

2017

LIETUVOS ENERGIJA UAB

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SECOND QUARTER OF 2017 AND SIX-MONTH PERIOD ENDED 30 JUNE 2017, PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION, PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT



Translation note:

Financial statements have been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of the accompanying documents takes precedence over the English language version.

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The condensed interim financial information of Lietuvos Energija UAB was approved on 31 August 2017 by the CEO, the Head of Finance and Investment Management Department, and the Head of Accounting Services Centre of Verslo Aptarnavimo Centras UAB (acting under Order No IS17-80 of 28 August 2017).



Dalius Misiūnas
Chief Executive Officer



Vitalij Rakovski
Head of Finance and Investment
Management Department



Giedruolė Guobienė
Head of Accounting Services
Centre of Verslo Aptarnavimo
Centras UAB (acting under Order
No IS17-80 of 28 August 2017)



Independent auditor's report

To the shareholder of Lietuvos Energija UAB

Our opinion

In our opinion, the stand-alone condensed interim financial information of Lietuvos Energija UAB ("the Company") presents fairly, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting* as adopted by the European Union.

What we have audited

The Company's stand-alone condensed interim financial information ("the financial information") comprises:

- the stand-alone condensed interim statement of financial position as at 30 June 2017;
- the stand-alone condensed interim statements of comprehensive income for the three and six month periods then ended;
- the stand-alone condensed interim statement of changes in equity for the six month period then ended;
- the stand-alone condensed interim statement of cash flows for the six month period then ended; and
- the notes to the condensed interim financial information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial information* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the financial information in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation and fair presentation of the financial information in accordance with International Accounting Standard 34 *Interim financial reporting* as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.



In preparing the financial information, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The certified auditor on the audit resulting in this independent auditor's report is Rasa Radzevičienė.

On behalf of PricewaterhouseCoopers UAB

A handwritten signature in purple ink, reading "Radzevičienė".

Rasa Radzevičienė
Partner
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
31 August 2017

All amounts in EUR thousands unless otherwise stated

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		Company	
	Note	As at 30 June 2017	As at 31 December 2016
ASSETS			
Non-current assets			
Property, plant, and equipment		355	348
Investments in subsidiaries	4,5	1,179,196	1,172,187
Amounts receivable after one year	6	173,941	196,511
Deferred income tax assets		219	93
Total non-current assets		1,353,711	1,369,139
Current assets			
Prepayments and deferred expenses		447	5,011
Other amounts receivable	7	2,934	14,294
Prepaid income tax		294	160
Loans granted and short-term investments	8	4,115	4,902
Cash and cash equivalents	9	243	73
		8,033	24,440
Non-current assets held for sale		4,906	4,782
Total current assets		12,939	29,222
TOTAL ASSETS		1,366,650	1,398,361
EQUITY AND LIABILITIES			
Equity			
Share capital	10	1,212,156	1,212,156
Reserves	11	14,516	9,758
Retained earnings		76,143	75,699
Total equity		1,302,815	1,297,613
Liabilities			
Non-current liabilities			
Non-current borrowings	12	22,375	23,440
Other non-current amounts payable and liabilities	13	9,679	9,358
Total non-current liabilities		32,054	32,798
Current liabilities			
Current portion of non-current borrowings	12	2,131	2,131
Current borrowings	12	28,313	64,759
Trade payables		188	343
Other current amounts payable and liabilities		1,149	717
Total current liabilities		31,781	67,950
Total liabilities		63,835	100,748
TOTAL EQUITY AND LIABILITIES		1,366,650	1,398,361

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

Lietuvos Energija UAB, company code 301844044, address: Žvejų g. 14, LT-09310, Vilnius, Lithuania
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the six-month period ended 30 June 2017

All amounts in EUR thousands unless otherwise stated

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Company			
		Q1-2 2017	Q2 2017	Q1-2 2016	Q2 2016
Revenue					
Sales revenue	14	1,490	859	613	288
Other income		1	1	1	1
Dividends	15,20	75,170	13,647	31,207	896
Total revenue		76,661	14,507	31,821	1,185
Operating expenses					
Depreciation and amortisation		-	-	(2)	(1)
Wages and salaries and related expenses		(2,094)	(1,111)	(1,641)	(898)
(Impairment) of investments in subsidiaries/reversal	4,5	(4,944)	(4,944)	-	-
(Impairment) of loans receivable/reversal	4	(4,392)	(4,392)	-	-
Other expenses	16	(874)	(514)	(728)	(383)
Total operating expenses		(12,304)	(10,961)	(2,371)	(1,282)
Operating profit		64,357	3,546	29,450	(97)
Finance income	17	1,148	642	2,532	1,077
Finance costs	18	(679)	(314)	(652)	(390)
Profit before income tax		64,826	3,874	31,330	590
Current year income tax (expenses)/benefit		2	(12)	(66)	26
Deferred income tax (expenses)/benefit		126	107	(7)	(16)
Net profit for the period		64,954	3,969	31,257	600
Other comprehensive income/(loss)					
Items that will be reclassified subsequently to profit or loss					
Change in fair value of available-for-sale financial assets		-	-	(29)	(15)
Items that will be reclassified subsequently to profit or loss, total		-	-	(29)	(15)
Other comprehensive income/(loss) for the period		-	-	(29)	(15)
Total comprehensive income/(loss) for the period		64,954	3,969	31,228	585

