

2015

# LIETUVOS ENERGIJOS GAMYBA, AB

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SECOND QUARTER OF 2015 AND THE FIRST HALF OF 2015 PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT



Lietuvos  
energija

GAMYBA



Lietuvos  
energija

Group of energy companies

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## **Independent Auditor's Report**

To the shareholders of Lietuvos Energijos gamyba, AB

### **Report on the condensed interim financial information**

We have audited the accompanying stand-alone condensed interim financial information of Lietuvos Energijos gamyba, AB ("the Company") set out on pages 5 to 23, which comprise the stand-alone condensed interim statement of financial position as of 30 June 2015 and the stand-alone condensed interim statements of comprehensive income for the three-month and six-month periods then ended, and the stand-alone condensed interim statements of changes in equity and cash flows for the six month period then ended, and notes comprising a summary of significant accounting policies and other explanatory information ("the condensed interim financial information").

#### *Management's responsibility for the condensed interim financial information*

Management is responsible for the preparation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union and the Commission's interpretation as described in Note 2, and for such internal control as management determines is necessary to enable the preparation of condensed interim financial information that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

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

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

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PricewaterhouseCoopers UAB, company code 111473315, is a private company registered with the Lithuanian Register of Legal Entities.



*Opinion*

In our opinion, the condensed interim financial information for the Company standing alone is prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union and the Commission's interpretation as described in Note 2.

On behalf of PricewaterhouseCoopers UAB

A handwritten signature in blue ink, appearing to read 'Rimvydas Jogėla', is written over the printed name and title.

Rimvydas Jogėla  
Partner  
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania  
18 August 2015

A handwritten signature in blue ink, appearing to read 'Jurgita Krikščiūnienė', is written over the printed name and title.

Jurgita Krikščiūnienė  
Auditor's Certificate No.000495

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated

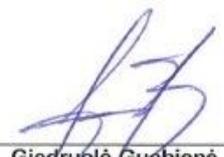
	Note	As at 30 June 2015	As at 31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	14,999	10,867
Property, plant and equipment	6	723,917	729,910
Prepayments for property, plant, equipment		639	-
Investments in subsidiaries	15	-	6,094
Investments in associates and joint ventures	15	1,374	39,233
Other non-current assets		2,976	7,574
Other amounts receivable	7	20,200	566
<b>Total non-current assets</b>		<b>764,105</b>	<b>794,244</b>
<b>Current assets</b>			
Inventories		7,936	5,545
Prepayments		7,618	5,474
Trade receivables		32,939	30,886
Other amounts receivable	7	21,146	679
Prepaid income tax		3,181	2,059
Derivative financial instruments	8	1,947	-
Cash and cash equivalents		55,663	75,750
<b>Total current assets</b>		<b>130,430</b>	<b>120,393</b>
<b>TOTAL ASSETS</b>		<b>894,535</b>	<b>914,637</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorised share capital	9	184,174	183,933
Share premium		85,660	85,660
Revaluation reserve		1,077	1,097
Legal reserve		10,872	10,872
Other reserves	10	-	-
Retained earnings		83,271	85,716
<b>Total equity</b>		<b>365,054</b>	<b>367,278</b>
<b>Non-current liabilities</b>			
Borrowings	12	137,068	144,859
Grants	13	293,245	297,204
Other non-current amounts payable and liabilities		9,655	16,879
Deferred income tax liabilities		16,486	14,131
<b>Total non-current liabilities</b>		<b>456,454</b>	<b>473,073</b>
<b>Current liabilities</b>			
Borrowings	12	17,212	18,027
Trade payables		28,118	25,946
Advance amounts received		15,569	21,522
Provisions for emission allowances	14	1,450	2,839
Other amounts payable and liabilities		10,678	5,952
<b>Total current liabilities</b>		<b>73,027</b>	<b>74,286</b>
<b>Total liabilities</b>		<b>529,481</b>	<b>547,359</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>894,535</b>	<b>914,637</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 18 August 2015:

  
**Juozas Bartlingas**  
Chief Executive Officer

  
**Eglė Čiužaitė**  
Director of Finance and Administration  
Department

  
**Giedruolė Guobienė**  
Verslo Apatnavimo Centras UAB,  
Head of Reporting, Tax Accounting and  
Control Division, under order No. V-020  
(signed 2015 04 27)

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated

	Note	1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014
<b>Revenue</b>			
Sales revenue		98,033	92,273
Other income		7,397	1,123
Fair value gain on derivative financial instruments	8	1,947	-
		<b>107,377</b>	<b>93,396</b>
<b>Operating expenses</b>			
Purchases of electricity or related services		(20,946)	(31,633)
Expenses for gas and heavy fuel oil		(38,541)	(17,135)
Depreciation and amortisation	5,6,13	(11,156)	(11,143)
Wages and salaries and related expenses		(4,243)	(4,658)
Repair and maintenance expenses		(4,702)	(2,320)
Income (expenses) from the revaluation of emission allowances		(312)	590
Reversal of impairment for other non-current assets		31	945
Reversal of impairment for inventories		23	45
Reversal of impairment for property, plant and equipment		125	-
Other expenses		(4,894)	(2,618)
<b>Total operating expenses</b>		<b>(84,615)</b>	<b>(67,927)</b>
<b>OPERATING PROFIT</b>		<b>22,762</b>	<b>25,469</b>
Finance income:			
Other finance income		172	3,410
Other finance (costs)		(1,275)	(3,326)
		<b>(1,103)</b>	<b>84</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>21,659</b>	<b>25,553</b>
Current year income tax expenses			
Deferred income tax (expenses)		(49)	(893)
		<b>(2,354)</b>	<b>(2,271)</b>
		<b>(2,403)</b>	<b>(3,164)</b>
<b>NET PROFIT FOR THE PERIOD</b>		<b>19,256</b>	<b>22,389</b>
<b>Other comprehensive income (loss)</b>			
Other comprehensive income, net of deferred income tax		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>19,256</b>	<b>22,389</b>
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		19,256	22,389
Non-controlling interest		-	-
		<b>19,256</b>	<b>22,389</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		19,256	22,389
Non-controlling interest		-	-
		<b>19,256</b>	<b>22,389</b>
<b>Basic and diluted earnings per share (in EUR)</b>		<b>0.030</b>	<b>0.035</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 18 August 2015:

  
**Juozas Bartlingas**  
Chief Executive Officer

  
**Eglė Čiužaitė**  
Director of Finance and Administration  
Department

  
**Giedruolė Guobienė**  
Verslo Aptarnavimo Centras UAB,  
Head of Reporting, Tax Accounting and  
Control Division, under order No. V-020  
(signed 2015 04 27)

**Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**for the three-month period ended 30 June 2015**

All amounts in EUR thousands unless otherwise stated

	1 April 2015 – 30 June 2015	1 April 2014 – 30 June 2014
<b>Revenue</b>		
Sales revenue	64,245	50,480
Other income	466	684
Fair value gain on derivative financial instruments	1,661	-
	<b>66,372</b>	<b>51,164</b>
<b>Operating expenses</b>		
Purchases of electricity or related services	(9,628)	(15,256)
Expenses for gas and heavy fuel oil	(35,753)	(12,331)
Depreciation and amortisation	(5,542)	(5,568)
Wages and salaries and related expenses	(2,037)	(2,258)
Repair and maintenance expenses	(3,712)	(1,294)
Income from the revaluation of emission allowances	61	1,130
Reversal of impairment for other non-current assets	336	1,239
Reversal of impairment for inventories	24	12
Reversal of impairment for property, plant and equipment	125	-
Other expenses	(2,153)	(1,618)
<b>Total operating expenses</b>	<b>(58,279)</b>	<b>(35,944)</b>
<b>OPERATING PROFIT</b>	<b>8,093</b>	<b>15,220</b>
Finance income:		
Other finance income	79	1,525
Other finance (costs)	(544)	(1,780)
	<b>(465)</b>	<b>(255)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>7,628</b>	<b>14,965</b>
Current year income tax (expenses)/income	597	(523)
Deferred income tax expenses	(890)	(1,349)
	<b>(293)</b>	<b>(1,872)</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>7,335</b>	<b>13,093</b>
<b>Other comprehensive income (loss)</b>		
Other comprehensive income, net of deferred income tax	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>7,335</b>	<b>13,093</b>
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the Company	7,335	13,093
Non-controlling interest	-	-
	<b>7,335</b>	<b>13,093</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Owners of the Company	7,335	13,093
Non-controlling interest	-	-
	<b>7,335</b>	<b>13,093</b>
<b>Basic and diluted earnings per share (in EUR)</b>	<b>0.012</b>	<b>0.021</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 18 August 2015:

  
**Juozas Bartlingas**  
 Chief Executive Officer

  
**Eglė Čiužaitė**  
 Director of Finance and Administration  
 Department

  
**Giedruolė Guobienė**  
 Verslo Aptarnavimo Centras UAB,  
 Head of Reporting, Tax Accounting and  
 Control Division, under order No. V-020  
 (signed 2015 04 27)

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated

	1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014
Net profit for the period	19,256	22,389
<b>Adjustments for non-cash expenses (income) and other adjustments:</b>		
Depreciation and amortisation expenses	16,784	16,761
(Expenses) of inventory impairment	(23)	(45)
(Gain)/loss on disposal of investments in subsidiaries and associates	(5,003)	63
(Income) from the revaluation of emission allowances	(312)	(1,042)
Other impairments/(reversal)	21	(2,929)
Income tax expenses	49	893
Change in deferred income tax liability	2,355	2,271
(Income) from grants	(5,628)	(5,618)
Increase in provisions	1,603	625
Change in fair value of derivative financial instruments	(1,947)	-
Gain (loss) on disposal/write-off of non-current assets (except financial assets)	-	1
Loss on revaluation and impairment of property, plant and equipment	(125)	-
Elimination of results of financing and investing activities:		
- Interest (income)	-	(37)
- Interest expense	1,001	3,084
- Other finance (income) costs	102	(3,131)
<b>Changes in working capital</b>		
(Increase) decrease in trade receivables and other receivables	(4,431)	2,665
(Increase) in inventories and prepayments	(4,710)	(3,194)
(Decrease) in accounts payable and advance amounts received	(7,322)	(9,254)
Income tax (paid)	(1,122)	(654)
<b>Net cash flows from operating activities</b>	<b>10,548</b>	<b>22,848</b>
<b>Cash flows from investing activities</b>		
(Purchase) of property, plant and equipment and intangible assets	(10,013)	(2,122)
Disposal of subsidiaries	2,821	-
Acquisition of investments in associates	-	(1,286)
Disposal of investments in associates	7,400	550
Grants received	405	-
Dividends received	-	3,372
Interest received	-	36
<b>Net cash flows from investing activities</b>	<b>613</b>	<b>550</b>
<b>Cash flows from financing activities</b>		
Borrowings	-	155,862
Repayments of borrowings	(8,606)	(157,582)
Interest (paid)	(1,053)	(3,474)
Dividends (paid)	(21,589)	(43,260)
<b>Net cash flows used in financing activities</b>	<b>(31,248)</b>	<b>(48,454)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(20,087)</b>	<b>(25,056)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>75,750</b>	<b>51,578</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>55,663</b>	<b>26,522</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 18 August 2015:

  
**Juozas Bartlingas**  
Chief Executive Officer

  
**Egle Ciuzaitė**  
Director of Finance and Administration  
Department

  
**Giedruolė Guobienė**  
Verslo Aptarnavimo Centras UAB,  
Head of Reporting, Tax Accounting and  
Control Division, under order No. V-020  
(signed 2015 04 27)

Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
for the six-month period ended 30 June 2015

All amounts in EUR thousands unless otherwise stated

	Notes	Authorised share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings (deficit)	Total equity
<b>Balance at 1 January 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>1,163</b>	<b>10,872</b>	<b>196,297</b>	<b>(80,378)</b>	<b>397,547</b>
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	22,389	22,389
<b>Total comprehensive income for the period</b>							<b>22,389</b>	<b>22,389</b>
Depreciation of revaluation reserve		-	-	(33)	-	-	33	-
Transfers to retained earnings		-	-	-	-	(196,297)	196,297	-
Dividends paid		-	-	-	-	-	(43,443)	(43,443)
<b>Balance at 30 June 2014</b>		<b>183,933</b>	<b>85,660</b>	<b>1,130</b>	<b>10,872</b>	<b>-</b>	<b>94,898</b>	<b>376,493</b>
<b>Balance at 1 January 2015</b>		<b>183,933</b>	<b>85,660</b>	<b>1,097</b>	<b>10,872</b>	<b>-</b>	<b>85,716</b>	<b>367,278</b>
Other comprehensive income (expenses) for the period		-	-	-	-	-	-	-
Net profit for the reporting period		-	-	-	-	-	19,256	19,256
<b>Total comprehensive income for the period</b>							<b>19,256</b>	<b>19,256</b>
Depreciation of revaluation reserve		-	-	(20)	-	-	20	-
Result of the conversion of the nominal value of shares	9	241	-	-	-	-	-	241
Dividends paid	11	-	-	-	-	-	(21,721)	(21,721)
<b>Balance at 30 June 2015</b>		<b>184,174</b>	<b>85,660</b>	<b>1,077</b>	<b>10,872</b>	<b>-</b>	<b>83,271</b>	<b>365,054</b>

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

Condensed interim financial information was approved by Lietuvos Energijos Gamyba, AB on 18 August 2015:



**Juozas Bartlingas**  
Chief Executive Officer



**Eglė Čiužaitė**  
Director of Finance and Administration Department



**Giedruolė Guobienė**  
Verslo Aptarnavimo Centras UAB, Head of Reporting,  
Tax Accounting and Control Division, under order No. V-  
020 (signed 2015 04 27)

All amounts in EUR thousands unless otherwise stated

## 1 General information

Lietuvos Energijos Gamyba, AB is a public limited liability company registered in the Republic of Lithuania. Lietuvos Energijos Gamyba, AB (hereinafter referred to as the "Company") is a limited liability for-profit corporate entity, registered with the Register of Legal Entities managed by a public institution Centre of Registers. The Company's registration date is 21 July 2011, company code 302648707, VAT payer's code LT100006256115. The Company has been established for an unlimited period. The Company's registered office address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania.

