

2018

LIETUVOS ENERGIJA UAB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL
INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2018, PREPARED ACCORDING
TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL
REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



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Translation note:

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

Condensed interim financial information was approved by Chief Executive Officer, Finance and Treasury Director and Head of Accounting Service Center of Verslo Aptarnavimo Centras UAB (acting under Order No IS17-80 of 28 August 2017) at 7 May 2018:



Darius Maikštėnas

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 IS17-80 of 28 August 2017

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
At 31 March 2018

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2018.03.31	2017.12.31	2018.03.31	2017.12.31
ASSETS					
Non-current assets					
Intangible assets	4	47,444	36,360	1,874	-
Property, plant and equipment	4	1,780,678	1,761,082	419	421
Prepayments for non-current assets		24,133	21,911	650	3,899
Investment property		8,856	14,878	-	-
Investments in subsidiaries	5	-	-	1,156,356	1,148,917
Amounts receivable after one year		169,975	170,488	544,795	492,938
Other financial assets		798	426	8,905	426
Other non-current assets		5,312	3,239	-	-
Deferred income tax asset		5,742	7,084	374	549
Total non-current assets		2,042,938	2,015,468	1,713,373	1,647,150
Current assets					
Inventories		32,106	56,866	-	-
Prepayments		26,146	38,119	41	42
Trade receivables		124,965	112,563	-	-
Other amounts receivable		24,285	27,800	39,952	5,322
Other current assets		1,079	1,093	-	-
Prepaid income tax		3,180	2,102	149	147
Short-term investments		-	-	153,986	169,395
Cash and cash equivalents	6	124,449	171,756	1,881	52,517
		336,210	410,299	196,009	227,423
Non-current assets held for sale	7	78,866	79,301	4,782	14,717
Total current assets		415,076	489,600	200,791	242,140
TOTAL ASSETS		2,458,014	2,505,068	1,914,164	1,889,290
EQUITY AND LIABILITIES					
Equity					
Share capital	8	1,212,156	1,212,156	1,212,156	1,212,156
Reserves		99,966	99,380	14,516	14,516
Retained earnings (deficit)		(38,745)	(13,706)	150,522	117,103
Equity attributable to owners of the parent		1,273,377	1,297,830	1,377,194	1,343,775
Non-controlling interests		42,666	45,796	-	-
Total equity		1,316,043	1,343,626	1,377,194	1,343,775
Liabilities					
Non-current liabilities					
Non-current borrowings	9	461,088	480,068	419,482	433,668
Finance lease liabilities		152	187	-	-
Grants and subsidies		199,301	200,311	-	-
Deferred income tax liabilities		27,484	36,049	-	-
Provisions	10	1,922	1,893	2,903	2,903
Deferred income		118,654	54,509	-	-
Other non-current amounts payable and liabilities		7,474	7,306	83	9,807
Total non-current liabilities		816,075	780,323	422,468	446,378
Current liabilities					
Current portion of long-term debts	9	131,677	119,599	108,511	95,013
Current borrowings	9	9,086	14,082	4,274	2,794
Current portion of finance lease liabilities		142	145	-	-
Trade payables		64,137	98,338	185	506
Advance amounts received		31,919	27,765	50	1
Income tax liabilities		4,853	3,695	-	-
Provisions	10	3,030	2,498	-	-
Other current amounts payable and liabilities		80,043	114,663	1,482	823
		324,887	380,785	114,502	99,137
Liabilities related to non-current assets held for sale		1,009	334	-	-
Total current liabilities		325,896	381,119	114,502	99,137
Total liabilities		1,141,971	1,161,442	536,970	545,515
TOTAL EQUITY AND LIABILITIES		2,458,014	2,505,068	1,914,164	1,889,290

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2018

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2018 I Q	2017 I Q	2018 I Q	2017 I Q
Revenue					
Sales revenue	11	344,580	302,825	788	631
Other income		13,720	6,795	578	-
Dividend revenue	13	-	-	34,833	61,455
Total revenue		358,300	309,620	36,199	62,086
Operating expenses					
Purchases of electricity, gas for trade, and related services		(161,960)	(129,082)	-	-
Purchases of gas and heavy fuel oil		(108,334)	(96,615)	-	-
Depreciation and amortisation	4	(21,240)	(20,338)	(2)	-
Wages and salaries and related expenses		(20,941)	(20,185)	(1,147)	(983)
Repair and maintenance expenses		(3,237)	(3,880)	-	-
Revaluation of non-current assets		-	-	-	-
Reversal of impairment of investments in subsidiaries		-	-	-	-
Reversal of (impairment) of amounts receivable and loans		(201)	1,585	-	-
Impairment of property, plant and equipment		84	(1,086)	-	-
Other expenses	12	(3,250)	(11,017)	(1,333)	(360)
Total operating expenses		(319,079)	(280,618)	(2,482)	(1,343)
Operating profit (loss)		39,221	29,002	33,717	60,743
Finance income		231	623	2,018	506
Finance costs		(2,457)	(1,425)	(2,147)	(365)
Profit (loss) before tax		36,995	28,200	33,588	60,884
Current year income tax (expense)/income		(1,860)	(3,500)	5	14
Deferred income tax (expense)/income		(3,021)	(2,681)	(174)	19
Net profit		32,114	22,019	33,419	60,917
Attributable to:					
Owners of the parent		31,106	20,398	33,419	60,917
Non-controlling interests		1,008	1,621	-	-
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Gain (loss) on revaluation of non-current assets		4,210	-	-	-
Impact of accounting policy changes adapting new IFRSs		(62,768)	-	-	-
Items that will not be reclassified to profit or loss, total		(58,558)	-	-	-
Items that will be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		-	-	-	-
Other income/(expenses) recognised directly in equity during the period		-	-	-	-
Translation of net investments in foreign operations into the Group's presentation currency		(6)	-	-	-
Items that will be reclassified to profit or loss, total		(6)	-	-	-
Other comprehensive income (loss)		(58,564)	-	-	-
Total comprehensive income for the period		(26,450)	22,019	33,419	60,917
Attributable to:					
Owners of the parent		(24,453)	20,398	33,419	60,917
Non-controlling interests		(1,997)	1,621	-	-

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the three-month period ended 31 March 2018

