new natural gas system connected does not increase the price cap for the existing customers, as well as the procedure for calculating a fee for the minimum quantities of gas to be transported by a non-household customer or natural gas system and for the minimum capacities and the periodicity of payments if a new customer connecting a new natural gas system transports lower quantities or orders lower capacities than those specified in the new customer connection agreement. Upon approval of household customer connection fees, the Commission assesses the return, receivable in 20 year period, on investment used to connect new household customers and impact of the investment on gas distribution price cap (investments should not cause increase in the current price cap) in the same way, as assesses non-household customers, although not every customer individually, rather in total by establishing the general connection fee. In this case the service provided to both non-household and household customer is continuous in nature, related to contractual obligations and future consumption, and therefore revenue is split over the depreciation period of property, plant and equipment concerned.

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Accounting for electricity meters

Until 1 January 2016, LESTO AB classified electricity meters as inventories. The Company's management assessed that electricity meters are used for a long period of time, they are controlled by the Company and reviewed individually, their acquisition cost can be reliably determined and therefore management decided to reclassify electricity meters to property, plant and equipment and apply a depreciation period of 8 years for tax purposes. The change is treated as change in accounting estimate and since 1 January 2016 electricity and gas meters are classified within the property, plant and equipment category 'Other property, plant and equipment'.

Provisions for the utilisation of emission allowances

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

Accrual of PSO service fees

A part of fees received for PSO and tertiary capacity reserve services is allocated for the maintenance of the infrastructure of the Elektrėnai Complex and for the covering of expenses related to the testing of the necessary electricity generation facilities. Infrastructure maintenance expenses include fuel, emission allowances and other generation expenses incurred during the generation of thermal power necessary for the maintenance of the infrastructure, as well as expenses related to electricity consumed by the Elektrėnai Complex and gas consumption capacity fees. The amount of PSO service fees and the capacity reserve service fees for the next calendar year are determined by National Control Commission for Prices and Energy taking into account the forecasted Company's expenses.

As at 30 June 2016, the Group recognised the refundable PSO fees amount of EUR 16.111 thousand within 'Other non-current amounts payable and liabilities', which included the refundable PSO fees amount of EUR 12.976 thousand (to be refunded during 2018) recognised during the first half of 2016, and the refundable amount of EUR 3.135 thousand recognised in 2015 (to be refunded during the second half of 2017). The PSO fees refundable for the first half of 2016 were recognised due to a higher than estimated in the PSO service tariff operating profit from commercial (non-regulated) activities of Kruonis Pumped Storage Power Plant and Kaunas Hydro Power Plant, and due to lower actual fixed and variable costs incurred in providing regulated services. As at 30 June 2016, non-current PSO fees amounts payable were accounted at amortised cost, using the effective interest method and discounting PSO amounts payable over the repayment term using a discount rate of 1.01%. The discounting effect was equal to EUR 288 thousand and was recognised within 'Other long-term amounts payable and liabilities'.

As at 31 December 2015, the Group recognised the PSO service fees of EUR 7.018 thousand refundable which will be repaid in 2017.

Capacity reserve income accrual

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

Fair value of financial assets and financial liabilities

The Group's and the Company's underlying financial assets and liabilities not measured at fair value include trade and other amounts receivable, trade and other amounts payable, non-current and current borrowings.

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and financial liabilities is not lower than the amount payable on demand, which is discounted starting from the first day on which its payment may be demanded.

The carrying amount of cash and cash equivalents, current trade and other amounts receivable, current trade and other amounts payable and current borrowings approximates their fair value.

The fair value of non-current borrowings is determined with reference to the market price of loans of the same or similar nature or interest rates payable at that time on similar maturity debts. The fair value of non-current borrowings with variable interest approximates their carrying amount in cases when margins payable on such loans are consistent with loan margins currently available in the market.

Change in taxation of goodwill

As at 15 October 2014 AB Lietuvos dujos concluded agreement with Lietuvos Dujų Tiekimas UAB 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 Lietuvos Dujų Tiekimas UAB at 31 October 2014 according to the agreement. According to the agreement Lietuvos Dujų Tiekimas paid the price for the natural gas supply activity together with assets, rights and obligations allocated to it, which amounted to EUR 17.510 thousand and was set by independent assessor as market value for the natural gas supply activity. Carrying amount of net assets acquired comprised EUR 74.434 thousand. 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.

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

Seeking to clarify taxation aspects for this transaction, Lietuvos Dujų Tiekimas UAB 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 Lietuvos Dujų Tiekimas UAB 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 EUR 8.539 thousand recognized in 2014 was accounted for in the income statement by the Group, adjusting entry required after National Tax authority decision in 2015 was also accounted in the income statement.

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4. Intangible assets

Group	Patents and licenses	Computer software	Emission allowances	Other intangible assets	Goodwill	Total
Net book value as at 1 January 2015	1.356	3.201	10.531	246	-	15.334
Acquisitions	-	192	-	455	-	647
Reclassified from/to PP&E	1	11	-	-	-	12
Write-offs/Emission allowances utilised	-	-	(2.992)	-	-	(2.992)
Revaluation of emission allowances	-	-	412	-	-	412
Return of emission allowances lent	-	-	4.615	-	-	4.615
Grant received (emission allowances)	-	-	2.139	-	-	2.139
Amortisation	(297)	(808)	-	(17)	-	(1.122)
Net book value as at 30 June 2015	1.060	2.596	14.705	684	-	19.045
Net book value as at 1 January 2016	852	3.268	16.438	981	-	21.539
Acquisitions	12	564	-	519	-	1.095
Increase due to acquisition of subsidiary (Note 6)	-	-	-	-	11.256	11.256
Reclassified from/to PP&E	954	(41)	-	(903)	-	10
Write-offs/Emission allowances utilised	-	(1)	(2.999)	-	-	(3.000)
Revaluation of emission allowances	-	-	(7.120)	-	-	(7.120)
Grant received (emission allowances)	-	-	1.733	-	-	1.733
Amortisation	(278)	(1.206)	-	(24)	-	(1.508)
Net book value as at 30 June 2016	1.540	2.584	8.052	573	11.256	24.005

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5. Property, plant and equipment