Lietuvos Energijos Gamyba, AB was established for the implementation of the National Energy Strategy, as a result of reorganisation by way of merger of the following two public companies: AB Lietuvos Energija, company code 220551550, including its branch offices Kruonis Pumped Storage Power Plant, Kaunas Hydro Power Plant, and AB Lietuvos Elektrinė, company code 110870933.

The authorised share capital of Lietuvos Energijos Gamyba, AB amounts to EUR 184,174,248.35 and it is divided into 635,083,615 ordinary registered shares with par value of EUR 0.29 each. In 2015, the Company's authorised share capital was converted to the euro (Note 9). There were no changes in the Company's authorised share capital during the six-month period of 2015. All the shares are fully paid. With effect from 1 September 2011, the shares of Lietuvos Energijos Gamyba, AB have been listed on the Main List of NASDAQ OMX Vilnius Stock Exchange. As at 30 June 2015 and 31 December 2014, the Company had not acquired its own shares.

During 2015 and 2014, the Company was engaged in electricity generation, electricity trading and export activities. In addition to these principal activities, the Company is free to be engaged in any other business activities not forbidden under the laws and stipulated in the Company's Articles of Association.

The Company has permits of unlimited validity to engage in electricity generation activities at the Reserve Power Plant and the Combined Cycle Block (hereinafter collectively referred to as the Elektrėnai Complex), Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, as well as in electricity import and export activities. The Company also holds permits to expand electricity generation capacities at the Reserve Power Plant and Kruonis Pumped Storage Power Plant, and certificates entitling to engage in maintenance and operation of electric, thermal power, natural gas and oil facilities. On 29 July 2011, based on the decision of the National Control Commission for Prices and Energy, Lietuvos Energijos Gamyba, AB obtained a licence of an independent electricity supplier.

This condensed interim financial information contains condensed interim financial information of Lietuvos Energijos Gamyba, AB as a separate entity. For a better understanding of information contained in this condensed interim financial information, this financial information should be read in conjunction with the unaudited consolidated condensed interim financial information for the six-month period ended 30 June 2015 prepared by the Company and announced publicly.

As at 30 June 2015 and 31 December 2014, Lietuvos Energijos Gamyba, AB had direct and indirect control over the following companies:

Company	Registered office address	Group's ownership interest at 30 June 2015	Group's ownership interest at 31 December 2014	Profile of activities
Kauno Energetikos Remontas UAB	Chemijos g. 17, Kaunas, Lithuania	- %	100%	Repairs of energy equipment, manufacturing of metal structures
Gotlitas UAB	R.Kalantos g. 119, Kaunas, Lithuania	- %	100%	Accommodation services, trading activities
Energijos Tiekimas UAB	Žvejų g. 14, Vilnius, Lithuania	- %	100%	Independent electricity supply
Geton Energy OU	Narva mnt 5, 10117 Tallinn	- %	100%	Independent electricity supply
Geton Energy SIA	Elizabetes iela 45/47, Riga, LV-1010	- %	100%	Independent electricity supply

All amounts in EUR thousands unless otherwise stated

## 1 General information (continued)

The Company's investments in associates as at 30 June 2015 and 31 December 2014 is as follows:

Company	Registered office address	Group's ownership interest at 30 June 2015	Group's ownership interest at 31 December 2014	Profile of activities
Geoterma UAB	Lypkių g. 53, LT-94100 Klaipėda, Lithuania	23.44%	23.44%	Geothermal energy production
NT Valdosa UAB	Geologų g. 16, LT-02190 Vilnius, Lithuania	%	41.74%	Property management services
Technologijų ir Inovacijų Centras UAB	Juozapavičiaus g. 13, Vilnius, Lithuania	20.00%	20.00%	IT services
Verslo Aptarnavimo Centras UAB	P.Lukšio g. 5B, LT-08221 Vilnius	15.00%	15.00%	Public procurement, accounting and employment relations administration services
Nordic Energy Link AS	Laki 24, Tallinn 12915	25.00%	25.00%	Management of electricity transmission lines between Finland and Estonia

As at 30 June 2015, the number of employees of the Company was 452 (31 December 2014: 473).

The Company's operations are not affected by seasonality.

### *Functional and presentation currency*

This condensed interim financial information is presented in the national currency the euro (EUR), which is the Company's functional and presentation currency. Until 31 December 2014, the currency of the Republic of Lithuania was the litas. The litas was pegged to the euro at the exchange rate of LTL 3.4528 to EUR 1. With effect from 1 January 2015, Lithuania joined the euro area and the euro became its national currency. The euro replaced the litas at the exchange rate of LTL 3.4528 to EUR 1. The Company converted comparative figures from the litas to the euro using the official exchange rate, i.e. LTL 3.4528 to EUR 1. The conversion of the authorised share capital is disclosed in Note 9.

## 2 Accounting policies

### 2.1 Basis of preparation

The Company has prepared these stand-alone condensed interim financial statements in order to inform shareholders.

The Company's condensed interim financial information for the for the six-month period ended 30 June 2015 have been prepared according to International Accounting Standard 34, 'Interim financial reporting' as adopted by the European Union and the interpretation of the European Commission which is presented below.

At the time of approval of this stand-alone financial information the Company has not prepared the related consolidated financial statements in accordance with IFRS for the Company and its subsidiaries ("the Group") as required by IAS 27. The Company applied an interpretation contained in the agenda paper issued by the European Commission Internal Market and Services Directorate General for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) about relationship between the IAS regulation and the 4th and 7th Company Law Directives. The Commission's Internal Market and Services Directorate General was of the opinion that, if a company chooses or is required to prepare its annual financial statements in accordance with IFRS as adopted by the European Union, it can prepare and file them independently from the preparation and filing of its consolidated financial statements.

The Company's condensed interim financial information for the six-month period ended 30 June 2015 should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the consolidated condensed interim financial information for the six-month period ended 30 June 2015 as soon as it becomes available in order to obtain full information on the financial position, results of operations and cash flows of the Group as a whole. The consolidated condensed interim financial information will not be audited.