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Company					Non-controlling interest	Total	
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings			Subtotal
Balance at 1 January 2017		1,212,156	34,696	57,475	-	(35,952)	1,268,375	51,172	1,319,547
Revaluation of non-current assets, net of deferred income tax effect		-	-	-	-	-	-	-	-
Total other comprehensive income (loss) for the period		-	-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	20,398	20,398	1,621	22,019
Total comprehensive income for the period		-	-	-	-	20,398	20,398	1,621	22,019
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(1,230)	-	1,230	-	-	-
Transfer to reserves and movement in reserves	13	-	1,934	-	-	(1,934)	-	-	-
Dividends		-	-	-	-	-	-	(3,010)	(3,010)
Balance at 31 March 2017		1,212,156	36,630	56,245	-	(16,258)	1,288,773	49,783	1,338,556
Balance at 1 January 2018		1,212,156	46,512	52,826	42	(13,706)	1,297,830	45,796	1,343,626
Impact of accounting policy changes adapting new IFRSs	2	-	-	-	-	(59,642)	(59,642)	(3,127)	(62,768)
Restated balance at 1 January 2018		1,212,156	46,512	52,826	42	(73,348)	1,238,188	42,669	1,280,858
Revaluation of non-current assets, net of deferred income tax effect	4	-	-	4,089	-	-	4,089	121	4,210
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	(6)	-	(6)	-	(6)
Total other comprehensive income (loss) for the period		-	-	4,089	(6)	-	4,083	121	4,204
Net profit for the period		-	-	-	-	31,106	31,106	1,008	32,114
Total comprehensive income for the period		-	-	4,089	(6)	31,106	35,189	1,129	36,319
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(1,086)	-	1,086	-	-	-
Transfer to reserves and movement in reserves		-	(2,411)	-	-	2,411	-	-	-
Dividends	13	-	-	-	-	-	-	(1,427)	(1,427)
Increase in share capital of Kauno Kogeneracinė Jėgainė UAB attributable to minority interest		-	-	-	-	-	-	294	294
Balance at 31 March 2018		1,212,156	44,101	55,829	36	(38,745)	1,273,377	42,666	1,316,043

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the three-month period ended 31 March 2018

All amounts in thousands of euro unless otherwise stated

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2017		1,212,156	9,758	-	75,699	1,297,613
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	-	-
Total other comprehensive income for the period		-	-	-	-	-
Net profit for the period		-	-	-	60,917	60,917
Total comprehensive income for the period		-	-	-	60,917	60,917
Transfer to legal reserves		-	-	-	-	-
Balance at 31 March 2017		1,212,156	9,758	-	136,616	1,358,530
Balance at 1 January 2018		1,212,156	14,516	-	117,103	1,343,775
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	-	-
Total other comprehensive income (loss) for the period		-	-	-	-	-
Net profit for the period		-	-	-	33,419	33,419
Total comprehensive income for the period		-	-	-	33,419	33,419
Transfer to legal reserves		-	-	-	-	-
Balance at 31 March 2018		1,212,156	14,516	-	150,522	1,377,194

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

For the three-month period ended 31 March 2018

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2018 I Q	2017 I Q	2018 I Q	2017 I Q
Cash flows from operating activities					
Net profit for the period		32,114	22,019	33,419	60,917
Adjustments for non-monetary expenses (income):					
Depreciation and amortisation expenses	4	23,585	23,462	2	-
Impairment of property, plant and equipment		12	1,086	-	-
Revaluation of derivative financial instruments		4	1,492	-	-
Impairment of financial assets (reversal of impairment)		201	(1,585)	-	-
Income tax expenses		4,881	6,181	169	(33)
(Depreciation) of grants		(2,345)	(3,124)	-	-
Increase (decrease) in provisions		462	(5,607)	-	-
Inventory write-down to net realizable value/ (reversal)		(323)	-	-	-
(Income) expenses on revaluation of emission allowances		(6,170)	3,417	-	-
(Gain) loss on disposal/write-off of property, plant and equipment		99	-	-	-
Elimination of results of investing activities:					
- Dividend (income)	13	-	-	(34,833)	(61,455)
- (Gain)/loss on disposal/write-off of property, plant and equipment		(12,926)	592	-	-
- Realized (gain) loss attributable to derivative financial instruments		(4,786)	-	-	-
Elimination of results of financing activities:					
Interest (income)		(356)	(427)	(2,018)	(506)
Interest expenses		2,504	1,355	2,147	206
Other finance (income) expenses		78	(126)	-	159
Changes in working capital:					
(Increase) decrease in trade receivables and other amounts receivable		2,460	11,125	23,790	65
(Increase) decrease in inventories, prepayments and other current assets		34,837	(14,116)	(601)	-
Increase (decrease) in amounts payable, deferred income and advance amounts received		(16,210)	(18,886)	(9,389)	(551)
Income tax (paid)		(2,577)	(491)	-	-
Net cash flows from (used in) operating activities		55,544	26,367	12,686	(1,198)
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(103,678)	(41,339)	-	(4)
Disposal of property, plant and equipment and intangible assets		11,789	1,490	-	-
Loans (granted)		-	-	(17,139)	(4,000)
Loans repaid		-	-	15,409	4,300
(Acquisition) disposal of subsidiaries		-	-	(3,540)	(165)
Grants received		1,220	-	-	-
Interest received		79	84	924	41
Realized (gain) loss attributable to derivative financial instruments		4,786	-	-	-
Increase (decrease) of cash flows from other from investing activities		(372)	-	(8,479)	-
Net cash flows from (used in) investing activities		(86,176)	(39,765)	(12,825)	172
Cash flows from financing activities					
Proceeds from borrowings		-	13,038	2,148	1,265
Repayments of borrowings		(7,840)	(24,192)	(52,149)	-
Finance lease payments		(642)	(37)	-	-
Interest paid		(2,350)	(1,313)	(496)	(221)
Net cash flows from (used in) financing activities		(10,832)	(12,504)	(50,497)	1,044
Increase (decrease) in cash and cash equivalents (including overdraft)		(41,464)	(25,902)	(50,636)	18
Cash and cash equivalents (including overdraft) at the beginning of the period		161,101	178,565	52,517	73
Cash and cash equivalents (including overdraft) at the end of the period		119,637	152,663	1,881	91

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

1 General information

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

The Company is a parent company, which is responsible for the management and coordination of activities of group companies engaged in electricity and heat generation (including electricity generation from renewable energy sources), supply, electricity import and export, distribution and trade, natural gas distribution and supply, as well as in service and development of electric energy industry.

The Company analyses the activities of 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 others.

The Company seeks to ensure effective operation of 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	At 31 March 2018		At 31 December 2017	
	Share capital, in EUR ‘000	%	Share capital, in EUR ‘000	%
Republic of Lithuania represented by the Lithuanian Ministry of Finance	1,212,156	100	1,212,156	100

As at 31 March 2018, the Group had 4,448 employees (31 December 2017 – 4,513), the Company had 107 employees (31 December 2017 – 104).