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2016		1,212,156	4,207	48	83,289	1,299,700
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	(29)	-	(29)
Other comprehensive income/(loss) for the period		-	-	(29)	-	(29)
Net profit for the reporting period		-	-	-	31,257	31,257
Total comprehensive income for the period		-	-	(29)	31,257	31,228
Transfer to reserves	11	-	5,551	-	(5,551)	-
Dividends		-	-	-	(56,240)	(56,240)
Balance at 30 June 2016		1,212,156	9,758	19	52,755	1,274,688
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		-	-	-	-	-
Other comprehensive income/(loss) for the period		-	-	-	-	-
Net profit for the reporting period		-	-	-	64,954	64,954
Total comprehensive income for the period		-	-	-	64,954	64,954
Transfer to reserves	11	-	4,758	-	(4,758)	-
Dividends	15	-	-	-	(59,752)	(59,752)
Balance at 30 June 2017		1,212,156	14,516	-	76,143	1,302,815

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	Company	
		As at 30 June 2017	As at 30 June 2016
Cash flows from operating activities			
Net profit for the period		64,954	31,257
Adjustments for non-cash expenses (income):			
Depreciation and amortisation expenses		-	2
Income tax expenses		(128)	73
Impairment of investments in subsidiaries	5	4,944	-
Impairment of financial assets	4	4,392	-
Elimination of results of investing activities:			
Dividend (income)	15	(75,170)	(31,207)
Elimination of results of financing activities:			
Interest (income)	17	(1,004)	(2,532)
Interest expenses	18	364	328
Other finance income (costs)		171	324
Changes in working capital:			
(Increase) decrease in trade receivables and other amounts receivable		(150)	347
(Increase) in inventories, prepayments and other current assets		(438)	(180)
Increase (decrease) in amounts payable, deferred income and advance amounts received		312	139
Income tax (paid)		(128)	(223)
Net cash flows used in operating activities		(1,881)	(1,672)
Cash flows from investing activities			
(Purchase) of property, plant and equipment and intangible assets		(7)	-
Loans granted		(4,000)	(5,191)
Loans repayments received		35,004	29,150
Acquisition of subsidiaries (associates)		(7,076)	(71,929)
Interest received		618	1,490
Dividends received		75,170	29,957
Net cash flows generated from (used in) investing activities		99,709	(16,523)
Cash flows from financing activities			
Borrowings		-	25,571
Repayments of borrowings		(37,511)	-
Interest paid		(395)	(341)
Dividends paid	15	(59,752)	(56,240)
Net cash flows used in financing activities		(97,658)	(31,010)
Increase (decrease) in cash and cash equivalents (including overdraft)		170	(49,205)
Cash and cash equivalents (including overdraft) at the beginning of the period	9	73	13,179
Cash and cash equivalents (including overdraft) at the end of period	9	243	(36,026)

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

NOTES TO THE 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 address of the Company's registered office is: Žvejų g. 14, LT-09310, Vilnius, Lithuania. The Company is a profit-seeking entity of limited civil liability, which was registered with the Register of Legal Entities managed by the public institution the Centre of Registers on 28 August 2008. The Company's code is 301844044, VAT payer's code LT100004278519. The Company has been established for indefinite period.

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

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

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

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

Company's shareholder	At 30 June 2017		At 31 December 2016	
	Share capital (EUR '000)	%	Share capital (EUR '000)	%
Republic of Lithuania represented by the Lithuanian Ministry of Finance	1,212,156	100%	1,212,156	100.00

As at 30 June 2017, the Company had 101 (31 December 2016: 103) employees.

On 27 June 2017, the international rating agency S&P Global Ratings assigned BBB+ credit rating with a stable perspective to the Company.

The Company's management approved this interim financial information on 31 August 2017.

2 Summary of significant accounting policies

This interim financial information for the period ended 30 June 2017 has been prepared according to International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting').