The Company's financial year coincides with the calendar year.

All amounts in EUR thousands unless otherwise stated

## 2 Accounting policies (continued)

### 2.1 Accounting policies

The accounting policies applied in preparing condensed interim financial information are the same as those applied in preparing annual financial statements for 2014, except as indicated below.

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

#### ***Adoption of new and/or amended International Financial Reporting Standards (IFRSs) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)***

There are no new standards, amendments and interpretations that are mandatory for the Company with effect from 2015, and that would have a material impact on the Company's financial information.

The Company's management do not believe that the newly published standards, amendments and interpretations that are mandatory for the Company's reporting periods beginning on or after 1 January 2015 will have a material impact on the Company's financial statements.

## 3 Critical accounting estimates and judgements

The preparation of the condensed interim financial information in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. Future events may cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements when determinable. The significant management judgements regarding the application of the accounting policies and the main sources for determining uncertainties used in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2014.

#### Tax audits

The Tax Authorities have the right at any time to inspect records and documents for the last five tax years and impose additional taxes and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

#### Depreciation rates of property, plant and equipment

In assessing the remaining useful life of property, plant and equipment, management takes into account conclusions presented by the employees responsible for technical maintenance of assets.

In 2015 and 2014, the Company reviewed depreciation rates of property, plant and equipment. After the completion of the review, applicable depreciation rates were determined to be appropriate and were left unchanged.

#### Revaluation of property, plant and equipment

On 31 December 2013, the independent property valuers Turto ir Verslo Tyrimo Centras UAB and OBER-HAUS UAB determined the market value of the Company's assets stated at revalued amount. The valuation was performed using the comparable and cost method.

On 30 June 2015 and 31 December 2014, no independent valuation was performed for the Company's assets stated at revalued amount, because, in management's opinion, the fair value of assets did not differ significantly from the carrying amount.

#### Impairment of property, plant and equipment

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

In 2015 and 2014, the Company accounted for property, plant and equipment, except for the assets of Hydro Power Plant, Pumped Storage Power Plant, Elektrėnai Complex (Combined-Cycle Unit and Reserve Power Plant), at the fair value in accordance with IAS 16, 'Property, Plant and Equipment'.

As at 30 June 2015 and 31 December 2014, the Company's management tested for impairment the property, plant and equipment of Kruonis Pumped Storage Power Plant and Kaunas Hydro Power Plant named after Algirdas Brazauskas and did not identify any impairment indications.

In view of the Company's management decision on dismantling units 1 and 2 of the Reserve Power Plant at the end of 2014, the Company recognised impairment loss of EUR 11.5 million equal to the carrying value of units 1 and 2 of the Reserve Power Plant as at 31 December 2014. Dismantling works of units 1 and 2 were started in 2015.

All amounts in EUR thousands unless otherwise stated

### 3 Critical accounting estimates and judgements (continued)

On 31 December 2014, impairment test was carried out for property, plant and equipment of Elektrėnai Complex, and it was determined that the recoverable amount exceeded the carrying amount of EUR 590.2 million, 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 2015 that would affect assumptions of the previous impairment test, therefore, on 30 June 2015 no impairment test was carried out for property, plant and equipment of Elektrėnai Complex with the carrying amount of EUR 588 million.

#### Write-down of inventory to net realisable value

Write-down of inventory to net realisable value was determined based on the management's estimations on inventory obsolescence and prices of probable realisation. This determination requires significant judgement. These judgements are based on the past and future estimated use of spare parts and materials, their probable selling prices and other factors.

#### Provisions for utilisation of emission allowances

The Company estimates provisions for utilisation of emission allowances 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 Company's management does not expect any significant differences to arise between the estimated provision at 30 June 2015 and the quality of emissions which will be approved in 2016.

#### Disposal of subsidiaries and associates

On 31 March 2015, the Company sold to Lietuvos Energija, UAB 15,244,112 ordinary registered shares of Kauno Energetikos Remontas UAB for the amount of EUR 4,778 thousand. The share sale agreement stipulates that the sale price of Kauno Energetikos Remontas UAB depends on the implementation of the Biofuel Boiler House Project, i.e. if a loss from the implementation of the Biofuel Boiler House Project increases or decreases more than EUR 50 thousand, the sale price of shares is adjusted with reference to the amount of the change. The sale price can be adjusted until 31 December 2016. In the opinion of the Company's management it is unlikely that expected losses from the Biofuel Boiler House Project as stipulated in the share sale agreement will be exceeded, therefore the sale price of shares was not adjusted.

On 27 April 2015, the Company sold to Lietuvos Energija, UAB 1,232,897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB. The share sale agreement stipulates that the sale price premium will be paid to the Company until 31 March 2019, if NT Valdos, UAB meets financial ratios set forth in the agreement. The Company accounted for the sale price premium under the line item 'Other amounts receivable' (Note 7) of the statement of financial position because management believes that financial ratios set forth in the sale agreement will be achieved. The result of the recognised sale transaction comprised gain from the disposal of shares and expenses related to the adjustment of the fair value of the sale price premium (Note 15).

#### Accrual of PSO service fees

The variable part of PSO service fees is estimated with reference to variable costs incurred during the reporting period. The producers ensuring the security of electric power supply and reserves of energy system, submit their PSO service fee estimates to the National Control Commission for Prices and Energy which include breakdown of variable electric power production costs – natural gas, heavy fuel oil, emission allowance costs, and costs for reagent desulphurisation. The variable part of PSO service fees for the upcoming calendar year is estimated based on the expected variable costs for the production of the approved quota of the sponsored electricity. As at 30 June 2015, variable production costs incurred by the Company for the production of the sponsored electricity exceeded the planned costs, therefore, as at 30 June 2015 the Company recorded the receivable amount of PSO services fees of EUR 1,374 thousand under 'Amounts receivable after one year' which will be received during 2017 (31 December 2014: amount payable of EUR 14,705 thousand under 'Other non-current amounts payable and liabilities' which will be refunded during 2016).

#### Disputes over the decisions of the National Control Commission for Prices and Energy

In 2014, the National Control Commission completed planned audit of the Company's regulated activity for the period 2010-2012 and made decision on restatement of expenses and income attributed to regulated activities. As a result of restatement, PSO services fees allocated to the Company for 2015 were reduced by EUR 6,14 million, and income from capacity reserve services allocated for the years 2015-2016 was reduced by EUR 7,44 million. Also in 2014 the National Control Commission made a decision clearing that the Company has a significant influence on power generation market. Due to this decision the PSO services fees allocated to the Company for 2015 were additionally decreased by EUR 5,44 million. All decisions of the National Control Commission pertaining to the audit report on regulated activity and recognition that the Company has a significant influence on power generation market, are considered to be unsubstantiated, in respect of which the Company has filed complaints to the court.