The Company’s management approved these financial statements on 7 May 2018. The Company’s shareholders have a statutory right to approve or not to approve these financial statements and require that management prepare a new set of financial statements.

2 Accounting principles

Condensed interim financial information of the Lietuvos Energija UAB (hereinafter - the Company) and consolidated condensed interim financial information of the Company and its subsidiaries (hereinafter – the Group) for a three-month period ended 31 March 2018 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting'). This unaudited condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the EU.

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

The accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2017.

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

During three – month reporting period ended 31 March 2018 the Group and the Company for the first time adopted IFRS 15 „Revenue from Contracts with Customers“ and it’s amendments, that had material impact on Group’s financial statements.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

Amendments to IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the commitment to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new standard.

The Group and the Company adopted IFRS 15 starting from 1 January 2018 under modified retrospective approach.

The Company's management assessed the impact of the adoption of IFRS 15, *Revenue from Contracts with Customers* and amendments thereto on the Company's financial statements and determined that the new standard and amendments thereto have no significant impact on the timing and scope of revenue recognition by the Company.

The Group's management assessed the impact of the adoption of IFRS 15, *Revenue from Contracts with Customers* and amendments thereto on the Group's financial statements and determined that the requirements of the new standard will affect the recognition of revenue from new customer connection.

Following the application of IFRS 15 with respect to revenue from new customer (NC) connection to the electricity system, the Group is required to recognise such revenue over time. Before entry into force of IFRS 15 revenue was recognised upon the fulfilment of an obligation to the client. As effective legal acts require that a new customer conclude the transmission or public/guaranteed supply agreement with the Company, it means that a customer's connection to the network is not a separate performance obligation under IFRS 15, but it is interdependent with the electricity transmission service, therefore, NC connection revenue should be recognised over a period during which the electricity distribution service is provided. In view of this change, accrued NC connection revenue that had been recognised as revenue immediately between the period from 2 July 2009 and 31 December 2017 will need to be recalculated retrospectively and recognised over the estimated period of the provision of electricity distribution services to NC. Based on management's judgement such a method of revenue recognition reduced the Group's retained earnings by EUR 73 million (the amount was determined without taking into consideration the impact of discounting) and increased deferred revenue by a respective amount. The tax impact is estimated to be equal to EUR 11 million and is accounted for within retained earnings as well. The entry into force of IFRS 15 do not affect revenue from NC connection to the electricity networks that were accrued before 1 July 2009, as such revenue were recognised over time.

It should be noted that amendments to the Law on Electricity, which regulates the public supply function, have been currently initiated that could bring significant changes to the regulatory environment. Following the implementation of these amendments the regulatory environment will allow customers to ensure the provision of electricity transmission services without entering into a direct contract for the provision of services and instead signing a contract with a supply company. In such a case a method for the recognition of revenue from NC connection to the electricity networks could change resulting in NC revenue received being recognised upon the provision of the connection service.

As a result of the application of IFRS 15 to the gas distribution services, NC connection service revenue that were accrued and recognised in the statement of financial position over the useful life of property, plant and equipment created during the connection (i.e. deferred revenue) will be recognised upon the fulfilment of the connection obligation. Such estimation made by management is based on the fact that the Company's customers have a possibility to ensure the provision of natural gas distribution services by concluding a supply agreement with a natural gas supply company. A majority of the Group's customers make use of such a possibility. Consequently, the sole agreement concluded with the consumer is the NC connection agreement, under which all obligations assumed with respect to the consumer are deemed to be fulfilled when the connection service has been provided. Based on management's estimate such a method of revenue recognition increase the Group's retained results by EUR 8 million and reduce deferred revenue by a respective amount. However, deferred NC connection revenue had impact on the value of property, plant and equipment used in the gas segment (i.e. the impairment test showed that deferred NC connection revenue reduced the carrying amount of property, plant and equipment used in the gas segment). As a result, such an accounting treatment of revenue have negative impact on the carrying amount of property, plant and equipment used in the gas distribution service as it would exceed the recoverable value and the adjustment to the value would be reported within the Group's retained earnings (deficit) upon the initial adoption of IFRS 15. The total amount of these reclassifications in the gas distribution services, including a tax impact, is equal to zero.

The overall impact of the entry into force of IFRS 15 on 1 January 2018 is presented in the table below:

	in EUR million		
	Electricity supply and distribution	Natural gas distribution	Total
Property, plant, and equipment	-	(8)	(8)
Deferred income tax assets	11	2	13
	11	(6)	5
Deferred income	73	(8)	65
Deferred income tax liability	-	2	2
	73	(6)	67
Retained earnings	(62)	-	(62)

There are no new standards, amendments and interpretations that are mandatory for the Group and the Company with effect from 2018, 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 January 2018 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 described in Note 3.

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

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

The preparation of financial information according to International Financial Reporting Standards as adopted by the EU requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures of contingencies. Changes in the underlying assumptions, estimates and judgments may have a material effect on this financial information. The accounting estimates applied in preparing the condensed interim financial information are consistent with those used in preparing the annual financial statements for the year ended 31 December 2017.

4 Intangible assets and property, plant and equipment

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

Group	Intangible assets	Property, plant and equipment
Net book value at 31 December 2017	36,360	1,761,082
Acquisitions	1,000	56,933
Sales	-	(439)
Write-offs	(12)	8,924
Impairment	-	(10,357)
Reversal of impairment	-	83
Revaluation of emission allowances	9,510	-
Emission allowances grants received	157	-
Reclassification to (from) Property, plant and equipment and Intangible assets	1,889	(1,889)
Reclassification to assets held for sale	-	(8,244)
Reclassification from investment property	-	(2,497)
Reclassification from inventories	-	98
Reclassification (to) finance lease	-	(891)
Depreciation/amortisation	(1,460)	(22,125)
Net book value at 31 March 2018	47,444	1,780,678

Revaluation of emission allowances during first quarter of 2018 accounted for in other comprehensive income (loss) item "Gain (loss) on revaluation of non-current assets" amounts to EUR 4,210 thousand, including deferred taxes.

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

Company	Intangible assets	Property, plant and equipment
Net book value at 31 December 2017	-	421
Acquisition	-	-
Reclassification to assets held for sale	1,874	-
Depreciation/amortisation	-	(2)
Net book value at 31 March 2018	1,874	419

As at 31 March 2018 the Company accounted for EUR 1,874 thousand of intangible assets related to the assets of the Vilnius Thermal Power Plant (TE-3).