Group	Land	Buildings	Structures and machinery	Gas distribution pipelines and related equipment	Gas technological equipment and structures	Assets of Hydro Power Plant, Pumped Storage Power Plan and Lithuanian Power Plant	Wind power plants and its equipment	Structures and machinery of Thermal Power Plant	Motor vehicles	IT and telecommunication equipment	Other PP&E	Construction in progress	Total
Net book value as at 1 January 2015	2.011	66.948	653.911	104.811	4.611	133.013	-	568.497	17.788	13.413	11.885	44.201	1.621.089
Acquisitions	-	131	255	14	-	-	-	765	3.015	240	304	47.383	52.107
Disposals	-	(456)	(12)	-	-	-	-	-	(237)	(14)	-	-	(719)
Write-offs	-	(8)	(1.033)	(1)	-	-	-	-	-	(2)	(6)	-	(1.050)
Impairment/reversal of impairment	-	-	-	-	-	-	-	125	-	-	-	-	125
Revaluation	-	-	-	-	-	-	-	-	(64)	-	-	-	(64)
Reclassification between categories	-	712	40.865	2.378	61	25	-	29.801	11	18	1.565	(75.436)	-
Reclassification to assets, intangible assets	-	-	-	-	-	-	-	-	-	(1)	-	(11)	(12)
Reclassification to investment property	-	(5.462)	(230)	-	(3)	-	-	-	-	-	-	-	(5.695)
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	(994)	-	-	-	(994)
Reclassification (to) from inventories	-	-	-	-	-	37	-	161	69	(1)	-	147	413
Depreciation	-	(1.748)	(16.019)	(1.583)	(222)	(3.975)	-	(12.643)	(2.413)	(1.305)	(1.942)	-	(41.850)
Net book value as at 30 June 2015	2.011	60.117	677.737	105.619	4.447	129.100	-	586.706	17.175	12.348	11.806	16.284	1.623.350
Net book value as at 1 January 2016	2.011	55.979	729.571	110.610	4.670	125.827	-	542.277	17.879	17.893	6.056	18.344	1.631.117
Acquisitions	-	50	715	1	-	3	-	72	9.961	2.590	446	52.962	66.800
Increase due to acquisition of subsidiary (Note 6)	366	602	-	-	-	-	62.027	-	-	2	2	-	62.999
Share capital settlement by assets	-	-	-	-	-	-	-	-	-	-	-	3.994	3.994
Disposals	-	(111)	(41)	-	-	-	-	(2)	(88)	(7)	(2)	(10)	(261)
Write-offs	-	(1)	(1.218)	(6)	-	-	-	(1)	-	(2)	-	(2)	(1.230)
Impairment/reversal of impairment	-	-	-	-	-	-	-	22	-	-	-	-	22
Reclassification between categories	-	232	40.990	3.807	64	828	284	832	-	129	918	(48.084)	-
Reclassification to assets, intangible assets	-	-	-	-	-	-	-	-	-	(10)	-	-	(10)
Reclassification to investment property	-	2.552	(170)	-	-	-	-	-	-	-	-	(446)	1.936
Reclassification to assets held for sale	-	-	-	-	-	(5)	-	(36)	(841)	-	-	(2)	(884)
Reclassification (to) from inventories	-	-	-	-	-	64	-	21	-	-	-	775	860
Reclassification to finance lease	-	-	-	-	-	-	-	-	(4.582)	-	-	-	(4.582)
Depreciation	-	(1.357)	(16.735)	(1.812)	(280)	(3.985)	(1.636)	(11.656)	(2.381)	(2.107)	(836)	-	(42.785)
Net book value as at 30 June 2016	2.377	57.946	753.112	112.600	4.454	122.732	60.675	531.529	19.948	18.488	6.584	27.531	1.717.976

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Company	Other tangible assets	Construction in progress	Total
Net book value as at 1 January 2015	9	-	9
Depreciation	(2)	-	(2)
Net book value as at 30 June 2015	7	-	7
Net book value as at 1 January 2016	6	280	286
Depreciation	(2)	-	(2)
Net book value as at 30 June 2016	4	280	284

In 2016 and 2015, the Group's property, plant and equipment (excluding structures and machinery of Hydro Power Plant, Pumped Storage Power Plant and Thermal Power Plant (Combined Cycle Unit, Reserve Power Plant), Wind power plants and its equipment, gas distribution pipelines, gas technological equipment and IT and telecommunications equipment) were stated at revalued amount.

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6. Investments in subsidiaries and other investments

Reorganisation of subsidiaries

On 1 January 2016, LESTO AB and Lietuvos Dujos AB were reorganised by way of merger pursuant to paragraph 4 of Article 2.97 of the Civil Code of the Republic of Lithuania. After the reorganisation a new company started to operate named Energijos Skirstymo Operatorius AB (hereinafter referred to as "ESO"), legal entity code 304151376, registered office address: Aguonų g. 24, Vilnius. With effect from 11 January 2016, shares of Energijos Skirstymo Operatorius AB have been listed on the main list of NASDAQ OMX Vilnius stock exchange. After the reorganisation ESO took over from LESTO AB and Lietuvos Dujos AB all their non-current and current assets, as well as non-current and current financial and other obligations, amounts receivable and payable under the agreements signed by LESTO AB and Lietuvos Dujos AB, including any other otherwise arising obligations.

After the merger of LESTO AB and Lietuvos Dujos AB the Group's effective ownership interest in Energijos Skirstymo Operatorius AB is equal to 94.98%.

On 1 January 2016, ELEKTROS TINKLO PASLAUGOS UAB and Kauno Energetikos Remontas UAB were reorganised by way of merger pursuant to paragraph 4 of Article 2.97 of the Civil Code of the Republic of Lithuania. After the reorganisation ELEKTROS TINKLO PASLAUGOS UAB and Kauno Energetikos Remontas UAB ceased their activities as legal entities and a new company started to operate named Energetikos Paslaugų ir Rangos Organizacija UAB. The legal entity code of the new company is 304132956 and the address of its registered office is Motorų g. 2, Vilnius.

Acquisition of subsidiaries

On 18 January 2016, the Company acquired 209,662 ordinary registered shares of EURAKRAS UAB representing 75% of the share capital of EURAKRAS UAB and granting 75% of voting rights at the General Meeting of Shareholders. The acquisition cost of shares amounted to EUR 17.058 thousand. EURAKRAS UAB, a Lithuanian company acquired, operates the park consisting of 8 wind turbines with the capacity of 24 MW located in the villages of Geišiai and Rotuliai II in Jurbarkas region.

On 20 January 2016, the Company acquired 100% of ordinary registered shares of Estonian company HOB OU and 43,28% of ordinary registered shares of Estonian company Tuuleenergia Osauhing for EUR 11.350 thousand (including redeemed current borrowings of EUR 4.691 thousand). HOB OU has an ownership interest of 56,72% in Tuuleenergia Osauhing and therefore the Company owns 100% of shares of Tuuleenergia Osauhing as a result of this transaction. Tuuleenergia Osauhing operates the park consisting of 6 wind turbines with the capacity of 18,3 MW in the locations of Mali and Tamba in Estonia.

On business combination, assets and liabilities of EURAKRAS UAB, HOB OU and Tuuleenergia Osauhing were identified with the following fair values at the date of acquisition:

	EURAKRAS UAB	HOB OU and Tuuleenergia Osauhing	Total
Property, plant and equipment	32.363	30.636	62.999
Other non-current amounts receivable	75	605	680
Inventories and prepayments	13	-	13
Amounts receivable within one year	320	499	819
Cash and cash equivalents	580	154	734
Non-current liabilities	(24.001)	(18.586)	(42.587)
Current liabilities	(1.219)	(6.945)	(8.164)
Net assets	8.131	6.363	14.494
Non-controlling interest	2.033	-	2.033
Goodwill arising on business combination	10.960	296	11.256
Purchase consideration paid	17.058	6.659	23.717
Net cash outflow on acquisition of subsidiaries:			
Consideration paid in cash	(17.058)	(6.659)	(23.717)
Repurchased loans	-	(4.691)	(4.691)
Cash and cash equivalents balances acquired	580	154	734
Net cash outflow	(16.478)	(11.196)	(27.674)

The Group has 12 months after the date of business combination to review and determine the fair values of the assets and liabilities.