Due to these disputes over the decisions of the National Control Commission the Company did not account for EUR 1,85 million income from capacity reserve services and EUR 5,04 million income from PSO services fees in the statement of comprehensive income for six-month period ended 30 June 2015. Accordingly, the total amount of contingent asset related to these decisions as at 30 June 2015 amounted to EUR 6,89 million.

All amounts in EUR thousands unless otherwise stated

## 4 Financial risk management

The Company is exposed to financial risks in its operations, i.e. liquidity risk, market risk (foreign exchange risk, interest rate risk in relation to fair value and cash flows, securities price risk) and credit risk.

This condensed interim financial information does not include all management's information relating to financial risks and disclosures mandatory in preparing the annual financial statements, therefore, it should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

There have been no changes in risk management or risk management policy since 31 December 2014.

### *Fair value of financial assets and financial liabilities*

Trade and other amounts receivable, trade and other debts, non-current and current debts represent the major portion of the Company's financial assets and financial liabilities not carried at fair value.

The fair value of the Company's financial assets and financial liabilities designated as at fair value through profit or loss is based on prices in the active market.

Fair value is defined as the amount at which an asset or services could be exchanged or at which a mutual liability could be set off between knowledgeable parties in an arm's length transaction willing to buy/sell an asset or to set off a mutual liability. Fair value is determined on the basis of quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to determine the fair value of each class of financial assets and liabilities:

- The carrying amount of cash and cash equivalents, current trade and other accounts receivable, current trade and other accounts payable and current borrowings approximates their fair value;
- The fair value of non-current borrowings is based on the quoted market price for the same or similar loan or on the current rates available for loan with the same maturity profile. The fair value of a non-current borrowing bearing variable interest rates approximates its carrying amount, provided that the margin on such loan corresponds to the margins currently prevailing in the market.
- The fair value of derivative financial instruments is determined with reference to quoted market prices or using valuation techniques encompassing the present market values or contractual prices of assets relating to financial instruments, and all other inputs.

## 5 Intangible assets

The movement on the Company's intangible assets account is as follows:

	Computer software	Emission allowances	Other intangible assets	Total
<b>Period ended 30 June 2015</b>				
Opening net book amount	326	10,532	9	10,867
Additions	17	-	-	17
Grant received	-	2,139	-	2,139
Emission allowances utilised	-	(2,992)	-	(2,992)
Income from the revaluation of emission allowances	-	412	-	412
Repayment of emission allowances lent	-	4,615	-	4,615
Reclassifications from property, plant and equipment (Note 6)	10	-	-	10
Amortisation	(66)	-	(3)	(69)
<b>Net book amount at 30 June 2015</b>	<b>287</b>	<b>14,706</b>	<b>6</b>	<b>14,999</b>

The fair value of emission allowances is determined using the prices quoted in an active market, therefore, it is attributable to Level 1 in the fair value hierarchy. At the end of each reporting period, the value of emission allowances is estimated with reference to the market prices prevailing at the closing day, and the difference is included in operating expenses.

All amounts in EUR thousands unless otherwise stated

## 6 Property, plant and equipment

The movement on the Company's property, plant and equipment account is as follows:

	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined-Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other PP&E	Construction in progress	Total
<b>Period ended 30 June 2015</b>											
Opening net book amount	1,880	643	2,869	133,012	215,473	353,024	73	24	90	22,822	729,910
Additions	-	-	-	-	765	-	-	-	6	9,638	10,409
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	-	-	(10)	(10)
Reversal of impairment	-	-	-	-	125	-	-	-	-	-	125
Reclassifications between groups	-	-	-	25	29,801	-	-	-	-	(29,826)	-
Reclassification from/to inventories	-	-	-	37	28	133	-	-	-	-	198
Depreciation	-	(7)	(60)	(3,975)	(5,317)	(7,326)	(17)	(5)	(8)	-	(16,715)
<b>Net book amount at 30 June 2015</b>	<b>1,880</b>	<b>636</b>	<b>2,809</b>	<b>129,099</b>	<b>240,875</b>	<b>345,831</b>	<b>56</b>	<b>19</b>	<b>88</b>	<b>2,624</b>	<b>723,917</b>

All amounts in EUR thousands unless otherwise stated

## 6 Property, plant and equipment (continued)

On 30 June 2015, no independent valuation was performed for the Company's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1,880	-	1,880
Structures and equipment	-	2,809	-	2,809
Buildings	-	636	-	636
Motor vehicles	-	56	-	56
Other property, plant and equipment	-	107	-	107
<b>Fair value at 30 June 2015</b>	-	<b>5,488</b>	-	<b>5,488</b>

In December 2014, no independent valuation was performed for the Company's assets carried at revalued amount since the fair value of assets did not differ significantly from their carrying amounts, accordingly no difference was recognised.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Other directly or indirectly observable inputs	Unobservable inputs	
Land	-	1,880	-	1,880
Structures and equipment	-	2,869	-	2,869
Buildings	-	643	-	643
Motor vehicles	-	73	-	73
Other property, plant and equipment	-	114	-	114
<b>Fair value at 31 December 2014</b>	-	<b>5,579</b>	-	<b>5,579</b>

As at 30 June 2015, the Company pledged to the banks property, plant and equipment with the value of EUR 333,812 thousand (31 December 2014: EUR 333,298 thousand).

The table below presents the carrying amounts of the Company's property, plant and equipment that would have been recognised if the cost method had been used in accounting for assets as at 30 June 2015:

	Land	Buildings	Structures and equipment	Structures and equipment of Hydro Power Plant and Pumped Storage Power Plant	Structures and equipment of Reserve Power Plant	Combined -Cycle Unit	Motor vehicles	Computer, communication hardware and other office equipment	Other PP&E	Construction in progress	Total
<b>Net book amount at 30 June 2015</b>	<b>1,699</b>	<b>167</b>	<b>2,472</b>	<b>129,099</b>	<b>240,875</b>	<b>345,831</b>	<b>51</b>	<b>19</b>	<b>106</b>	<b>2,624</b>	<b>722,943</b>
<b>Net book amount at 31 December 2014</b>	<b>1,699</b>	<b>169</b>	<b>2,537</b>	<b>133,012</b>	<b>215,473</b>	<b>353,025</b>	<b>62</b>	<b>24</b>	<b>113</b>	<b>22,822</b>	<b>728,936</b>

All amounts in EUR thousands unless otherwise stated

## 7 Other amounts receivable

The Company's other non-current amounts receivable as at 30 June 2015 and 31 December 2014 comprised as follows:

	At 30 June 2015	At 31 December 2014
Amounts receivable for shares sold (Note 15)	18,294	-
Unbilled accrued revenue from electricity sales*	1,374	-
Receivables for emission allowances lent	244	275
Receivables for apartments	149	152
Other amounts receivable	139	139
<b>Total</b>	<b>20,200</b>	<b>566</b>

\* As disclosed in Note 3, in 2015 the Company under "Unbilled accrued revenue from electricity sales" accounted for EUR 1,374 thousand relating to PSO services fees receivable which will be received in 2017.