This condensed interim financial information contains condensed interim financial information of Lietuvos Energija, UAB as a separate entity. This condensed interim financial information has been prepared according to the requirements of Article 60¹ of the Lithuanian Law on Companies.

For a better understanding of data contained in this interim condensed financial information, the Company's condensed interim financial statements for the first half of 2017 should be read in conjunction with the Company's annual consolidated financial statements and the Company's financial statements for the year ended 31 December 2016, 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 (unaudited) for the six-month period ended 30 June 2017, which has been announced publicly.

The accounting policies applied in the preparation of the condensed interim financial information are consistent with those that were applied in the preparation of the annual financial statements for 2016.

Income tax

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

New and amended standards, and interpretations

There were no new standards, amendments and interpretations that were mandatory for the Company with effect from 2017, and that would have a material impact on the Company's financial information.

3 Financial risk management

In performing its activities the Company is exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk in relation to cash flows), credit risk and liquidity risk. In managing these risks the Company seeks to mitigate the effect of factors which could make a negative impact on the financial performance of the Company.

Fair values of financial instruments

The Company's derivative financial instruments (Level 2 in the fair value hierarchy), the Company's price premium payable for the shares of NT Valdos UAB (as disclosed in the liability section), and the contingent part of the price reducing the amount receivable for the sale of shares of Litgrid AB (Level 3 in the fair value hierarchy) are measured at fair value. All other financial assets and financial liabilities are recognised initially at cost and subsequently measured at amortised cost, less impairment loss.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined on the basis of quoted market prices, discounted cash flow models and option pricing models as appropriate.

The carrying amount of the Company's financial assets and financial liabilities measured at amortised cost approximates their fair value and is attributed to Level 3 in the fair value hierarchy.

The attribution of the Company's financial instruments measured at fair value to the levels of the fair value hierarchy is as follows:

Company	At 30 June 2017			At 31 December 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Contingent part of the price for shares of Litgrid AB			(4,182)			(4,182)
Deferred payment for shares of NT Valdos UAB			(9,352)			(9,257)
Interest rate swap contract		(224)			(15)	
	-	(224)	(13,534)	-	(15)	13,439

Liquidity risk

The liquidity risk is managed by planning future cash flows of each Group company and ensuring sufficient cash and availability of funding through committed credit facilities and overdrafts to support their operating activities. The refinancing risk is managed by ensuring that borrowings over a certain period were repaid from available cash, from cash flows expected from operating activities of the Group companies over that period, and from unwithdrawn committed credit facilities which have to be repaid in later periods.

As at 30 June 2017, the Company's current ratio (total current assets / total current liabilities) was 0.40 (31 December 2016: 0.43). As at 30 June 2017, the Company's current liabilities exceeded its current assets by EUR 18,842 thousand (31 December 2016: EUR 38,728 thousand).

In the opinion of the Company's management, available lending facilities will be sufficient to cover current liabilities. As at 30 June 2017, the unwithdrawn balance of credit facilities, available to obtain from banks, amounted to EUR 85,952 thousand (Note 12). On 10 August 2017, the Company signed the overdraft agreement with OP Corporate Bank for the granting of the limit of EUR 70,000 thousand with the repayment term expiring on 10 August 2019 (Note 23). On 14 July 2017, the Company issued bonds worth of EUR 300 million at the Luxembourg Stock Exchange (Note 23). In the opinion of the Company's management, credit facilities will be sufficient to cover current liabilities and therefore, the going concern principle has been properly applied in the preparation of the Company's financial statements.

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

Estimates and judgements are continually evaluated 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 statements according to International Financial Reporting Standards as adopted by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. Change in the underlying assumptions, estimates and judgements may have a material effect on these separate financial statements of the Company.

Impairment tests in respect of investments in subsidiaries and amounts receivable

As at 30 June 2017, the Company tested for impairment its investments in subsidiaries. The Company considered information received from external and internal sources. During the reporting period there were no significant changes in the technological, market, economic and legal environment in which the subsidiaries operate that could have a negative effect and such changes are not expected to occur in near future. Internal reports contain information on results of operations of the subsidiaries, indicators of their internal budgets and financial plans. The Company considered other information received from external and internal information sources and having identified indicators of impairment of investments in the subsidiaries tested the recoverable amounts and recognised impairment of investments as at 30 June 2017 as described below.

All amounts in EUR thousands unless otherwise stated

4 Critical accounting estimates and judgements used in the preparation of the financial statements (continued)

As at 30 June 2017, the Company carried out impairment test in respect of its investment in subsidiary VAE SPB UAB and recognised impairment of EUR 92 thousand for the investment (2016: EUR 131 thousand). Following the recognition of impairment, the recoverable amount (i.e. the value in use) of investment was EUR 0 (31 December 2016: EUR 92.44 thousand).