5 Investments in subsidiaries and other investments

Movement of the Company's account of investments in subsidiaries during first quarter of 2018 and during 2017 financial year is presented below:

Company	2018 I Q	2017
Net book amount at 1 January	1,148,917	1,172,187
Increase in share capital of subsidiaries	7,439	28,375
Decrease in share capital of subsidiaries	-	(50,862)
Acquisition of shares of non-controlling interest	-	4,284
Disposal of investments	-	(123)
Coverage of losses	-	4,470
(Decrease) increase in value of investments into subsidiaries	-	(9,414)
Net book amount at 31 December	1,156,356	1,148,917

Changes in share capital and acquisition of subsidiaries

During the first quarter of 2018, the authorized capital of the following Group's companies was increased:

Subsidiary	Issue date	Amount of shares, pcs*	Nominal value per share, EUR	Total issue price	Paid amount	Amount outstanding	Date of articles amendment
UAB Kauno kogeneracinė jėgainė	19 Jan 2018	8,160,000	1.00	8,160	2,040	6,120	-
UAB Energijos sprendimų centras	30 Jan 2018	345,600	4.34	1,500	1,500	-	8 Feb 2018
<i>Offset prepayments</i>							
UAB Vilniaus kogeneracinė jėgainė	31 Dec 2017	53,781,379	0.29	15,597	3,899	11,698	5 Jan 2018
Total				25,257	7,439	17,818	

* there is stated amount of shares that belong to the Company

On 21 December 2017, the Company and its subsidiary Vilniaus Kogeneracinė Jėgainė UAB entered into Share Subscription Agreement, under which the subsidiary's share capital was increased by EUR 15,597 thousand by way of issuing additional 53,781,379 ordinary registered shares with the nominal value of EUR 0.29 each. Based on the Agreement, the Company's initial contribution represented ¼ of the subscribed value of shares or EUR 3,899 thousand. The increase in the subsidiary's share capital had not been registered with the Centre of Registers at 31 December 2017, therefore, the Company's contribution of EUR 3,899 thousand was accounted for as the Company's prepayments. The remaining subscribed value of shares of EUR 11,698 thousand will be paid by the Company within 12 months after the date of the Share Subscription Agreement. The amendment to the subsidiary's Articles of Association were registered on 5 January 2018.

On 19 January 2018, the share capital of the Company's subsidiary Kauno Kogeneracinė Jėgainė UAB was increased from EUR 24,000 thousand to EUR 40,000 thousand by issuing 16,000 thousand ordinary shares with the nominal value of EUR 1 each. The Company was granted the right to acquire (subscribe) 8,160,000 new shares and FORTUM HEAT LIETUVA UAB was granted the right to acquire 7,840,000 new shares. On 19 January 2018 the Company paid EUR 2,040 thousand of new share issue. As at 31 March 2018 the new issue of shares is not fully paid and, therefore, new wording of the subsidiary's Articles of Association is not registered with the Centre of Registers.

On 30 January 2018 the Company and its subsidiary UAB „Energetikos paslaugų ir rangos organizacija“ entered into share subscription agreement and increased the authorized capital of the subsidiary from EUR 1,000 thousand up to EUR 1,100 thousand issuing additional 345,600 ordinary shares with a par value of EUR 0.29 each, and the price of one share equals to EUR 4.34. The nominal value of issued shares is EUR 1,500 thousand. On 31 January 2018 the Company paid the whole price of the new share issue. The amendment to the subsidiary's Articles of Association were registered on 8 February 2018.

On 15 February 2018 the Company's subsidiary UAB "Transporto valdymas" started its operations and at 1 March 2018 took over transport activities carried out by this date by another subsidiary, NT Valdos, UAB. The authorized capital of the subsidiary was formed by transferring non-monetary contribution, which formed the assets of NT Valdos, UAB. The Company's investments into UAB Transporto Valdymas amounts to EUR 2,359 thousand, and investments into NT Valdos, UAB are reduced by the corresponding amount.

On 26 March 2018 ordinary general meeting of shareholders of the subsidiary Lietuvos Energija Gamyba AB adopted decision to increase the authorized capital of the subsidiary issuing new shares that will be paid by the Company in a non-monetary contribution transferring ownership of the property complex of the Vilnius Thermal Power Plant to the subsidiary. At 30 March 2018 the Company and the subsidiary entered into a share subscription agreement, which stipulates that the Company transfer ownership rights to the assets of the Third Thermal Power Plant of Vilnius from 31 March 2018. Registration of the new Articles of Association of the subsidiary at the Register of Legal Entities at 31 March 2018 was not completed (Note 15), therefore, EUR 8,061 thousand of transferred non-monetary contribution are accounted for in the statement of financial position of the Company in the non-current assets's item "Other financial assets".

Increase in share capital of the Group companies in 2017:

Subsidiary	Issue date	Amount of shares, pcs*	Nominal value per share, EUR	Total issue price	Paid amount	Amount outstanding	Date of articles amendment
UAB Energijos sprendimų centras	28 Aug 2016	520,000	1.00	520	322	-	9 Sep 2016
UAB Vilniaus kogeneracinė jėgainė	19 Dec 2016	68,965,518	0.29	20,000	15,000	-	19 Jan 2017
UAB Kauno kogeneracinė jėgainė	28 Dec 2016	6,753,000	1.00	6,753	6,753	-	26 Jun 2017
UAB Energijos sprendimų centras	20 Jun 2017	700,000	1.00	1,000	1,000	-	22 Sep 2017
UAB Elektroninių mokėjimų agentūra	18 Jul 2017	300,000	1.00	300	300	-	1 Aug 2017
Offset prepayments							
UAB Vilniaus kogeneracinė jėgainė	19 Dec 2016	68,965,518	0.29	20,000	5,000	-	19 Jan 2017
Total:				48,573	28,375	-	

* Newly issued shares attributable to the Company

As at 31 March 2018 the Company's investments in subsidiaries comprised:

Company name	Acquisition cost	Impairment	Contributions against loss	Carrying amount	Ownership interest (%)	Effective Group ownership interest (%)
Subsidiaries:						
AB Energijos skirstymo operatorius	710,921	-	-	710,921	94.98	94.98
„Lietuvos energijos gamyba“, AB	299,936	-	-	299,936	96.75	96.75
NT valdos, UAB	38,758	(9,036)	-	29,722	100.00	100.00
Energijos tiekimas, UAB	23,906	-	-	23,906	100.00	100.00
UAB Vilniaus kogeneracinė jėgainė	24,902	-	-	24,902	100.00	100.00
UAB EURAKRAS	18,735	-	-	18,735	100.00	100.00
UAB Kauno kogeneracinė jėgainė	14,280	-	-	14,280	51.00	51.00
UAB LITGAS	12,640	(4,010)	-	8,630	100.00	100.00
UAB „Lietuvos dujų tiekimas“	8,369	-	-	8,369	100.00	100.00
Tuuleenergia OÜ	6,659	-	-	6,659	100.00	100.00
UAB Technologijų ir inovacijų centras	3,219	-	-	3,219	50.00	97.89
UAB "Transporto valdymas"	2,359	-	-	2,359	100.00	100.00
UAB Elektroninių mokėjimų agentūra	1,058	-	-	1,058	100.00	100.00
UAB Energijos sprendimų centras	1,670	-	-	1,670	100.00	100.00
UAB „Verslo aptarnavimo centras“	296	-	-	296	51.00	98.40
UAB „Energetikos paslaugų ir rangos organizacija“	10,637	(13,246)	4,300	1,691	100.00	100.00
Lietuvos energijos paramos fondas	3	-	-	3	100.00	100.00
UAB VAE SPB	1,117	(1,632)	515	-	100.00	100.00
	1,179,465	(27,924)	4,815	1,156,356		