Establishment of subsidiaries

On 9 February 2016, the Company established a new company Energijos Sprendimų Centras UAB. The authorised share capital of the newly established company amounts to EUR 10 thousand and is divided into 10.000 ordinary registered shares with the nominal value of EUR 1 each. The price of share issue is equal to EUR 150 thousand. The principal activities of Energijos Sprendimų Centras UAB include the provision of energy efficiency improvement services and development of renewable energy resources. The Articles of Association of Energijos Sprendimų Centras UAB were registered with the Register of Legal entities on 17 February 2016.

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Increase and payment of share capital

By decision of the sole shareholder on 19th May 2016, the share capital of Lietuvos Dujų Tiekimas UAB was increased to EUR 8.370 thousand, by issuing new ordinary registered shares with the nominal value of EUR 0,29 each. On 13 June 2016, the amendments to the Articles of Association of Lietuvos Dujų Tiekimas UAB were registered with the Register of Legal Entities.

On 29 April 2016, the Company paid up an outstanding part of the share capital of Energijos Tiekimas UAB of EUR 7.240 thousand. As at 31 December 2015, the unpaid part of the share capital amounted to EUR 7.240 thousand. On 23 December 2015, the share capital of Energijos Tiekimas UAB was increased by issuing 16.240.000 ordinary registered intangible shares with the nominal value of EUR 1 each.

Change in ownership interest

On 15 March 2016, the Company's subsidiary Kauno Kogeneracinė Jėgainė UAB issued 10.756.300 ordinary registered shares with the nominal value of EUR 1 each. The issue price of all new shares is equal to EUR 10.756.300. The Company acquired 5.484.292 new shares with the nominal value of EUR 1 each by paying for these shares through a monetary contribution amounting to EUR 5.484 thousand. After this transaction the Company holds 51% of shares of Kauno Kogeneracinė Jėgainė UAB. The remaining ownership interest, i.e. 49%, in Kauno Kogeneracinė Jėgainė UAB is held by FORTUM HEAT LIETUVA UAB.

Buyout of shares to ensure compliance with the ruling of the Supreme Court of Lithuania

Under the Finance Minister's Order dated 12 January 2016, the Company is obliged to implement Resolution No 1126 of 26 October 2015 of the Government of the Republic of Lithuania On Buyout of Shares ("the Resolution"), and under the terms described therein buyout (acquire ownership of) the shares of the former public limited liability company LIETUVOS ELEKTRINĖ from minority shareholders, which were obtained under the title of ownership in return for the shares of Lietuvos Energija AB (currently known as Lietuvos Energijos Gamyba AB) following the reorganisation of public limited liability company LIETUVOS ENERGIJA and public limited liability company LIETUVOS ELEKTRINĖ, and which were not disposed to any third parties.

On 9 February 2016, the date for commencement of buyout of shares was published. The shares to be bought out from the minority shareholders of public limited liability company LIETUVOS ELEKTRINĖ are exchanged to the shares of Lietuvos Energijos Gamyba, AB using the ratio set forth in the Resolution, i.e. 1 share of public limited liability company LIETUVOS ELEKTRINĖ in return for 1.37 shares of Lietuvos Energijos Gamyba, AB. The price of 1 ordinary registered share of Lietuvos Energijos Gamyba, AB to be bought out was equal to EUR 1,2959.

As at 30 June 2016, the Company had additionally acquired the ownership right to 3.898.511 shares of Lietuvos Energijos Gamyba, AB and therefore the Company's ownership interest in Lietuvos Energijos Gamyba, AB increased to 96,75%.

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As at 30 June 2016 the Company's investments in subsidiaries comprised:

Company name	Acquisition cost	Impairment	Contributions against loss	Carrying amount	Ownership interest (%)	Effective Group ownership interest (%)
Subsidiaries:						
Energijos Skirstymo Operatorius AB (1)	710.921	(37.305)	-	673.616	94,98	94,98
Lietuvos Energijos Gamyba AB	299.935	-	-	299.935	96,75	96,75
NT Valdos UAB	89.377	-	-	89.377	100,00	100,00
Energijos Tiekimas UAB	23.906	-	-	23.906	100,00	100,00
EURAKRAS UAB	17.058	-	-	17.058	75,00	75,00
Energetikos Paslaugų ir Rangos Organizacija UAB (2)	9.137	-	-	9.137	100,00	100,00
Lietuvos Dujų Tiekimas UAB	8.369	-	-	8.369	100,00	100,00
LITGAS UAB	8.689	(1.092)	-	7.597	66,67	66,67
Tuuleenergia Osauhing and HOB OU	6.659	-	-	6.659	100,00	100,00
Kauno Kogeneracinė Jėgainė UAB	5.487	-	-	5.487	51,00	51,00
Duomenų Logistikos Centras UAB	7.268	(2.563)	-	4.705	79,64	79,64
Technologijų ir Inovacijų Centras UAB	3.218	-	-	3.218	50,00	97,80
Vilniaus Kogeneracinė Jėgainė UAB	1.004	-	-	1.003	100,00	100,00
Elektroninių Mokėjimų Agentūra UAB	495	-	-	496	100,00	100,00
Public Institution Energetikų Mokymo Centras	309	-	-	309	100,00	100,00
Verslo Aptarnavimo Centras UAB	295	-	-	295	51,00	97,00
VAE SPB UAB	1.014	(1.168)	445	291	100,00	100,00
Energijos Sprendimų Centras UAB	150	-	-	150	100,00	100,00
Lietuvos energijos paramos fondas	3	-	-	3	100,00	100,00
	1.193.294	(42.128)	445	1.151.611		

(1) until 1 January 2016 LESTO AB and Lietuvos Dujos AB

(2) until 1 January 2016 ELEKTROS TINKLO PASLAUGOS UAB and Kauno Energetikos Remontas UAB

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As at 31 December 2015 the Company's investments in subsidiaries and other investments comprised:

Group company	Acquisition cost	Impairment	Contribution against loss	Carrying amount	Ownership interest (%)	Effective Group ownership interest (%)
Subsidiaries:						
LESTO AB	538.874	(16.869)	-	522.005	94,39	94,39
Lietuvos Energijos Gamyba AB	294.832	-	-	294.832	96,13	96,13
Lietuvos Dujos AB	172.047	(20.436)	-	151.611	96,64	96,64
NT Valdos UAB	89.373	-	-	89.373	100,00	100,00
Energijos Tiekimas UAB	16.666	-	-	16.666	100,00	100,00
LITGAS UAB	8.689	(1.092)	-	7.597	66,67	66,67
ELEKTROS TINKLO PASLAUGOS UAB	4.795	-	-	4.795	100,00	100,00
Kauno Energetikos Remontas UAB	4.342	-	-	4.342	100,00	100,00
Duomenų Logistikos Centras UAB	7.268	(2.563)	-	4.705	79,64	79,64
Technologijų ir Inovacijų Centras UAB	3.218	-	-	3.218	50,00	97,80
VAE SPB UAB	1.018	(1.168)	314	164	100,00	100,00
Lietuvos Dujų Tiekimas UAB	869	-	-	869	100,00	100,00
Elektroninių Mokėjimų Agentūra UAB	495	-	-	495	100,00	100,00
Energetikų Mokymo Centras VŠĮ	309	-	-	309	100,00	100,00
Verslo Aptarnavimo Centras UAB	295	-	-	295	51,00	97,00
Lietuvos Energijos Paramos Fondas	3	-	-	3	100,00	100,00
Vilniaus Kogeneracinė Jėgainė UAB	1.004	-	-	1.004	100,00	100,00
Kauno Kogeneracinė Jėgainė UAB	3	-	-	3	100,00	100,00
	1.144.100	(42.128)	314	1.102.286		