The Company's current other amounts receivable as at 30 June 2015 and 31 December 2014 comprised as follows:

	At 30 June 2015	At 31 December 2014
Amounts receivable for shares sold (Note 15)	20,469	-
Other amounts receivable	692	931
Excise receivable on heavy fuel oil	548	307
Receivables for IT and telecommunications services	1	6
Grants receivable for the Syderiai project	-	31
	<b>21,710</b>	<b>1,275</b>
Less: allowance for doubtful receivables	(564)	(596)
<b>Total</b>	<b>21,146</b>	<b>679</b>

## 8 Derivative financial instruments

Derivative financial instruments as at 30 June 2015 and 31 December 2014 comprised as follows:

	At 30 June 2015	At 31 December 2014
Derivative financial instruments held for trading	1,947	-
<b>Total</b>	<b>1,947</b>	<b>-</b>

The Company's derivative financial instruments held for trading comprise contracts for the fixing of electricity sale and purchase prices (swap transactions with financial instruments). As at 30 June 2015, the Company recorded swap transactions at fair value. The fair value of swap transactions was established based on prices of electricity forwards traded at the NASDAQ exchange in respective bidding areas. Estimated results of the transactions for specific months were discounted using the average discount rate of 1.14%.

Derivative financial instruments stated at fair value are attributed to Level 2 of the fair value hierarchy.

	Level 1 Quoted prices in active markets	Level 2 Other directly or indirectly observable inputs	Level 3 Unobservable inputs	Total
Derivative financial instruments held for trading	-	1,947	-	1,947
<b>Fair value at 30 June 2015</b>	<b>-</b>	<b>1,947</b>	<b>-</b>	<b>1,947</b>

**Lietuvos Energijos Gamyba, AB, company code 302648707, address: Elektrinės g. 21, LT-26108, Elektrėnai, Lithuania**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the six-month period ended 30 June 2015**

All amounts in EUR thousands unless otherwise stated

## 9 Authorised share capital

In accordance with the Lithuanian Law on the Adoption of the Euro in the Republic of Lithuania and the provisions of the procedure for the conversion of the nominal value of the share capital to the euro of Lietuvos Centrinis Vertybinių Popierių Depozitoriumas AB (Central Securities Depository of Lithuania), on 1 January 2015 the Company's authorised share capital was converted to the euro. As at 30 June 2015, the share capital of the Company amounted to EUR 184,174,248.35 and it was divided into 635,083,615 ordinary registered shares with the nominal value of EUR 0.29 each. The result of the conversion of the nominal value of shares amounted to EUR 241 thousand and was included in comprehensive income under the line item of 'Other finance costs'. As at 31 December 2014, the Company's authorised share capital amounted to EUR 183,932,928.35. All the shares are fully paid. The number of shareholders as at 30 June 2015 was 6,130 (31 December 2014: 6,137).

The shareholders' structure of the Company is as follows:

Shareholders	Share capital At 30 June 2015		Share capital At 31 December 2014	
	(EUR)	%	(EUR)	%
Lietuvos Energija, UAB	177,049,499.35	96.13	176,817,514.77	96.13
Other shareholders	7,124,749.00	3.87	7,115,413.58	3.87
<b>Total</b>	<b>184,174,248.35</b>	<b>100.00</b>	<b>183,932,928.35</b>	<b>100.00</b>

Lietuvos Energija, UAB is wholly owned by the State of Lithuania represented by the Lithuanian Ministry of Finance.

## 10 Other reserves

Other reserves are as follows:

	Reserve for share capital reduction due to transfer of heavy fuel oil storage facilities	Reserve for investments	Non-current asset- related reserves	Total
<b>Balance at 31 December 2013</b>	<b>(18,471)</b>	<b>33,852</b>	<b>180,916</b>	<b>196,297</b>
Reserves utilised	-	(15,381)	(180,916)	(196,297)
<b>Balance at 31 December 2014</b>	<b>(18,471)</b>	<b>18,471</b>	-	-
<b>Balance at 31 December 2014</b>	<b>(18,471)</b>	<b>18,471</b>	-	-
Reserves utilised	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>(18,471)</b>	<b>18,471</b>	-	-

As at 31 December 2013, the Company's reserve for investments amounted to EUR 33,852 thousand. It was established to accumulate funds for the construction and development of non-current assets. During the General Meeting of Shareholders held in 2014, a decision was made to transfer EUR 15,381 thousand to retained earnings.

The reserve for the share capital due to the transfer of heavy fuel oil storage facilities is the negative reserve for the reduction of the share capital, which was established in 1999 as a result of the transfer of heavy fuel oil storage facilities to VĮ Vilniaus Mazuto Saugykla. Although expected, the share capital has not been reduced by this amount.

## 11 Dividends per share

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 27 April 2015, a decision was made to pay out dividends of EUR 0.0342 per share from retained earnings.

At 30 June 2015

Dividends (EUR '000)	21,721
Weighted average number of shares (units)	635,083,615
<b>Dividends per share (EUR)</b>	<b>0.0342</b>

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 30 September 2014, a decision was made to pay out dividends of EUR 0.0319 per share from retained earnings for a six-month period ended 30 June 2014.

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All amounts in EUR thousands unless otherwise stated

## 11 Dividends per share (continued)

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba, AB held on 4 April 2014, a decision was made to pay out dividends of EUR 0.0695 per share from retained earnings.

	<b>2014</b>
Dividends (EUR '000)	63,676
Weighted average number of shares (units)	635,083,615
<b>Dividends per share (EUR)</b>	<b>0.1003</b>

## 12 Borrowings

The Company's borrowings by maturity grouping are as follows:

	<b>At 30 June 2015</b>	<b>At 31 December 2014</b>
<b>Non-current borrowings</b>		
Loan from Nordea Bank AB Lithuania branch, in EUR, to be repaid by 31 March 2027	13,178	12,977
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	123,890	131,882
<b>Total non-current borrowings</b>	<b>137,068</b>	<b>144,859</b>
<b>Current borrowings and current portion of non-current borrowings</b>		
Loan from Nordea Bank AB Lithuania branch, EUR, to be repaid by 31 March 2027	1,226	2,041
Loan from SEB Bankas AB, in EUR, to be repaid by 23 February 2024	15,986	15,986
<b>Total current borrowings and current portion of non-current borrowings</b>	<b>17,212</b>	<b>18,027</b>

As at 30 June 2015, the Company's balance of loans and overdrafts not withdrawn under the above-listed agreements amounted to EUR 55,028 thousand (31 December 2014: EUR 65,011 thousand). Average interest rate payable on the Company's borrowings was 1.26% as at 30 June 2015 (31 December 2014: 1.34%).