As at 31 December 2017 the Company's investments in subsidiaries comprised:

Company name	Acquisition cost	Impairment	Contribution against loss	Carrying amount	Ownership interest (%)	Effective Group ownership interest (%)
AB Energijos skirstymo operatorius	710,921	-	-	710,921	94.98	94.98
„Lietuvos energijos gamyba“, AB	299,936	-	-	299,936	96.75	96.75
NT valdos, UAB	41,117	(9,036)	-	32,081	100.00	100.00
Energijos tiekimas, UAB	23,906	-	-	23,906	100.00	100.00
UAB Vilniaus kogeneracinė jėgainė	21,003	-	-	21,003	100.00	100.00
UAB EURAKRAS	18,735	-	-	18,735	100.00	100.00
UAB Kauno kogeneracinė jėgainė	12,240	-	-	12,240	51.00	51.00
UAB LITGAS	12,640	(4,010)	-	8,630	100.00	100.00
UAB „Lietuvos dujų tiekimas“	8,369	-	-	8,369	100.00	100.00
Tuuleenergia OÜ	6,659	-	-	6,659	100.00	100.00
UAB Technologijų ir inovacijų centras	3,219	-	-	3,219	50.00	97.89
UAB Elektroninių mokėjimų agentūra	1,058	-	-	1,058	100.00	100.00
UAB Energijos sprendimų centras	1,670	-	-	1,670	100.00	100.00
UAB „Verslo aptarnavimo centras“	296	-	-	296	51.00	98.40
UAB „Energetikos paslaugų ir rangos organizacija“	9,137	(13,246)	4,300	191	100.00	100.00
Lietuvos energijos paramos fondas	3	-	-	3	100.00	100.00
UAB VAE SPB	1,117	(1,632)	515	-	100.00	100.00
	1,172,026	(27,924)	4,815	1,148,917		

6 Cash and cash equivalents

	Group		Company	
	At 31 Mar 2018	At 31 Dec 2017	At 31 Mar 2018	At 31 Dec 2017
Cash at bank	124,449	171,756	1,881	52,517
	124,449	171,756	1,881	52,517

Pinigai ir pinigų ekvivalentai ir banko sąskaitos perviršis pinigų srautų ataskaitoje apima:

	Group		Company	
	At 31 Mar 2018	At 31 Dec 2017	At 31 Mar 2018	At 31 Dec 2017
Cash and cash equivalents	124,449	171,756	1,881	52,517
Bank overdraft	(4,812)	(10,655)	-	-
Carrying amount	119,637	161,101	1,881	52,517

7 Non-current assets held for sale

The Group's and the Company's non-current assets held for sale as at 31 March 2018 and 31 December 2017 consist of as follows:

	Group		Company	
	At 31 Mar 2018	At 31 Dec 2017	At 31 Mar 2018	At 31 Dec 2017
Property, plant and equipment and investment property	55,699	56,360	77	10,012
Disposal group	23,167	22,941	-	-
Investments in subsidiaries	-	-	4,705	4,705
	78,866	79,301	4,782	14,717

Disposal group item comprise assets of subsidiary's "Transporto valdymas" transport activity that the Group is intended to sale. Liabilities attributable to these assets are accounted for in Group's statement of financial position as 'Liabilities related to non-current assets held for sale' amounts to EUR 1,009 thousand.. On 11 December 2017, the Group approved the terms and conditions of unbundling according to which part of the assets and liabilities of subsidiary NT Valdys UAB that are related to the transport activity were transferred to Transporto Valdymas UAB.

8 Share capital

As at 31 March 2018 and 31 December 2017 the Company's share capital comprised EUR 1,212,156,294. As at 31 March 2018 and 31 December 2017 the Company's share capital was divided in to 4,179,849,289 ordinary shares with par value EUR 0.29 each.

As at 31 March 2018 and 31 December 2017 share capital was fully paid.

9 Borrowings

Current borrowings of the Group and the Company as at 31 March 2018 and 31 December 2017 consist of as follows:

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Non-current				
Bank borrowings	166,943	186,087	125,337	139,687
Bonds issued	294,145	293,981	294,145	293,981
Current				
Current portion of non-current borrowings	131,677	119,599	108,511	95,013
Current borrowings	-	-	-	-
Bank overdrafts	4,812	10,655	-	-
Accrued interest	4,274	3,427	4,274	2,794
Total borrowings	601,851	613,749	532,267	531,475

All borrowings of the Group bear variable interest rates with repricing intervals of up to 6 months.

10 Provisions

Provisions of the Group and the Company as at 31 March 2018 and 31 December 2017 consist of as follows:

	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Non-current	1,922	1,893	2,903	2,903
Current	3,030	2,498	-	-
Carrying amount	4,952	4,391	2,903	2,903

Movement on Group's account of provisions is presented below:

	Provisions for onerous contracts	Emission allowance liabilities	Provisions for employee benefits	Other provisions	Total
At 31 December 2016	10,292	1,316	4,529	-	16,137
Increase during the period	-	913	537	-	1,450
Utilised during the period	(10,292)	(1,316)	(1,369)	-	(12,977)
Revaluation of utilised emission allowances	-	(384)	-	-	(384)
Result of change in actuarial assumptions	-	-	187	-	187
Reclassified to liabilities related to assets held for sale	-	-	(22)	-	(22)
At 31 December 2017	-	529	3,862	-	4,391
Increase during the period	-	338	28	96	462
Utilised during the period	-	99	-	-	99
At 31 March 2018	-	966	3,890	96	4,952

Provisions for employee benefits include a statutory retirement benefit payable to the Group's employees. The balance of provisions at the reporting date is reviewed with reference to actuarial calculations to ensure that estimation of retirement benefit liabilities is as much accurate as possible. The liabilities are recognised at discounted value using the market interest rate.