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7. Amounts receivable after one year

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Amount receivable on disposal of Litgrid AB	209.975	209.975	209.975	209.975
Loan granted to EPSO-G	-	29.000	-	29.000
Finance lease	5.616	1.938	-	-
Other	3.300	3.140	-	-
Total:	218.891	244.053	209.975	238.975
Less: impairment	(727)	(900)	-	-
Carrying amount	218.164	243.153	209.975	238.975

As at 30 June 2016, the fair value of the Company's amounts receivable for the sale of Litgrid AB approximated its carrying amount and amounted to EUR 212.879 thousand (31 December 2015: EUR 247.350 thousand). Fair value was estimated on the basis of discounted cash flows using a discount rate of 1,15% (1,4% on 31 December 2015). Their fair value is attributed to Level 3 in the fair value hierarchy.

In the first half of 2016, EPSO-G UAB repaid a loan of EUR 29.000 thousand prior to its maturity.

8. Loans and short-term investments

Short term investments comprise as follows:

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Available-for-sale financial assets	4.500	4.534	4.500	4.534
Loans granted to related parties	-	-	5.041	-
Accrued interest	52	27	52	27
Carrying amount	4.552	4.561	9.593	4.561

In 2016, the Company granted loans to its subsidiaries Verslo Aptarnavimo Centras UAB, HOB OU and Tuuleenergia Osauhing.

As at 30 June 2016 and 31 December 2015, the Company's available-for-sale financial assets consisted of EUR-denominated Lithuanian Government bonds, the redemption date of which is in 2016. As at 30 June 2016, the weighted average annual interest rate on bonds was 1,68% (31 December 2015: 1,67%).

As at 30 June 2016 and 31 December 2015, Lithuanian Government bonds were stated at fair value. The fair value of debt securities is attributed to Level 1 in the fair value hierarchy and it was determined with reference to the highest bid price (including accrued interest) offered for the respective debt securities by one of three commercial banks in Lithuania, available as at 30 June 2016 and 31 December 2015.

9. Inventories and prepayments

As at 30 June 2016 and 31 December 2015 Group's and Company's inventories comprised as follows

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Natural gas	8.279	29.471	-	-
Consumables, raw materials and spare parts	8.079	5.979	-	-
Electricity meters	-	775	-	-
Heavy fuel oil	5.519	5.519	-	-
Other	742	1.110	-	-
Total	22.619	42.854	-	-
Less: write-down to net realisable value	(2.897)	(2.880)	-	-
Carrying amount	19.722	39.974	-	-

As described in Note 3, starting 2016 the Group accounts for electricity meters in Property, plant and equipment, therefore electricity meters being in inventories as of 31 December 2015 were reclassified to Property, plant and equipment.

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Decrease of natural gas is related to the seasonality and optimization of natural gas cargo deliveries (smaller cargos are received more frequently).

As at 30 June 2016 and 31 December 2015 Group's and Company's prepayments comprised of the following:

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Prepayments for natural gas	9.985	28.200	-	-
Deposits in exchange	5.134	8.669	-	-
Deferred expenses	3.791	1.154	-	-
Prepayments for non-current assets	195	721	99	-
Prepayments for services	706	249	-	-
Other prepayments	795	1.177	7	6
Carrying amount	20.606	40.170	106	6

Prepayments for natural gas has decreased because of Lietuvos Dujų Tiekimas UAB advance payment made to Gazprom PAO as of 31 December 2015 was used for gas purchase through the 6 months of 2016.

10. Cash and cash equivalents

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Cash in bank	171.845	164.341	672	13.179
Carrying amount	171.845	164.341	672	13.179

For the purpose of cash flow statement, cash and cash equivalents, and bank overdrafts were as follows:

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Cash and cash equivalents	171.845	164.341	672	13.179
Bank overdrafts (Note 12)	(26.007)	(41.531)	-	-
Loans from related parties (Cash pool, Note12)	-	-	(36.698)	-
Carrying amount	145.838	122.810	(36.026)	13.179

11. Share capital

As at 30 June 2016 and 31 December 2015, the Company's share capital amounted to EUR 1.212.156.294. As at 30 June 2016 and 31 December 2015, the share capital was divided into 4.179.849.289 ordinary registered shares with a nominal value of EUR 0,29 each.

As at 30 June 2016 and 31 December 2015, all shares were fully paid.

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12. Borrowings

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Non-current				
Bank borrowings	334.342	277.805	24.506	-
Current				
Current portion of long-term loans	97.898	99.023	1.065	-
Short-term loans	758	1.490	-	-
Loans from related parties (cash pool, Note 10)	-	-	36.698	-
Letters of credit	-	206	-	-
Bank overdraft (Note 10)	26.007	41.531	-	-
Accrued interest	3	5	-	-
Total borrowings	459.008	420.060	62.269	-

Non-current borrowings analyzed by maturity:

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Between 1 and 2 years	98.523	57.138	2.130	-
Between 2 and 5 years	144.037	161.052	6.390	-
After 5 years	91.782	59.615	15.986	-
Total	334.342	277.805	24.506	-

As at 30 June 2016 and 31 December 2015, the fair value of borrowings approximated their carrying amount, except for Lietuvos Energijos Gamyba AB borrowings with the carrying amount of EUR 137.069 thous. and EUR 145.674 thous. The fair value of these borrowings as at 30 June 2016 was approximately equal to EUR 128.562 thousand (31 December 2015: EUR 137.590 thousand). The fair value was estimated using a discount rate of 2,41% (31 December 2015: 2,46%).

The borrowing received from SEB Bankas AB is designated for the financing of the development of the Company's operations – the acquisition of wind power parks. The borrowing bears a variable interest rate with repricing interval of 3 months.

Borrowings from related parties have been received under the cash pool agreement. Under this agreement the holders of the cash pool accounts can borrow funds for the period not longer than one year and the interest rate set is equal to the lowest interest rate offered by a commercial bank.

Group has pledged some of its property, plant and equipment, inventories and cash to ensure repayment of loans.