As at 30 June 2017, the Company carried out impairment test in respect of its investment in subsidiary Energetikos Paslaugų ir Rangos Organizacija UAB and recognised impairment of EUR 1,626 thousand for the investment (2016: EUR 7,320 thousand), which was largely caused by worse results than planned for 2017 and accordingly, more conservative forecasts resulting, among other things, in increase in net debt. Following the recognition of impairment, the recoverable amount (i.e. the value in use) of investment was EUR 191 thousand (31 December 2016: EUR 1,817 thousand).

In addition, the Company estimated impairment of EUR 4,392 thousand for loans receivable from Energetikos Paslaugų ir Rangos Organizacija UAB. Following the recognition of impairment, the carrying amount of loans equal to EUR 7,980 thousand (Note 6) was estimated to be equal to EUR 3,588 thousand. The Company performed the sensitivity analysis on the impairment test for loans receivable in respect of changes in unobservable inputs:

1. The changes in discount rates have a significant impact on the result of valuation. The sensitivity analysis showed that a 1.0 p.p. change in discount rate would result in decrease in impairment to EUR 3,530 thousand (at a discount rate of 8.8%) or increase in impairment to EUR 5,064 thousand (at a discount rate of 10.8%).

As at 30 June 2017, the Company tested for impairment its investment in subsidiary LITGAS UAB using the discounted cash flow method and recognised impairment of EUR 3,225.23 thousand, which largely resulted from the payment of dividends made in 2017. Following the recognition of impairment, the recoverable amount (i.e. the value in use) of investment was EUR 8,631 thousand (31 December 2016: EUR 11,856 thousand).

The impairment test of investment in LITGAS UAB was performed by the Company based on the following key assumptions:

1. Discounted cash flows were calculated using a discount rate of 8.7% (after-tax WACC).
2. It is assumed that the company's activities are finite and are to be discontinued in 2025.

The Company performed the sensitivity analysis on the impairment test in respect of changes in unobservable inputs:

2. The changes in discount rates have a significant impact on the result of valuation. The sensitivity analysis showed that a 1.0 p.p. change in discount rate would result in decrease in impairment to EUR 2,615 thousand (at a discount rate of 7.7%) or increase in impairment to EUR 3,786 thousand (at a discount rate of 9.7%).

As at 30 June 2017, there were no indications of impairment in respect of other investments in subsidiaries of the Company.

Assessment of price premiums in establishing the acquisition cost of shares

Deferred payment for shares of NT Valdos UAB (Note 13)

In April 2015, the Company acquired the shares of NT Valdos UAB from LESTO AB, Lietuvos Energijos Gamyba AB, Duomenų Logistikos Centras UAB and Litgrid AB, thereby resulting in 100% direct control over NT Valdos UAB. The premium to the basic sale price set for the acquired shares is payable by 31 March 2019, the amount of which may vary depending on the financial performance of NT Valdos UAB. The maximum amount of the price premium will be equal to EUR 19,400 thousand, whereas the minimum amount will be equal to zero. At the date of acquisition, the Company recognised the maximum amount of the price premium payable, i.e. EUR 19,400 thousand. In estimating the acquisition cost of the investments the Company accounted for this price premium at the present value prevailing at the acquisition date, i.e. EUR 17,506 thousand. The price premium was discounted using an average interest rate set by the Bank of Lithuania on borrowings in excess of EUR 1,000 thousand, which was equal to 2.65% at the date of acquisition. As at 31 December 2016, the Company reviewed the actual and projected performance results of NT Valdos UAB and concluded that the price premium should be reduced, because the performance results of NT Valdos UAB were not likely to achieve the level that was probable on initial recognition. On 30 June 2017, the Company's management reviewed the assessment of the sale price premium and did not identify any changes compared to the amount recorded on 31 December 2016.

Deferred payment for transferred shares of Litgrid AB (Note 6)

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

The purchase-sale agreement of shares of Litgrid AB provides for a premium to the final price, the amount of which depends on the return on regulated assets of the electricity transmission activity in 2014–2018. As at 30 June 2017 and 31 December 2016, the Company estimated the premium to the final price and concluded that its value was equal to a negative amount of EUR (4,182) thousand, which was reported in the statement of financial position as a reduction to the amount receivable for the sale of shares of Litgrid AB as the price premium will adjust the sale price (Note 6).