As at 31 March 2018 and 31 December 2017 the Company's provisions consist of the guarantee issued to the subsidiaries for the loans granted to Energetikos Paslaugų ir Rangos Organizacija UAB under cashpool agreements. During I Q of 2018 there were no movement in the Company provision account.

11 Sales revenue

The Group's sales revenue from contracts with customers during first quarter of 2018 consist of as follows:

2018 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Total
					Parent Company	Other segments	
Revenue from sale of electricity and related services	145,858	28,835	-	38,432	-	-	213,125
Revenue from sale of gas and related services	3,909	-	121,014	-	-	-	124,923
Other sales revenue	2,278	1,929	806	1,449	-	70	6,532
Total	152,045	30,764	121,820	39,881	-	70	344,580

The Group's sales revenue from contracts with customers during first quarter of 2017 consist of as follows:

2017 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Total
					Parent Company	Other segments	
Revenue from sale of electricity and related services	144,745	25,309	-	26,664	-	-	196,718
Revenue from sale of gas and related services	3,825	-	95,787	-	-	-	99,612
Other sales revenue	2,291	1,834	861	1,482	-	27	6,495
Total	150,861	27,143	96,648	28,146	-	27	302,825

The Company's sales revenue from contracts with customer during first quarter of 2018 and 2017 comprise revenue from advisory and management services provided to subsidiaries (Note 14).

12 Other expenses

The Group's and the Company's other expenses during first quarter of 2018 and 2017 comprise:

	Group		Company	
	2018 I Q	2017 I Q	2018 I Q	2017 I Q
Taxes	1,402	1,747	112	6
Write-offs of property, plant and equipment	1,232	702	-	-
Customer service	1,099	987	-	-
Utility services	1,020	648	649	14
Telecommunication and IT services	951	872	77	58
Motor vehicles	808	937	26	24
Expenses of low-value inventory items	314	191	-	-
Consulting services	282	101	182	37
Write-offs of receivables	246	183	-	-
Personnel development	223	121	27	14
Rent	173	331	48	32
Business trips	74	88	9	7
Business support services	-	-	80	66
Revaluation and provisions of emission allowances	(6,170)	3,776	-	-
Impairment of inventories (reversal)	(323)	(31)	-	-
Other expenses	1,919	364	123	102
	3,250	11,017	1,333	360

13 Dividends

Group's companies declared dividends during the period from 1 January to 31 March 2018:

Announcement Date	Dividends declared by	Dividends distributed for the period	Dividends per share, Eur	Amount of dividends declared	The Company's dividend revenue	Dividends allocated to the non – controlling interest
13 Mar 2018	UAB „EURAKRAS“	the year of 2017	10.59000	1,690	1,690	-
20 Mar 2018	Energijos tiekimas UAB	the year of 2017	0.17401	3,000	3,000	-
26 Mar 2018	„Lietuvos energijos gamyba“, AB	second half of 2017	0.01400	8,891	8,602	289
30 Mar 2018	AB „Energijos skirstymo operatorius“	second half of 2017	0.02535	22,679	21,541	1,138
				36,260	34,833	1,427

Group's companies declared dividends during the period from 1 January to 31 March 2017:

Announcement Date	Dividends declared by	Dividends distributed for the period	Dividends per share, Eur	Amount of dividends declared	The Company's dividend revenue	Dividends allocated to the non – controlling interest
24 March 2017	AB Energijos Skirstymo Operatorius	second half of 2016	0.05786	51,763	49,166	2,597
24 March 2017	Lietuvos energijos gamyba, AB	second half of 2016	0.02	12,702	12,289	413
				64,465	61,455	3,010

The Company did not announce distribution of dividends during first quarter of 2018 and 2017 (Note 16).

14 Transactions with related parties

As at 31 March 2018 and 31 December 2017 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.

Group's transactions with related parties

The Group's transactions with related parties during the period from 1 January to 31 March 2018 and balances arising on these transactions as at 31 March 2018 are presented below:

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
UAB "EPSO-G"	170,407	-	9	-	270
Litgrid AB	6,674	13,970	15,608	35,760	1
BALTPPOOL UAB	12,243	14,045	16,973	22,945	-
UAB "TETAS"	535	810	256	345	-
AB „Amber Grid“	3,742	5,865	7,577	15,240	-
LITGRID Power Link Service, UAB	7	-	28	-	-
GET Baltic	280	2	315	819	-
Grupės asocijuotos įmonės ir kitos susijusios šalys	263	-	-	78	-
Total	194,151	34,693	40,766	75,187	271

The Group's transactions with related parties during the period from 1 January to 31 March 2017 and balances arising on these transactions as at 31 December 2017 are presented below:

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
UAB "EPSO-G"	170,136	-	3	-	378
Litgrid AB	5,468	12,090	12,783	28,895	(41)
BALTPPOOL UAB	14,943	13,886	22,270	23,128	-
UAB "TETAS"	786	4,793	369	2,945	9
AB „Amber Grid“	2,273	6,888	7,981	7,500	-
LITGRID Power Link Service, UAB	10	-	25	-	-
GET Baltic	2	2	125	278	-
Grupės asocijuotos įmonės ir kitos susijusios šalys	280	100	28	55	2
Total	193,898	37,759	43,584	62,801	348

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
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For the three-month period ended 31 March 2018

All amounts in thousands of euro unless otherwise stated

Company's transactions with related parties

The Company's transactions with related parties during the period from 1 January to 31 March 2018 and balances arising on these transactions as at 31 March 2018 are presented below:

Related parties	Amounts receivable 31 Mar 2018	Amounts payable 31 Mar 2018	Sales 2018 I Q	Purchases 2018 I Q	Finance income 2018 I Q	Finance expenses 2018 I Q
Subsidiaries						
AB Energijos skirstymo operatorius	23,366	399,348	330	15	1,163	-
„Lietuvos energijos gamyba“, AB	16,729	-	109	(8,084)	-	-
UAB EURAKRAS	2,074	24,355	2	-	174	-
UAB „Lietuvos dujų tiekimas“	28	18,632	50	1	29	-
NT valdos, UAB	395	17,920	29	(89)	105	-
UAB Technologijų ir inovacijų centras	39	2,306	23	(73)	3	-
UAB Duomenų logistikos centras	2	-	6	-	-	-
UAB „Energetikos paslaugų ir rangos organizacija“	92	5,396	34	1	27	-
Tuuleenergia OU	100	21,046	3	-	193	-
Energijos tiekimas, UAB	3,086	19,553	38	(149)	18	-
UAB LITGAS	11	-	25	-	5	-
UAB "Transporto valdymas"	37	20,336	-	(8)	23	-
UAB Elektroninių mokėjimų agentūra	203	-	9	-	-	-
UAB „Verslo aptarnavimo centras“	110	-	49	(119)	-	-
UAB VAE SPB	1	-	-	-	-	-
UAB Vilniaus kogeneracinė jėgainė	31	-	36	-	-	-
UAB Energijos sprendimų centras	452	-	8	-	-	-
UAB Kauno kogeneracinė jėgainė	44	-	37	-	-	-
Other related parties						
UAB "EPSO-G"	170,403	-	-	-	270	-
Total	217,203	528,892	788	(8,505)	2,010	-

During the period from 1 January to 31 March 2018 the Company accounted for EUR 34,833 thousand of dividend revenue from subsidiaries.