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13. Provisions

	Group		Company	
	2016-06-30	2015-12-31	2016-06-30	2015-12-31
Non-current	3.218	5.084	-	-
Current	8.537	23.333	-	-
Carrying amount	11.755	28.417	-	-

Group	Provisions for litigations and claims	Emission allowance liabilities	Provisions for employee benefits	Other provisions	Total
1 January 2015	83	2.839	3.398	8.107	14.427
Increase during the period	-	1.493	281	10.738	12.512
Utilised during the period	-	(2.992)	(672)	(613)	(4.277)
Increase/decrease on change of assumptions	-	110	-	-	110
30 June 2015	83	1.450	3.007	18.232	22.772
1 January 2016	54	3.735	3.189	21.439	28.417
Increase (decrease) during the period	-	(414)	366	-	(48)
Utilised during the period	-	(2.999)	(32)	(13.583)	(16.614)
30 June 2016	54	322	3.523	7.856	11.755

Other provisions include provisions for onerous gas supply contracts, i.e. the contracts under which the gas sale price will be lower compared to gas acquisition cost. At the end of 2015, these provisions amounted to EUR 21,4 million. Upon acquisition of natural gas supply operations, the Group company Lietuvos Dujų Tiekimas UAB assumed an obligation to transfer the discount, which was received retrospectively on natural gas import price during January 2013–April 2014, to the end users in future periods. As at 30 June 2015 the Group adjusted the amount of provision in respect of onerous part of contracts for household and non-household users in amount of EUR 13.583 thous., by taking into account the prerequisites for the execution of the contracts at the financial reporting date.

14. Other expenses

	Group		Company	
	2016-06-30	2015-06-30	2015-06-30	2015-06-30
Revaluation and provisions of emission allowances	7.835	281	-	-
Taxes	3.162	3.241	16	21
Customer service	1.827	1.400	-	-
Telecommunication and IT services	1.623	1.915	91	101
Motor vehicles	1.350	1.701	58	53
Write-offs of property, plant and equipment	1.231	1.043	-	-
Utility services	1.207	852	34	23
Rent	1.142	1.205	89	74
Expenses of low-value inventory items	540	508	-	-
Consulting services	391	661	170	314
Impairment of receivables	371	1.123	-	-
Public relations and marketing	302	452	25	62
Personnel development	250	250	28	35
Business trips	216	266	22	19
Impairment of inventories (reversal)	17	(602)	-	-
Impairment of investments in subsidiaries	-	-	-	1.667
Other expenses	2.716	3.604	195	183
	24.180	17.900	728	2.552

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15. Finance income

	Group		Company	
	2016-06-30	2015-06-3	2016-06-30	2015-06-3
Interest income	1.833	2.451	2.532	3.293
Dividends received	-	-	31.207	60.738
Foreign exchange positive effect	7	345	-	-
Other finance income	312	347	-	-
	2.152	3.143	33.739	64.031

16. Finance costs

	Group		Company	
	2016-06-30	2015-06-3	2016-06-30	2015-06-3
Interest expense	2.917	2.449	328	142
Revaluation of derivatives costs	659	-	-	-
Foreign exchange negative effect	3	580	-	-
Result of conversion of share capital	-	1.588	-	1.588
Other finance costs	477	1	324	-
	4.056	4.618	652	1.730

17. Income tax

Income tax expenses comprise current income tax and deferred income tax.

Income tax at a rate of 15% is applied to profit for 2016 (the same as in 2015) in accordance with the Lithuanian regulatory legislation on taxation

18. Dividends

Based on the Lithuanian Finance Ministry's Order issued on 26 April 2016, the Company's set of consolidated financial statements for 2015 was approved, and dividends for the state-owned shares of the Company were declared in the amount of EUR 56.240 thousand.

On 29 March 2016, the General Meeting of Shareholders of Energijos Skirstymo Operatorius AB approved the payment of dividends in the amount of EUR 30.596 thousand from profit for appropriation. Dividends allocated to the Company amounted to EUR 29.061 thousand.

On 30 March 2016, the General Meeting of Shareholders of NT Valdosa UAB approved the payment of dividends in the amount of EUR 1.250 thousand from profit for appropriation. Dividends allocated to the Company amounted to EUR 1.250 thousand.

Based on the Lithuanian Finance Ministry's Order issued on 29 April 2015, the Company's set of consolidated financial statements for 2014 was approved, and dividends for the state-owned shares of the Company were declared in the amount of EUR 28.093 thousand or 0,007 euro ct per share.

On 27 April 2015, the General Meeting of Shareholders of LESTO AB approved the payment of dividends in the amount of EUR 12.079 thousand from profit for appropriation. Dividends received by the Company amounted to EUR 11.401 thousand.

On 27 April 2015, the General Meeting of Shareholders of Lietuvos Energijos Gamyba AB approved the payment of dividends in the amount of EUR 21.720 thousand from profit for appropriation. Dividends received by the Company amounted to EUR 20.880 thousand.

On 27 April 2015, the General Meeting of Shareholders of Lietuvos Dujos AB approved the payment of dividends in the amount of EUR 27.993 thousand from profit for appropriation. Dividends received by the Company amounted to EUR 27.054 thousand.

On 8 April 2015, the General Meeting of Shareholders of Duomenų Logistikos Centras UAB approved the payment of dividends in the amount of EUR 311 thousand from profit for appropriation. Dividends received by the Company amounted to EUR 248 thousand.

On 27 April 2015, the General Meeting of Shareholders of Energijos Tiekimas UAB approved the payment of dividends in the amount of EUR 1.155 thousand from profit for appropriation. Dividends received by the Company amounted to EUR 1.155 thousand.

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19. Transactions with related parties

As at 30 June 2016 and 31 December 2015 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.

The Group's transactions with related parties for the 6 month period ended 30 June 2016 and balances outstanding as of 30 June 2016 comprised of the following:

Related party	Amounts payable 30 June 2016	Amounts receivable 30 June 2016	Finance income Jan - Jun 2016	Sales Jan - Jun 2016	Finance cost Jan - Jun 2016	Purchases Jan - Jun 2016
EPSO-G UAB	-	212.011	1.534	15	-	-
Litgrid AB	9.702	6.854	-	28.884	-	54.024
BALTPOOL UAB	13.109	11.796	-	30.988	-	46.240
TETAS UAB	1.634	307	31	803	-	5.330
Amber Grid AB	3.008	3.144	-	22.865	-	17.592
Associates and other related parties of the Group	-	818	4	1.353	-	782
Total	27.453	234.930	1.569	84.908	-	123.968

The Group's transactions with related parties for the 6 month period ended 30 June 2015 and balances outstanding as of 31 December 2015 comprised of the following:

Related party	Amounts payable 30 June 2015	Amounts receivable 30 June 2015	Finance income Jan - Jun 2015	Sales Jan - Jun 2015	Finance cost Jan - Jun 2015	Purchases Jan - Jun 2015
EPSO-G UAB	-	239.959	2.191	-	-	-
Litgrid AB	6.997	2.370	-	12.021	-	30.233
BALTPOOL UAB	15.253	10.700	-	39.804	-	43.694
TETAS UAB	4.042	183	36	907	-	7.426
Amber Grid AB	77	34	-	224	-	4.464
Associates and other related parties of the Group	232	138	4	103	-	711
Total	26.601	253.384	2.231	53.059	-	86.528

The Company's transactions with related parties for the 6 month period ended 30 June 2016 and balances outstanding as of 30 June 2016 comprised of the following:

Related party	Amounts payable 30 June 2016	Amounts receivable 30 June 2016	Finance income Jan - Jun 2016	Sales Jan - Jun 2016	Finance cost Jan - Jun 2016	Purchases Jan - Jun 2016
Subsidiaries						
Energijos Skirstymo Operatorius AB	29.974	61	29.061	283	221	-
Lietuvos Energijos Gamyba AB	35.627	15	-	82	177	-
Lietuvos Dujų Tiekimas UAB	12.152	8	-	53	3	-
NT Valdos UAB	34	1.276	1.250	60	-	168
Energetikos Paslaugų ir Rangos Organizacija UAB	-	2.934	15	44	-	-
Verslo Aptarnavimo Centras UAB	24	368	-	18	-	91
Energijos Tiekimas UAB	-	14	-	17	-	-
LITGAS UAB	-	5	1.612	4	-	-
Technologijų ir Inovacijų Centras UAB	18	9	100	7	-	89
VAE SPB UAB	-	1	-	-	-	-
Public entity Energetikų mokymų centras	-	6	-	6	-	-
Tuuleenergia Osauhing and HOB OU	-	4.788	97	-	-	-
Duomenų Logistikos Centras UAB	212	3	-	11	3	-
EURAKRAS UAB	-	10	30	-	-	-
Vilniaus Kogeneracinė Jėgainė UAB	-	39	-	36	-	-
Other related parties	-	-	-	-	-	-
EPSO-G UAB	-	212.007	1.534	-	-	-
Total	78.041	221.544	33.699	621	404	348

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The Company's transactions with related parties for the 6 month period ended 30 June 2016 and balances outstanding as of 31 December 2015 comprised of the following:

Related party	Amounts payable 30 June 2016	Amounts receivable 30 June 2016	Finance income Jan - Jun 2016	Sales Jan - Jun 2016	Finance cost Jan - Jun 2016	Purchases Jan - Jun 2016
Subsidiaries						
Energijos Skirstymo Operatorius AB (until 1 January 2016 LESTO AB and Lietuvos dujos AB)	34.682	263	38.455	433	75	58.905
Lietuvos Energijos Gamyba AB	28.253	-	20.879	181	67	48.957
Lietuvos Dujų Tiekimas UAB	-	47	-	73	-	-
NT Valdos UAB	35	39	-	39	-	132
Energetikos Paslaugų ir Rangos Organizacija UAB (until 1 January 2016 Kauno energetikos remontas UAB and ELEKTROS TINKLO PASLAUGOS UAB)	-	3.041	-	63	-	-
Verslo Aptarnavimo Centras UAB	-	3	-	36	-	109
Energijos Tiekimas UAB	-	20	1.155	28	-	-
LITGAS UAB	-	170	1.040	28	-	-
Technologijų ir Inovacijų Centras UAB	8	26	-	18	-	99
VAE SPB UAB	-	4	-	13	-	-
Public entity Energetikų mokymų centras	-	13	-	12	-	3
Duomenų Logistikos Centras UAB	321	-	248	11	1	527
Other related parties						
EPSO-G UAB	-	239.957	2.191	-	-	-
Litgrid AB	188	-	-	-	-	252
Total	63.487	243.583	63.968	935	143	108.984

Management compensation:

	Group		Company	
	2016-06-30	2015-06-3	2016-06-30	2015-06-3
Salaries and other short-term benefits	1.723	2.005	330	332
Whereof: Termination benefits and benefits to Board Members	170	255	37	56
Number of management staff	68	73	10	10

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

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20. Restatement of comparative information

As described in Note 3, 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 in 2014 the Group has recognized income tax effect on business combination in amount of EUR 8.539 thousand as income tax expense in the profit or loss of statement of comprehensive income, it had to be reversed not through the equity, but through the profit or loss in the statement of comprehensive income after binding decision of National Tax Authority was received. Due to this reason comparative condensed financial information for the I – II Q and for II Q of 2015 is restated:

	Before restatement	Before restatement	Adjustment of income tax related to business combination	Adjustment of income tax related to business combination	Restated	Restated
	2015 I - II Q	2015 II Q	2015 I - II Q	2015 II Q	2015 I - II Q	2015 II Q
Total revenue	548.304	226.540	-	-	548.304	226.540
Total operating expenses	(507.221)	(224.628)	-	-	(507.221)	(224.628)
Operating profit	41.083	1.912	-	-	41.083	1.912
Finance income (cost)	(1.475)	93	-	-	(1.475)	93
Profit before income tax	39.608	2.005	-	-	39.608	2.005
Income tax (income) expense of reporting period	(6.124)	(1.311)	8.539	8.539	2.415	7.228
Deferred income tax (income) expense	(3.189)	(1.374)	-	-	(3.189)	(1.374)
Net profit (loss)	30.295	(680)	8.539	8.539	38.834	7.859
Attributable to:						
Owners of the parent	27.458	(1.792)	8.539	8.539	35.997	6.747
Non-controlling interests	2.837	1.112	-	-	2.837	1.112
Other comprehensive income (loss)	(54)	-	-	-	(54)	-
Total comprehensive income (loss) for the period	30.241	(680)	8.539	8.539	38.780	7.859
Attributable to:						
Owners of the parent	27.404	(1.792)	8.539	8.539	35.943	6.747
Non-controlling interests	2.837	1.112	-	-	2.837	1.112

At 30 June 2016 the Company has recalculated its revenue for the I quarter of 2016 due to management fee credit invoices. Comparative information is provided below disclosing change in the Company's I quarter result compared to publicly announced I quarter result:

	2016 I Q (as reported)	Adjustment	2016 I Q (recalculated)
Revenue			
Sales revenue	821	(496)	325
Other income	-	-	-
Total revenue	821	(496)	325
Total operating expenses	(1.089)	-	(1.089)
Operating profit (loss)	(268)	(496)	(764)
Finance income (cost)	31.504	-	31.504
Profit (loss) before income tax	31.236	(496)	30.740
Income tax (income) expense of reporting period	(166)	74	(92)
Deferred income tax (income) expense	9	-	9
Net profit (loss)	31.079	(422)	30.657
Attributable to:			
Owners of the parent	31.079	(422)	30.657
Non-controlling interests	-	-	-
Other comprehensive income (loss)	(14)	-	(14)
Total comprehensive income (loss) for the period	31.065	(422)	30.643
Attributable to:			
Owners of the parent	31.065	(422)	30.643
Non-controlling interests	-	-	-

21. Commitments and contingencies

Buyout of electricity equipment

In 2016, the Company executed a simplified procedure of the buyout of electricity objects (electricity networks) installed for common use using the funds of homestead owners in line with the deadlines stipulated in Resolution No 1257 of 31 August 2010 of the Lithuanian Government On the establishment of deadlines for the buyout from cooperatives the electricity transmission and distribution lines, transformer substations, electric facilities and other equipment designated for the transmission and distribution of electricity and installed in the territory of homestead owners using the funds of such homestead owners, i.e. by 1 July 2011 (had to be bought out until 1 July 2011).

During the first half of 2016, 1 electricity network of common use for the value of EUR 0,001 thousand (2015: 4 electricity networks for the value of EUR 26 thousand) was bought out. During the period from the start date of the buyout procedure until 30 June 2016, 945 electricity networks of common use of homestead cooperatives for the value of EUR 3.459 thousand were bought out. As at 30 June 2016, 9 applications with requests to buyout equipment on concessionary terms remained unsettled with the value of EUR 29 thousand.