As at 30 June 2015, the fair value of the Company's borrowings was approx. EUR 144,479 thousand (31 December 2014: EUR 154,143 thousand). The fair value was estimated using a discount rate of 2.54% (31 December 2014: 2.46%). The fair value of borrowings is attributed to Level 2 in the fair value hierarchy.

The Company has pledged property, plant and equipment to secure the repayment of loans granted (Note 6).

## 13 Grants

The balance of grants includes grants received to finance the acquisition of assets. Movements on grants account in during the six-month periods ended 30 June 2015 and 2014 were as follows:

	<b>Asset-related grants</b>			<b>Total</b>
	<b>Fuel combustion equipment and other assets</b>	<b>Project for renovation, improvement of environmental and safety standards</b>	<b>Grants for emission allowances</b>	
<b>Balance at 1 January 2014</b>	<b>25,730</b>	<b>282,058</b>	-	<b>307,788</b>
Grants received	1,615	-	393	2,008
Depreciation of immovable property, plant and equipment	(247)	(5,371)	-	(5,618)
Utilisation of grant for emission allowances	-	-	(326)	(326)
<b>Balance at 30 June 2014</b>	<b>27,098</b>	<b>276,687</b>	<b>67</b>	<b>303,852</b>
<b>Balance at 1 January 2015</b>	<b>27,814</b>	<b>269,390</b>	-	<b>297,204</b>
Grants received	405	-	2,139	2,544
Depreciation of immovable property, plant and equipment	(293)	(5,335)	-	(5,628)
Utilisation of grant for emission allowances	-	-	(875)	(875)
<b>Balance at 30 June 2015</b>	<b>27,926</b>	<b>264,055</b>	<b>1,264</b>	<b>293,245</b>

All amounts in EUR thousands unless otherwise stated

### 13 Grants (continued)

During the six-month period ended on 30 June 2015, the Company's assets-related grants decreased by EUR 5,628 thousand, i.e. by the amount of depreciation of property, plant and equipment (by EUR 5,618 thousand during a respective period of 2014). Depreciation expenses of property, plant and equipment were reduced by this amount in the statement of comprehensive income.

The grant for emission allowances of EUR 2,139 thousand was received during the six-month period ended on 30 June 2015 (EUR 393 thousand grant for emission allowances during a respective period of 2014).

### 14 Provisions for emission allowances

Movements in provisions for emission allowances were as follows:

	2015
<b>Balance at 1 January</b>	<b>2,839</b>
Emission allowances utilised	(2,882)
Provisions for emissions*	1,493
<b>Balance at 30 June</b>	<b>1,450</b>

\* For the purpose of the statement of comprehensive income, expenses of provision for emission allowances utilised were reported net of government grants (Note 13).

### 15 Investments

As at 30 June 2015, the Company had no subsidiaries.

On 31 March 2015, the Company sold to Lietuvos Energija, UAB 15,244,112 ordinary registered shares of Kauno Energetikos Remontas UAB for EUR 4,778 thousand and 750,000 ordinary registered shares of Energijos Tiekimas UAB for EUR 6,883 thousand. The Company incurred a loss of EUR 1,099 thousand on the sale transaction of Kauno Energetikos Remontas UAB, which was included in other costs in the Company's statement of comprehensive income and received a gain of EUR 6,666 thousand from the sale transaction of Energijos Tiekimas UAB, which was included in other income in the Company's statement of comprehensive income. The share sale agreement stipulates that the sale price of Kauno Energetikos Remontas UAB depends on the implementation of the Biofuel Boiler House Project and can be adjusted until 31 December 2016. As disclosed in Note 3, the sale price premium was not recognised.

After the completion of the transaction, the Company lost control over indirectly controlled subsidiaries Geton Energy SIA, Geton Energy OU and Gotlitas UAB.

As at 31 December 2014, the Company had direct control over the following subsidiaries:

Subsidiary at 31 December 2014	Cost	Impairment	Carrying amount
Kauno Energetikos Remontas UAB	11,971	(6,094)	5,877
Energijos Tiekimas UAB	217	-	217
<b>Total</b>	<b>12,188</b>	<b>(6,094)</b>	<b>6,094</b>

Movements of investments in subsidiaries in 2015 were as follows:

	2015
<b>Carrying amount at 1 January</b>	<b>6,094</b>
Disposal of subsidiaries	(6,094)
<b>Carrying amount at 30 June</b>	<b>-</b>

The Company's investments in associates as at 30 June 2015 were as follows:

At 30 June 2015	Cost	Ownership interest (%)	Impairment	Carrying amount
Geoterma UAB	2,142	23.44	(2,142)	-
Technologijų ir Inovacijų Centras UAB	1,287	20.00	-	1,287
Verslo Aptarnavimo Centras UAB	87	15.00	-	87
Nordic Energy Link AS	-	25.00	-	-
<b>Total</b>	<b>3,516</b>		<b>(2,142)</b>	<b>1,374</b>

All amounts in EUR thousands unless otherwise stated

## 15 Investments (continued)

The Company's investments in associates as at 31 December 2014 were as follows:

At 31 December 2014	Cost	Ownership interest (%)	Impairment	Carrying amount
NT Valdos UAB	37,859	41.74	-	37,859
Nordic Energy Link AS	-	25.00	-	-
Geoterma UAB	2,142	23.44	(2,142)	-
Technologijų ir Inovacijų Centras UAB	1,287	20.00	-	1,287
Verslo Aptarnavimo Centras UAB	87	15.00	-	87
<b>Total</b>	<b>41,375</b>		<b>(2,142)</b>	<b>39,233</b>

Movements of investments in associates in 2015 were as follows:

	2015
<b>Carrying amount at 1 January</b>	<b>39,233</b>
Acquisition of associates	-
Disposal of associates	(37,859)
<b>Carrying amount at 30 June</b>	<b>1,374</b>

### Liquidation of Nordic Energy Link AS

During the shareholders' meeting held on 19 March 2014, the shareholders of Nordic Energy Link AS ("NEL") made a decision on dissolution of Nordic Energy Link AS. On 19 March 2014, NEL bought out from its shareholders a proportionate share of 10% shares. The Company sold 860,000 ordinary registered shares for the amount of EUR 550 thousand. On 29 December 2014, NEL bought out from its shareholders the remaining shares. The Company sold 7,740,000 ordinary registered shares for the amount of EUR 5,229 thousand. On 19 March 2014, dividends transferred by NEL to the Company totalled EUR 1,924 thousand. Loss on dissolution of NEL was recognised in the Company's statement of comprehensive income in the financial statements for the year ended 31 December 2014 under the line item 'Finance costs'. As at 30 June 2015 and 31 December 2014, NEL was not deregistered from the Register of Entities.