Contingent commitments to purchase assets from Vilniaus Šilumos Tinklai AB

On 29 May 2017, the Company, Vilniaus Šilumos Tinklai AB and Vilnius city municipality signed the cooperation agreement, under which Vilniaus Šilumos Tinklai AB, after the fulfilment of agreed, advanced conditions, will conclude separate arrangements whereby (i) Vilniaus Šilumos Tinklai AB will transfer the third co-generation power plant in Vilnius ("TE-3") to the Company, and (ii) the Company will transfer to Vilniaus Šilumos Tinklai AB not more than 5% of all shares of Vilniaus Kogeneracinė Elektrinė UAB. After the fulfilment of the above advanced conditions, Vilniaus Šilumos Tinklai AB will transfer TE-3 to the Company for a price consisting of (i) a fixed part of EUR 9,935 thousand and (ii) a variable part to be equal to 50% of net profit of TE-3 in each financial year until 2030, if TE-3 earns profit in a respective year. The calculation of a variable part of the price will be started after a full payment of expenses by the Company related to the safety and reliability of operations of TE-3, including expenses for environmental protection and other necessary technical safety requirements.

5 Subsidiaries and other investments

The table below shows the movement in the Company's investments in subsidiaries during the period from 1 January to 30 June 2017.

Company	Investments in subsidiaries
Opening net book amount	1,172,187
Share capital increase of subsidiaries	12,075
Acquisition of shares from non-controlling interest	1
Transfer to assets held for sale	(123)
Impairment of investments in subsidiaries	(4,944)
Closing net book amount	1,179,196

Increase/decrease in share capital, acquisitions of subsidiaries

The table below shows increase/(decrease) in share capital, coverage of operating losses, payment for share capital during the period from 1 January to June 30 2017 and balances of unpaid share capital as at 30 June 2017.

	Date of issue	Number of newly issued shares*	Nominal value per share	Total issue value	Paid during Q1-2 of 2017	Unpaid at 30 June 2017	Date of a new version of the Articles of Association
Increase/decrease in authorised share capital							
Vilniaus Kogeneracinė Jėgainė UAB	19 December 2016	68,965,518	0.29	20,000	5,000	-	19 January 2017
Energijos Sprendimų Centras UAB	29 August 2016	520,000	1.00	520	322	-	7 September 2016
Kauno Kogeneracinė Jėgainė UAB	28 December 2016	6,753,000	1	6,753	6,753	-	26 June 2017
Total					12,075	-	

* a part of newly issued shares owned by the Company.

On 27 December 2016, the Company paid up the EUR 5,000 thousand increase of the share capital of Vilniaus Kogeneracinė Jėgainė UAB. A new version of the Articles of Association of Vilniaus Kogeneracinė Jėgainė UAB related to the increased authorised share capital was registered with the Register of Legal Entities on 19 January 2017, therefore the amount of EUR 5,000 thousand that had been reported within prepayments as at 31 December 2016 was reclassified to the Company's investments in 2017.

On 26 June 2017, the share capital of Kauno Kogeneracinė Jėgainė UAB was increased by EUR 13,241 thousand and amounted to EUR 24,000 thousand as at 30 June 2017. The Company acquired shares with the nominal value of EUR 6,753 thousand or representing 51% of the newly issued shares. As at 30 June 2017, the Company owned 51% of the share capital of Kauno Kogeneracinė Jėgainė UAB, i.e. EUR 12,240 thousand.

Acquisition of shares from non-controlling interest

On 18 May 2017, the Company acquired 1,000 ordinary shares of Technologijų ir Inovacijų Centras UAB with the nominal value of EUR 290 for EUR 847 from Litgrid AB, the non-controlling shareholder of Technologijų ir Inovacijų Centras UAB.

Establishment of indirectly controlled company

On 6 June 2017, the Company's subsidiary Energijos Tiekimas UAB established subsidiary Geton Energy Sp.z.o.o, the authorised share capital of which is divided into 20,000 ordinary shares and it amounts to PLN 1,000 thousand. As at 30 June 2017, Energijos Tiekimas UAB owned 19,999 shares of the newly established company and the Company held one share. The Company holds 100% of voting rights at the shareholders meeting of Energijos Tiekimas UAB, therefore the effective ownership interest in Geton Energy Sp.z.o.o. held by the Group is 100% as at 30 June 2017.

Decision on the sale of public institution Training Centre for Energy Specialists

On 2 February 2017, the Company's shareholder made a decision to start the sale process of public institution Training Centre for Energy Specialists. In the Company's statement of financial position as at 31 March 2017, the investment in public institution Training Centre for Energy Specialists was reported under the line item 'Non-current assets held for sale'. The investment's carrying amount was equal to EUR 123 thousand as at 30 June 2017. The Company estimates that the investment's carrying amount does not exceed a probable selling price, less expenses related to the sale.