Capital expenditure commitments

As at 30 June 2016, Energijos Skirstymo Operatorius AB capital expenditure commitments assumed under the signed contracts as at the date of the financial statements but not accounted for in the financial statements amounted to EUR 14.879 thousand (31 December 2015: EUR 11.694 thousand).

Litigations

As described in Note 6, at 1 January 2016 LESTO AB and Lietuvos Dujos AB were reorganized by the way of merger pursuant to paragraph 4 of Article 2.97 of the Civil Code of the Republic of Lithuania. After the reorganisation a new company started to operate named Energijos Skirstymo Operatorius AB (hereinafter – ESO). In all litigations presented below starting 1 January 2016 LESTO AB and Lietuvos Dujos AB are referred as new legal entity Energijos Skirstymo Operatorius AB.

On 14 July 2014, the Prosecution Service of the Republic of Lithuania filed an indictment to Vilnius City District Court whereby Lietuvos Dujos AB and its former employees were charged with allegedly causing damage in establishing the supply activity tariffs for domestic users. The investigation of the case at Vilnius City District Court was started on 13 August 2014. The Prosecutor General requested the court to impose a fine on Lietuvos Dujos AB amounting to 25.000 times the minimum monthly wage or EUR 950 thousand. Lietuvos Dujos AB objected to the charges and requirements of the Prosecution Service. On 27 February 2015, Vilnius City District Court passed an acquittal whereby it acquitted Lietuvos Dujos AB as it was not established that the acts attributed were made. On 18 March 2015, the Prosecutor General appealed against the acquittal. The case is currently under investigation by the court of appeals; the date of the court's hearing has not been set yet.

On 18 March 2015, Amilina AB filed a claim to respondent Lietuvos Dujų Tiekimas UAB regarding the amendment to the pricing rules (formulas for the calculation of the price of natural gas established in the agreements) established in the agreements on the natural gas supply dated 19 December 2012 and 6 December 2013 and the awarding of the overpayment for natural gas acquired. The initial claim amount was equal to EUR 1,266 million and consisted of the following two elements: the natural gas price overpayment amounting to EUR 1,254 million and interest amounting to EUR 13 thousand. On 27 July 2015, Amilina AB filed a revised claim by indicating Lietuvos Dujos AB as a second respondent being jointly and severally liable. On 11 April 2016, Amilina AB filed an application on the revision of the object of the claim by reducing the amount of the claim down to EUR 1,049 million (the overpayment for natural gas amounting to EUR 1,038 million and interest amounting to EUR 11 thousand). In the opinion of the ESO, the claim is not substantiated, because neither the legal acts nor the agreements on the natural gas supply obliged Lietuvos Dujos AB and Lietuvos Dujų Tiekimas UAB to pay to Amilina AB any amounts due to the change in import prices of natural gas or recalculate the natural gas price in case such changes occur; Lietuvos Dujos AB has properly fulfilled its contractual obligations under the agreements. The case is under investigation by the court of the first instance. The court's hearing is scheduled on 28 September 2016.

On 23 January 2015, Vilniaus Energija UAB filed a claim to respondent Lietuvos Dujų Tiekimas UAB regarding the amendment to the pricing rules (formulas for the calculation of the price of natural gas established in the agreements) established in the agreements on the natural gas supply dated 28 December 2012 and 30 December 2013 and the awarding of the overpayment for natural gas acquired. The initial claim amounted to EUR 19,132 million. On 14 July 2015, Vilniaus Energija UAB filed a revised claim by indicating Lietuvos Dujos AB as a second respondent being jointly and severally liable. On 3 December 2015, Vilniaus Energija UAB filed an application on the revision of the object of the claim by reducing the amount of the claim down to EUR 15,235 million (the overpayment for natural gas amounting to EUR 15,200 million and interest amounting to EUR 35 thousand). On 21 January 2016, the court of the first instance passed the ruling whereby the claim of Vilniaus Energija UAB was rejected. On 19 February 2016, Vilniaus Energija UAB filed an appeal. The case is currently under investigation by the Court of Appeal of Lithuania; the date of the court's hearing has not been set yet.

On 25 March 2011, the Ministry of Energy of the Republic of Lithuania, which held 17.7% of the Lietuvos Dujos AB shares by the right of trust at that date, filed a claim to Vilnius Regional Court in relation to investigation of the legal entity's operations, wherein Lietuvos Dujos AB, the Board Members of Lietuvos Dujos AB delegated by Gazprom OAO, and the Managing Director were indicated as the respondents. In its claim, the Lithuanian Ministry of Energy demanded initiation of investigation of operations of Lietuvos Dujos AB and application of relevant requirements set forth in the claim in case the results of investigation showed that operations of Lietuvos Dujos AB and/or the aforementioned Board Members and/or the Managing Director were inappropriate. During the investigation of the requirement of the Lithuanian Ministry of Energy to commence the investigation of operations of the Company, on 3 September 2012 Vilnius Regional Court ruled in favor of the claimant to initiate investigation of operations of Lietuvos Dujos AB. The Company objected to the ruling of the court of the first instance and filed an appeal against it to the Court of Appeal of Lithuania. The Court of Appeal of Lithuania left the ruling of Vilnius Regional Court unchanged. On 29 April 2013, Lietuvos Dujos AB appealed by cassation to the Lithuanian Supreme Court with request to annul the decision passed by the Lithuanian Court of Appeal on 21 February 2013, and not to proceed with the case or reject it. On 20 November 2013, the Lithuanian Supreme Court suspended a judgement

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until the final resolution of the civil case by the Lithuanian Supreme Court pertaining to recognition and enforcement of the decision passed by the Arbitration Institute of the Stockholm Chamber of Commerce (Kingdom of Sweden) (hereinafter "the Arbitration"). On 23 October 2015, the Lithuanian Supreme Court passed a ruling whereby it recognised and enforced the decision passed by the Arbitration Tribunal in the Republic of Lithuania and under the ruling of 28 October 2015 renewed the investigation of the case pertaining to the initiation of investigation of operations of the legal entity. On 7 December 2015, the Lithuanian Supreme Court received the request of the Lithuanian Ministry of Energy and Lietuvos Energija, UAB for the inclusion of Lietuvos Energija, UAB as a co-claimant and suspension of the investigation of the case until the passing of the ruling in the case investigated by the Arbitration Court of the Stockholm Chamber of Commerce, which is investigated on the basis of the claim of the Lithuanian Ministry of Energy against Gazprom OAO. On 20 January 2016, the Lithuanian Supreme Court passed a ruling whereby Lietuvos Energija UAB was included as co-claimant in the case and the request for the suspension of the case was rejected. The Lithuanian Ministry of Energy and Lietuvos Energija UAB filed a peace agreement to the court signed between the Lithuanian Ministry of Energy and Lietuvos Energija UAB, the claimants, and Energijos Skirstymo Operatorius AB, the respondent, and the application on the waiver of the claim. On 30 March 2016, the Lithuanian Supreme Court passed a ruling whereby it accepted the waiver of the claim filed by the Lithuanian Ministry of Energy and Lietuvos Energija UAB, approved the peace agreement submitted and discontinued the civil case.