The Company's transactions with related parties during the period from 1 January to 31 March 2017 and balances arising on these transactions as at 31 December 2017 are presented below:

Related parties	Amounts receivable 31 Dec 2017	Amounts payable 31 Dec 2017	Sales 2017 I Q	Purchases 2017 I Q	Finance income 2017 I Q	Finance expenses 2017 I Q
Subsidiaries						
AB Energijos skirstymo operatorius	356,911	5,560	251	-	49,166	(30)
„Lietuvos energijos gamyba“, AB	1,135	4,067	92	-	12,289	(39)
UAB EURAKRAS	24,528	-	2	-	31	(2)
UAB „Lietuvos dujų tiekimas“	24,930	-	26	-	-	(4)
NT valdos, UAB	43,191	27	33	(89)	-	(7)
UAB Technologijų ir inovacijų centras	1,938	47	19	(56)	-	-
UAB Duomenų logistikos centras	1	57	6	-	-	-
UAB „Energetikos paslaugų ir rangos organizacija“	5,487	-	27	-	14	-
Tuuleenergia OU	24,198	1	-	-	81	-
Energijos tiekimas, UAB	12,937	64	35	-	2	-
UAB LITGAS	10	-	28	-	-	(1)
VšĮ Energetikų mokymų centras	10	-	4	-	-	-
UAB Elektroninių mokėjimų agentūra	35	40	7	-	-	-
UAB „Verslo aptarnavimo centras“	1	-	29	(72)	-	-
UAB VAE SPB	3,913	-	1	-	-	-
UAB Vilniaus kogeneracinė jėgainė	49	-	14	-	-	(1)
UAB Energijos sprendimų centras	-	-	16	-	-	-
UAB Kauno kogeneracinė jėgainė	3	-	41	-	-	(1)
Other related parties						
UAB "EPSO-G"	170,132	-	-	-	378	-
Total	669,409	9,863	631	(217)	61,961	(85)

During the period from 1 January to 31 March 2017 the Company accounted for EUR 61,455 thousand of dividend revenue from subsidiaries.

Management compensation:

	Group		Company	
	2018 I Q	2017 I Q	2018 I Q	2017 I Q
Salaries and other short-term benefits	916	950	214	180
Whereof: Termination benefits and benefits to Board Members	103	110	56	18
Number of management staff	64	67	11	11

Management includes heads of administration and their deputies.

15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

In management's opinion, the Group has three operating segments:

- Supply and distribution of electricity, gas distribution (carried out by Energijos Skirstymo Operatorius AB);
- Electricity generation (carried out by Lietuvos Energijos Gamyba AB, Eurakras UAB, Tuuleenergia OU);
- Trade in electricity (carried out by Energijos Tiekimas UAB).
- Trade in gas (carried out by Lietuvos Dujų Tiekimas UAB, Litgas UAB).

The following services and entities comprise the other segments:

- support services (NT Valdosa UAB, Technologijų ir Inovacijų Centras UAB, Verslo Aptarnavimo Centras UAB and others);
- non-core activities (Energetikos Paslaugų ir Rangos Organizacija UAB, Duomenų Logistikos Centras UAB);
- special purpose entities which are responsible for implementation of special projects and construction of new cogeneration power plants (VAE SPB UAB, Kauno Kogeneracinė Jėgainė UAB and Vilniaus Kogeneracinė Jėgainė UAB);
- service entities (Elektroninių Mokymų Agentūra UAB, Energijos Sprendimų Centras);
- as well as parent company Lietuvos Energija UAB, which does not constitute a separate operating segment, however it is disclosed separately, as its net profit exceeds 10% of profit of all profit generating segments. The Group's support service entities and special purpose entities are aggregated to a single segment as none of them individually meet recognition criteria of an operating segment.

The Group has single geographical segment – the Republic of Lithuania, electricity sales in Latvia and Estonia are not significant for the Group. The chief operating decision-maker monitors the results with reference to the financial reports that have been prepared using the same accounting policies as those used for the preparation of the financial statements in accordance with IFRS, i.e. information on profit or loss, including the reported amounts of revenue and expenses. The primary performance measure is adjusted EBITDA, which is calculated based on data presented in the financial statements prepared in accordance with IFRS as adjusted for selected items which are not recognised under IFRS. The Group's Board does not analyse assets and liabilities of the segments.

Adjustments made by management and adjusted EBITDA

Adjustments made by management in calculating the adjusted EBITDA are presented below:

Segment / adjustment made by management	2018 I Q	2017 I Q
Electricity supply and distribution and gas distribution		
Recalculation of regulated activity revenue of Energijos Skirstymo Operatorius AB	21,170	1,827
Write-offs (reversal) of inventories and receivables	217	(1,449)
Electricity generation		
Write-offs (reversal) of inventories and receivables	27	(3)
Trade of gas		
Lietuvos Dujų Tiekimas UAB, gas price discount provided by Gazprom	-	7,522
Recalculation of regulated activity revenue of LITGAS UAB	2,531	7,719
Recalculation of regulated activity revenue of Lietuvos Dujų Tiekimas UAB	(1,805)	(737)
Revaluation of derivative financial instruments of UAB „Lietuvos dujų tiekimas“	(2,148)	-
Write-offs (reversal) of inventories and receivables	27	57
Trade of electricity		
Revaluation of derivative financial instruments of Energijos tiekimas UAB	(2,914)	1,531
Write-offs (reversal) of inventories and receivables	-	(8)
Other segments		
Write-offs (reversal) of inventories and receivables	299	(29)
	17,404	16,430

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three-month period ended 31 March 2018

All amounts in thousands of euro unless otherwise stated

Group information about operating segments during first quarter of 2018 is provided below:

2018 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Elimination of intercompany transactions and consolidation eliminations	Total
					Parent Company	Other segments		
Revenue from external customers								
Sales revenue	152,045	30,764	121,820	39,881	-	70	-	344,580
Other income	1,119	433	98	4,786	578	6,706	-	13,720
Revenue from other segments	14,212	4,019	22,933	2,187	35,621	12,374	(91,346)	-
Total revenue	167,376	35,216	144,851	46,854	36,199	19,150	(91,346)	358,300
Expenses	(154,352)	(17,937)	(137,521)	(44,652)	(2,482)	(17,558)	55,423	(319,079)
Including:								
Depreciation and amortization	(13,527)	(5,238)	(17)	(255)	(2)	(1,419)	(782)	(21,240)
Impairments and write-offs of								
Property, plant and equipment	(1,178)	(8)	-	-	-	60	-	(1,126)
Revaluation of emission allowances	-	6,234	-	-	-	-	-	6,234
Management adjustments	21387	27	(1,395)	(2,914)	-	299	-	17,404
Adjusted EBITDA	49,116	16,318	5,952	(457)	33,719	3,250	(35,141)	72,757
Operating profit (loss)	13,024	17,279	7,330	2,202	33,717	1,592	(35,923)	39,221
Interest income	18	29	50	19	2,018	5	(1,783)	356
Interest (expenses)	(1,129)	(509)	(161)	(42)	(2,139)	(241)	1,717	(2,504)
Other financial income (expenses)	144	90	9	(1)	(8)	10	(322)	(78)
Profit (loss) before income tax	12,057	16,889	7,228	2,178	33,588	1,366	(36,311)	36,995
Income tax	(719)	(2,285)	(669)	(167)	(169)	(428)	(444)	(4,881)
Net profit (loss)	11,338	14,604	6,559	2,011	33,419	938	(36,755)	32,114
Total assets as at 31 Mar 2018	1,259,949	716,068	111,607	70,610	1,914,164	210,419	(1,824,803)	2,458,014

Group information about operating segments during first quarter of 2017 is provided below:

2017 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Elimination of intercompany transactions and consolidation eliminations	Total
					Parent Company	Other segments		
Revenue from external customers								
Sales revenue	150,861	27,143	96,648	28,146	-	27	-	302,825
Other income	828	290	178	11	-	5,488	-	6,795
Revenue from other segments	16,797	6,896	19,031	1,851	62,086	11,474	(118,135)	-
Total revenue	168,486	34,329	115,857	30,008	62,086	16,989	(118,135)	309,620
Expenses	(134,867)	(28,448)	(124,168)	(29,764)	(1,343)	(17,389)	55,361	(280,618)
Including:								
Depreciation and amortization	(12,223)	(5,715)	(15)	(267)	-	(1,990)	(128)	(20,338)
Impairments and write-offs of								
Property, plant and equipment	(702)	(1,084)	-	-	-	-	-	(1,786)
Revaluation of emission allowances	-	(3,791)	-	-	-	-	-	(3,791)
Management adjustments	378	(3)	14,561	1,523	-	(29)	-	16,430
Adjusted EBITDA	46,922	16,468	6,265	2,034	60,743	1,561	(62,646)	71,347
Operating profit (loss)	33,619	5,881	(8,311)	244	60,743	(400)	(62,774)	29,002
Interest income	26	37	34	5	506	16	(197)	427
Interest (expenses)	(416)	(650)	(120)	(25)	(206)	(136)	198	(1,355)
Other financial income (expenses)	219	128	(9)	-	(159)	(51)	(2)	126
Profit (loss) before income tax	33,448	5,396	(8,406)	224	60,884	(571)	(62,775)	28,200
Income tax	(4,942)	(483)	(664)	(27)	33	(212)	114	(6,181)
Net profit (loss)	28,506	4,913	(9,070)	197	60,917	(783)	(62,661)	22,019
Total assets as at 31 Mar 2017	1,113,503	872,720	96,972	55,836	1,460,202	189,413	(1,376,752)	2,411,894



16 Events after the reporting period

On 11 April 2018 the articles of association of the subsidiary Lietuvos Energija Gamyba AB with the authorized capital risen up to EUR 187,920,762.41 have been registered with the Register of Legal Entities. Authorized capital increased by additional non-monetary contribution of the Company. Increase of the authorized capital accomplished issuing 12,919,014 of new shares, each with a par value of EUR 0.29 EUR, the issue price is EUR 0.624. The number shares issued by the subsidiary company that provides voting rights is 648,002,629, the total share capital of the subsidiary is EUR 187,920,762.41 divided into 648,002,629 ordinary shares each of EUR 0.29 nominal value. The authorized capital increase was approved at 26 March 2018 with the decision of the ordinary general meeting of shareholders of the subsidiary.

On 14 April 2018 the Company adopted a decision to liquidate VAE SPB, UAB a Group company that has ceased its operations. The decision to liquidate VAE SPB was approved by the shareholder of the Company, the Ministry of Finance. The termination of VAE SPB's operations was also approved by the Ministry of Energy. The acting chief executive office of VAE SPB is appointed as its liquidator. The liquidation procedures are expected to be completed within no more than six months.

On 13 April 2018 the Board of the Company adopted a decision on discontinue of secondary contracting activities. In the coming months, coherent action will be taken to abandon the contracting activities of one of the group's company UAB „Energetikos paslaugų ir rangos organizacija“ (EnePRO), which provides energy equipment construction, reconstruction, repair and maintenance services. EnePRO will complete the existing contracts, will not accept new orders and complete settlement of outstanding payables to suppliers. By minimizing the volume of activities, the company will implement the most important projects launched. Completion of existing contracts with customers will not have negative consequences for the maintenance of the electricity network or the quality of the services provided by the electricity distribution company. EnePRO's commitments to customers will be fulfilled as soon as possible and with maximum quality, and in individual cases the contractual relations with the customers will be completed by agreement of the parties.

The ordinary general meeting of shareholders of UAB LITGAS was held on 17 April 2018 where it was decided to approve the profit appropriation for 2017 and distribution of EUR 1,194,176 dividends. Dividends attributable to the Company amount to EUR 1,194,176.

On 30 April 2018 the Company's ordinary general meeting of shareholders approved (i) the audited Annual Financial Statements of Lietuvos Energija, UAB and consolidated Annual Financial Statements of Lietuvos Energija, UAB group for the year 2017 (ii) allocation of profit (loss) of Lietuvos Energija, UAB for the year 2017 (iii) the new version of the Articles of Association of Lietuvos Energija, UAB. The Ministry of Finance of the Republic of Lithuania, being the sole shareholder of the Company, taking into account the necessity to plan the cash flows, approved draft allocation of profit (loss), which provides that Lietuvos Energija, UAB shall, for the second half of 2017, allocate to the budget of the Republic of Lithuania the Company dividend amounting to EUR 78,265,433.39.