### Disposal of shares in NT Valdos UAB

On 27 April 2015, the Company concluded the purchase and sale agreement for its ownership interest in NT Valdos UAB with the Company's parent Lietuvos Energija, UAB. Under this agreement, the Company sold to Lietuvos Energija, UAB 1,232,897 ordinary registered shares of NT Valdos, UAB representing 41.73% of the share capital of NT Valdos, UAB. The share sale price amounted to EUR 29,987 thousand. The result of the share sale transaction, i.e. a loss of EUR 564 thousand, was recorded under the line item 'Other expenses' in the Company's statement of comprehensive income (the result comprised gain of EUR 227 thousand from the disposal of shares and expenses of EUR 791 thousand related to the adjustment of the fair value of the sale price premium). The share sale agreement stipulates that the sale price premium will be paid to the Company until 31 March 2019, if NT Valdos, UAB meets financial ratios set forth in the agreement. In the management's opinion financial ratios set forth in the sale agreement will be achieved, therefore, the sale price premium was recognised.

## 16 Segment reporting

In 2015, the management distinguished operating segments based on the reports reviewed by the Board. The Board is the principal decision-making body. With effect from 2012, the Board started analysing the operations in terms of profitability of the regulated activities and the commercial activities of the Company. Operating profit (loss) is a profitability measure analysed by the Board. The reports analysed by the Board are in line with the financial statements prepared in accordance with IFRSs, except for the format of presentation.

As at 30 June 2015 and 30 June 2014, the management analysed the operations by separating them into regulated activities and commercial activities. The regulated activities include the Reserve Power Plant's revenue from heat and electricity production, balancing and regulation, capacity reserve services, including capacity reserve revenue of Kruonis Pumped Storage Power Plant. The commercial activities include electricity trade in a free market, export/import, electricity production at Kaunas Hydro Power Plant named after Algirdas Brazauskas and Kruonis Pumped Storage Power Plant, and the related balancing and regulation services. Administrative expenses are allocated between the regulated activities and the commercial activities based on operating expenses, headcount and sales.

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## 16 Segment information (continued)

Information on the Company's segments for the six-month period ended 30 June 2015 is presented in the table below:

2015	Electricity production and trade (including export/import)		Total
	Regulated activities	Commercial activities	
<b>Revenue</b>	<b>60,646</b>	<b>46,731</b>	<b>107,377</b>
<b>Expenses</b>	<b>(55,556)</b>	<b>(29,059)</b>	<b>(84,615)</b>
Whereof: depreciation and amortisation expenses	(8,074)	(3,082)	(11,156)
<b>Operating profit</b>	<b>5,090</b>	<b>17,672</b>	<b>22,762</b>
Finance income	-	172	172
Finance (costs)	(989)	(286)	(1,275)
<b>Profit before income tax</b>	<b>4,101</b>	<b>17,558</b>	<b>21,659</b>
<b>Income tax</b>			<b>(2,403)</b>
<b>Net profit</b>			<b>19,256</b>

Information on the Company's segments for the six-month period ended 30 June 2014 is presented in the table below:

2014	Electricity production and trade (including export/import)		Total
	Regulated activities	Commercial activities	
<b>Revenue</b>	<b>43,916</b>	<b>49,480</b>	<b>93,396</b>
<b>Expenses</b>	<b>(32,856)</b>	<b>(35,071)</b>	<b>(67,927)</b>
Whereof: depreciation and amortisation expenses	(7,995)	(3,148)	(11,143)
<b>Operating profit</b>	<b>11,060</b>	<b>14,409</b>	<b>25,469</b>
Finance income	1	3,409	3,410
Finance (costs)	(3,046)	(280)	(3,326)
<b>Profit before income tax</b>	<b>8,015</b>	<b>17,538</b>	<b>25,553</b>
<b>Income tax</b>			<b>(3,164)</b>
<b>Net profit</b>			<b>22,389</b>

All assets of the Company are located in Lithuania.

## 17 Related-party transactions

### Purchase and sale of goods and services

The Company's transactions with related parties between January and June of 2015 and the balances arising on these transactions as at 30 June 2015 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	-	-	9	17,727
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	18,221	17,361	38,127	72,997
LITGRID AB group	240	11,586	1,600	43,799
Lietuvos Dujos AB	1	-	14	-
Lietuvos Energija, UAB	219	38,763	972	49,815
Associates of the Company	96	2	593	10
<b>Total</b>	<b>18,777</b>	<b>67,712</b>	<b>41,315</b>	<b>184,348</b>

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## 17 Related-party transactions (continued)

Until 31 March 2015, transactions with Kauno Energetikos Remontas UAB and Energijos Tiekimas UAB were reported under the line item 'the Company's subsidiaries' and from 1 April 2015 they are reported under the line item 'Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)'. Until 30 April 2015, transactions with NT Valdos, UAB were reported under the line item 'the Company's associates' and from 1 May 2015 they are reported under the line item 'Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)'.

The Company's transactions with related parties between January and June of 2014 and the balances arising on these transactions as at 31 December 2014 are presented below:

Related parties	Payables and accrued expenses	Receivables and unbilled revenue	Purchases	Sales
Subsidiaries of the Company	1,677	8,729	4,138	30,218
Associates of the Company	204	1	1,760	2,474
Entities controlled by the Ministry of Finance of the Republic of Lithuania (including subsidiaries of Lietuvos Energija, UAB)	3	3,425	23	67,210
LITGRID AB group	1,285	9,081	5,422	49,303
Lietuvos Dujos AB	4	-	9	-
Lietuvos Energija, UAB	-	-	-	12,013
<b>Total</b>	<b>3,173</b>	<b>21,236</b>	<b>11,352</b>	<b>161,218</b>

On 21 February 2014, Lietuvos Dujos, AB became the Company's related party.

The major sale and purchase transactions in 2015 and between January and June of 2014 comprised transactions with the entity controlled by the Ministry of Finance of the Republic of Lithuania LESTO AB and Litgrid AB group. Sales transactions with these entities comprised sales of electricity. Other transactions with state-owned entities included regular business transactions and therefore they are not disclosed.

## 18 Compensation to key management personnel

	1 January 2015 – 30 June 2015	1 January 2014 – 30 June 2014
Employment-related payments	121	203
Termination benefits	13	12
Other significant payments to key management personnel	29	-
Number of key management personnel	5	8

In 2015, key management personnel includes the chief executive officer and directors of departments. In 2014, key management personnel included heads of administration and their deputies, and the chief financier. The chief financier has been included in key management personnel since 30 November 2014. Starting from 1 December 2014, the Company's accounting is conducted by Verslo Aptarnavimo Centras UAB.

## 19 Events after the reporting period

There were no significant events after 30 June 2015 and until the date of approval of the condensed interim financial information.

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