Vilniaus Energija UAB (the claimant) filed a claim to Vilnius Regional Court, whereby it requested to award damages of EUR 9,284 million from the respondent LESTO AB. The claimant insisted that it incurred losses of EUR 9,284 million because for the purpose of ensuring compliance with the Lithuanian Government Resolution No 1051 of 20 November 2013 and the provisions of agreement on purchase/sale of electricity signed with the claimant, in 2014 LESTO AB purchased only that volume of supported electricity, which was produced under the technical minimum mode at the thermal power plants owned by the claimant. The claimant noted that the legal acts stipulated a requirement whereby LESTO AB was obliged to purchase the maximum volume, and LESTO AB failed to comply with such requirement. In its claim, the claimant requested as follows: to recognise the provisions of the agreement on the purchase/sale of electricity signed between the claimant and the respondent on 30 December 2013 as void *ab initio*; to oblige the respondent to purchase the maximum volume of supported electricity in 2014 from the claimant, which was established for the claimant's two thermal power plants by the Lithuanian Government Resolution No 1051 of 20 November 2013; and to award damages of EUR 9,284 million from the respondent. ESO does not agree with the claimant's position, because the description of PSO services and other effective legal acts do not stipulate that ESO is obliged to purchase the total volume of electricity produced. On 11 January 2016, Vilnius Regional Court passed the ruling whereby it suspended the investigation of the case until the Commission establishes the price for the thermal power supplied by Vilniaus Energija UAB for the year 2016.

On November 2014 and January 2015, LESTO AB filed the complaints to Vilnius Regional Administrative Court requesting to annul the respective resolutions of the National Control Commission for Prices and Energy (the Commission), to oblige the Commission to eliminate the violations, and when determining the price caps for electricity distribution services provided by LESTO AB through medium and low voltage networks for the upcoming period to include the following items in the level of revenue used for the price cap calculation:

- difference of EUR 7,78 million for 2015 which occurred as result of the improper WACC amount applied by the Commission;
- difference of EUR 4,64 million for 2015, which occurred as result of the Commission's improper application of requirements set forth in legal acts in respect of allowable return on investment for LESTO AB;
- expenses of EUR 16,46 million which were identified as unsubstantiated during the audit conducted by the Commission, yet which are treated as attributable to regulated activity expenses by LESTO AB.

In its other claim LESTO AB requested to oblige the Commission to eliminate violations made which resulted in:

- lower revenue of LESTO AB from public electricity supply services for 2015 by EUR 862,78 thousand;
- lower electricity acquisition costs of LESTO AB for 2015 by EUR 311,63 thousand;

ESO disagrees with the approach used by the Commission in interpreting and applying effective laws and other legal acts when passing its resolutions. Due to the mentioned reasons, in the ESO opinion, the price caps for 2015 were calculated by unjustifiably decreasing revenue by the amount of EUR 30,04 million. In case the court passes the ruling in favor of ESO, the above-mentioned amounts would be included in the tariff of the upcoming year resulting in higher revenue and profit of ESO.

In December 2015 and January 2016, Vilnius Regional Administrative Court investigated the cases on their merits and passed the rulings whereby the claims were rejected in their entirety. ESO filed appeals against the court's rulings.

In February 2015, LESTO AB filed the complaint to Vilnius Regional Administrative Court with request to annul the Commission's Resolution on the Establishment of Price Caps for Distribution Services of LESTO AB Via Medium and Low Voltage Networks for 2016-2020 and indicated that as a result of improper application of legislative requirements by the Commission which determine allowable return on investments and required regulated activity costs for LESTO AB, the amount of EUR 11,93 million was not included in the level of revenue used for the price cap calculations for 2016.

In the period from the day on which the complaint was filed to the court, the Commission made substantial changes in the regulatory environment which directly affects the Claimant's position in this case and the requirements presented in the complaint. As a result of this changed regulatory environment (including the resolution against which the appeal was filed) ESO is no longer facing such legal and financial consequences which are indicated in the ESO complaint. Therefore, on 20 February 2016, ESO submitted a request to Vilnius Regional Administrative Court for the withdrawal of the complaint.

In July 2015, LESTO AB filed the complaint to Vilnius Regional Administrative Court with the request to annul the Commission's Resolution on the Violation of Terms and Conditions of the Regulated Activity by LESTO AB under which the violation made by LESTO AB in respect of the licensed activity was identified, i.e. LESTO AB unjustifiably allocated more costs to the regulated activities of electricity distribution and public supply than the amount that could have been actually allocated, and to recognise the imposed fine of EUR 300 thousand as ungrounded.

The investigation of the case has been suspended until the ruling is passed in the administrative case where ESO disagrees with the results of the Commission's audit. In view of the ruling of Vilnius Regional Administrative Court, in its financial statements at 31 December 2015 LESTO AB accounted for the mentioned fine by recognising expenses and a liability.

In 2014, the National Control Commission for Prices and Energy completed the audit of the Lietuvos Energijos Gamyba AB regulated activity for the period 2010-2012 and made the decision on the restatement of expenses and revenue attributed to the regulated activities. As a result of this restatement, PSO services fees allocated to Lietuvos Energijos Gamyba AB for 2015 were reduced by EUR 6,14 million, and capacity reserve revenue established for the years 2015-2016 was reduced by EUR 7,44 million. In addition, in 2014 the NCCPE passed a decision whereby it recognised Lietuvos Energijos Gamyba AB as an operator with a significant market power in the electricity generation services. As a result of the latter decision, PSO services fees approved for the first half of 2016 for Lietuvos Energijos Gamyba AB were additionally reduced by EUR 1,4 million (PSO services fees approved for 2015 were additionally reduced by EUR 5,44 million). All decisions of the NCCPE pertaining to the above-mentioned audit of the regulated activities and Lietuvos Energijos Gamyba AB recognition as an operator with a significant market power in the electricity generation services, are considered to be unsubstantiated, in respect of which Lietuvos Energijos Gamyba AB has filed complaints to the court.

As a result of these disputed decisions of the NCCPE the capacity reserve revenue of EUR 1,86 million and PSO service fees of EUR 9,19 million were not recognised in the Group's statement of comprehensive income for the six-month period ended 30 June 2016. Accordingly, the total amount of the Group's contingent assets related to these decisions was equal to EUR 26,98 million as at 30 June 2016.

22. Events after the end of reporting period

Under the decision of the Company, a sole shareholder, dated 22 July 2016 subsidiaries HOB OU and Tuuleenergia Osauhing were reorganised by way of merger. HOB OU was merged with Tuuleenergia Osauhing and ceased its activities as a legal entity.

On 29 August 2016, the sole shareholder took decision to increase the share capital of Energijos Sprendimų Centras UAB up to EUR 530 thousand by issuing 520.000 of ordinary shares with par value of EUR 1 each. By the date of approval of this condensed interim financial information share capital increase was not yet registered.

According to the data of Mortgage Registry starting 25 August 2016 the 75% of shares of EURAKRAS UAB are not pledged.