All amounts in EUR thousands unless otherwise stated

5 Subsidiaries and other investments (continued)

As at 30 June 2017, the Company's investments in subsidiaries and other entities were as follows:

Company name	Acquisition cost	Impairment	Contribution against loss	Carrying amount	Interest held (%)
Subsidiaries:					
Energijos Skirstymo Operatorius AB	710,921	-	-	710,921	94.98
Lietuvos Energijos Gamyba AB	299,935	-	-	299,935	96.75
NT Valdosa UAB	89,374	(9,036)	-	80,338	100
Energijos Tiekimas UAB	23,906	-	-	23,906	100
EURAKRAS UAB	17,058	-	-	17,058	75
Kauno Kogeneracinė Jėgainė UAB	12,240	-	-	12,240	100
LITGAS UAB	12,641	(4,010)	-	8,631	100
Lietuvos Dujų Tiekimas UAB	8,369	-	-	8,369	100
Tuuleenergia OU	6,659	-	-	6,659	100
Vilniaus Kogeneracinė Jėgainė UAB	6,003	-	-	6,003	100
Technologijų ir Inovacijų Centras UAB	3,219	-	-	3,219	50
Energetikos Paslaugų ir Rangos Organizacija UAB	9,137	(8,946)	-	191	100
Elektroninių Mokymų Agentūra UAB	758	-	-	758	100
Energijos Sprendimų Centras UAB	670	-	-	670	100
Verslo Aptarnavimo Centras UAB	295	-	-	295	51
VAE SPB UAB	1,016	(1,461)	445	-	100
Sponsorship Fund of Lietuvos Energija	3	-	-	3	100
The Company's investments in indirectly controlled entities:					
Geton Energy Sp.z.o.o.	-	-	-	-	0.005
	1,202,204	(23,453)	445	1,179,196	

As at 31 December 2016, the Company's investments in subsidiaries and other entities were as follows:

Company name	Acquisition cost	Impairment	Contribution against loss	Carrying amount	Interest held (%)
Subsidiaries:					
Energijos Skirstymo Operatorius AB ¹	710,921	-	-	710,921	94.98
Lietuvos Energijos Gamyba AB	299,935	-	-	299,935	96.75
NT Valdosa UAB	89,377	(9,036)	-	80,341	100.00
Energijos Tiekimas UAB	23,906	-	-	23,906	100.00
EURAKRAS UAB	17,058	-	-	17,058	75.00
Kauno Kogeneracinė Jėgainė UAB	5,487	-	-	5,487	51.00
LITGAS UAB	12,641	(785)	-	11,856	100.00
Lietuvos Dujų Tiekimas UAB	8,369	-	-	8,369	100.00
Tuuleenergia OU	6,659	-	-	6,659	100.00
Vilniaus Kogeneracinė Jėgainė UAB	1,003	-	-	1,003	100.00
Technologijų ir Inovacijų Centras UAB	3,218	-	-	3,218	50.00
Energetikos Paslaugų ir Rangos Organizacija UAB ²	9,137	(7,320)	-	1,817	100.00
Elektroninių Mokymų Agentūra UAB	758	-	-	758	100.00
Energijos Sprendimų Centras UAB	348	-	-	348	100.00
Verslo Aptarnavimo Centras UAB	295	-	-	295	51.00
VAE SPB UAB	1,014	(1,369)	445	90	100.00
Sponsorship Fund of Lietuvos Energija	3	-	-	3	100.00
Public Institution Training Centre for Energy Specialists	309	(186)	-	123	100.00
	1,190,438	(18,696)	445	1,172,187	

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

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

6 Amounts receivable after one year

	Company	
	At 30 June 2017	At 31 December 2016
Amount receivable for sale of LITGRID AB	170,353	193,571
Loans granted to related parties	7,980	2,940
Total	178,333	196,511
Less: impairment (Note 4)	(4,392)	-
Carrying amount	173,941	196,511

Under the effective agreement concluded between the Company and EPSO-G, during the period of 2017–2021 EPSO-G is required to repay EUR 79,607 thousand and EUR 130,368 thousand (depends on the final recalculation of the price premium) in 2022. A non-current portion of the amount receivable is presented together with a negative amount of the price premium (Note 4), which was equal to EUR (4,182) thousand as at 30 June 2017 and 31 December 2016. In the first half of 2017, EPSO-G UAB repaid a loan of EUR 35,004 thousand prior to its maturity, and EUR 436 thousand of interest.

The carrying amount of the loan granted to subsidiary Energetikos Paslaugų ir Rangos Organizacija UAB was equal to EUR 2,940 thousand, including interest of EUR 40 thousand, as at 31 December 2016. On 25 January 2017, the Company granted the loan of EUR 4,000 thousand to Energetikos Paslaugų ir Rangos Organizacija UAB to be repaid on 31 December 2019. A non-current portion of loans granted to Energetikos Paslaugų ir Rangos Organizacija UAB amounted to EUR 6,203 thousand as at 30 June 2017.

In February 2017, the Company extended the repayment term of loans granted to Tuuleenergia OÜ and included interest of EUR 224 thousand accrued until 13 February 2017 into the outstanding balance of loans granted. A non-current portion of the loan amounted to EUR 1,777 thousand as at 30 June 2017.

7 Other amounts receivable

	Company	
	At 30 June 2017	At 31 December 2016
Amount receivable for sale of Litgrid AB	1,172	12,222
Amount receivable due to adjustment to the price of shares of Kauno Energetikos Remontas UAB	1,056	1,056
Other amounts receivable	706	1,016
Total	2,934	14,294

8 Loans granted and short-term investments

Short-term investments comprise as follows:

	Company	
	At 30 June 2017	At 31 December 2016
Loans granted	3,900	4,702
Interest receivable	215	200
Carrying amount	4,115	4,902

As at 30 June 2017, a current portion of loans granted to Tuuleenergia OU amounted to EUR 3,150 thousand (31 December 2016: EUR 4,691 thousand). As at 30 June 2017, a current portion of loans granted to Energetikos Paslaugų ir Rangos Organizacija UAB amounted to EUR 750 thousand (31 December 2016: there were no amounts owed).

9 Cash and cash equivalents

	Company	
	At 30 June 2017	At 31 December 2016
Cash at bank	243	73
Carrying amount	243	73

All amounts in EUR thousands unless otherwise stated

10 Equity

As at 30 June 2017 and 31 December 2016, the Company's share capital amounted to EUR 1,212,156,294. As at 30 June 2017 and 31 December 2016, the share capital was divided into 4,179,849,289 ordinary registered shares with a nominal value of EUR 0.29 each.

As at 30 June 2017 and 31 December 2016, all shares were fully paid.

11 Reserves

The legal reserve is a compulsory reserve under Lithuanian legislation. Companies in Lithuania are required to transfer 5% of net profit from distributable profit until the total reserve reaches 10% of the share capital. The legal reserve cannot be used for the payment of dividends and it is formed to cover future losses only.

As at 30 June 2017, the Company's legal reserve amounted to EUR 14,516 thousand (31 December 2016: EUR 9,758 thousand). During the period from 1 January 2017 to 30 June 2017, transfers to the legal reserve amounted to EUR 4,758 thousand (first half of 2016: EUR 5,551 thousand).

12 Non-current and current borrowings

Non-current borrowings comprised as follows:

	Company	
	At 30 June 2017	At 31 December 2016
Borrowing from SEB Bankas AB (Note 23)	22,375	23,440
Total	22,375	23,440

Current borrowings comprised as follows:

	Company	
	At 30 June 2017	At 31 December 2016
Borrowing from SEB Bankas AB, current portion (Note 23)	2,131	2,131
Credit line	24,048	38,948
Borrowings from related parties (cash pool)	4,265	25,811
Total	30,444	66,890

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

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

As at 30 June 2017, the Company's unwithdrawn balance of the credit limit amounted to EUR 85,952 thousand.

13 Non-current amounts payable and liabilities

Non-current amounts payable and liabilities comprised as follows:

	Company	
	At 30 June 2017	At 31 December 2016
Deferred payment for shares of NT Valdos UAB	9,352	9,257
Other amounts payable and non-current liabilities	103	86
Interest rate swap contract (Note 3)	224	15
Total	9,679	9,358

14 Sales revenue

Sales revenue for the six-month period comprised as follows:

	Company	
	At 30 June 2017	At 30 June 2016
Management fee	1,490	613
Total	1,490	613

All amounts in EUR thousands unless otherwise stated

15 Dividends

Dividend income

Dividends declared by the Group companies during the period from 1 January to 30 June 2017:

Date on which dividends were declared	Dividends declared by	Period for which dividends were allocated	Dividends per share, in EUR	Declared amount of dividends	Dividend income of the Company
24 March 2017	Energijos Skirstymo Operatorius AB	July – December 2016	0.05786	51,763	49,166
24 March 2017	Lietuvos Energijos Gamyba AB	July – December 2016	0.02000	12,702	12,289
29 March 2017	Verslo Aptarnavimo Centras UAB	January – December 2016	0.06690	134	68
3 April 2017	LITGAS UAB	January – December 2016	0.06700	3,000	3,000
4 April 2017	Energijos Tiekimas UAB	January – December 2016	0.58000	10,000	10,000
7 April 2017	Duomenų Logistikos Centras UAB	January – December 2016	0.00500	76	60
7 April 2017	Technologijų ir Inovacijų Centras UAB	January – December 2016	0.01280	284	143
5 May 2017	EURAKRAS UAB	January – December 2016	2.12000	592	444
				78,551	75,170

Dividends declared by the Group companies during the period from 1 January to 30 June 2016:

Date on which dividends were declared	Dividends declared by	Period for which dividends were allocated	Dividends per share, in EUR	Declared amount of dividends	Dividend income of the Company
29 March 2016	Energijos Skirstymo Operatorius AB	July – December 2015	0.0342	30,596	29,061
30 March 2016	NT Valdos UAB	Year 2015	0.4231	1,250	1,250
12 April 2016	LITGAS UAB	July – December 2015	0.0265	1,194	796
8 April 2016	Technologijų ir Inovacijų Centras UAB	July – December 2015	0.009	200	100
				33,240	31,207

Dividends paid

	Q1-2 of 2017		Q1-2 of 2016	
	(EUR '000)	Dividends per share	(EUR '000)	Dividends per share
Lietuvos Energija UAB	59,752	0.0143	56,240	0.0134

16 Other expenses

Other expenses for the six-month period comprised as follows:

	Company	
	At 30 June 2017	At 30 June 2016
Consulting services	194	170
Business support services	133	87
Telecommunications and IT services	130	91
Lease	96	89
Public relations and marketing	69	25
Transport	57	58
Other expenses	54	48
Personnel development	47	28
Utility services	39	34
Business trips	34	22
Taxes	21	16
Fee for membership in associations	-	60
Total	874	728

All amounts in EUR thousands unless otherwise stated

17 Finance income

Finance income for the six-month period comprised as follows:

	Company	
	At 30 June 2017	At 30 June 2016
Interest income	1,004	2,532
Other finance income	144	-
Total	1,148	2,532

18 Finance costs

Finance costs for the six-month period comprised as follows:

	Company	
	As at 30 June 2017	At 30 June 2016
Interest expenses	364	328
Change in fair value of derivative financial instruments	209	15
Other finance costs	106	309
Total	679	652

19 Related-party transactions

As at 31 December 2016 and 30 June 2017, the parent company was the Republic of Lithuania represented by the Ministry of Finance of the Republic of Lithuania. For the purposes of disclosure of related parties, the Republic of Lithuania excludes central and local government authorities. The disclosures comprise transactions and balances of these transactions with the parent company, subsidiaries, associates and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and management.

The Company's transactions with related parties conducted during the period from 1 January to 30 June 2017 and balances arising on these transactions as at 30 June 2017 are presented below:

Related parties	Amounts payable	Amounts receivable	Income from financing and investing activities	Sales	Finance costs	Purchases
	At 30 June 2017	At 30 June 2017	Q1–2 2017	Q1–2 2017	Q1–2 2017	Q1–2 2017
Subsidiaries						
Energijos Skirstymo Operatorius AB	5,360	326	49,166	613	58	-
Lietuvos Energijos Gamyba AB	6,090	1,180	12,289	228	66	-
Lietuvos Dujų Tiekimas UAB	351	20	-	82	4	-
NT Valdos UAB	1,151	35	-	73	23	165
Energetikos Paslaugų ir Rangos Organizacija UAB *	-	2,630	33	83	-	-
Verslo Aptarnavimo Centras UAB	32	16	68	64	1	147
Energijos Tiekimas UAB	-	36	10,003	81	-	-
LITGAS UAB	87	9	3,000	49	2	-
Technologijų ir Inovacijų Centras UAB	35	11	142	49	6	115
VAE SPB UAB	-	1	-	2	-	-
Public Institution Training Centre for Energy Specialists	-	7	-	9	-	-
Tuuleenergia OU	-	5,119	315	15	-	-
Duomenų Logistikos Centras UAB	55	1	60	14	1	-
EURAKRAS UAB	268	11	506	6	3	-
Vilniaus Kogeneracinė Jėgainė UAB	258	6	-	29	2	-
Elektroninių Mokėjimų Agentūra UAB	-	28	-	13	-	-
Kauno Kogeneracinė Jėgainė UAB	-	23	-	60	-	-
Energijos Sprendimų Centras UAB	-	2	-	19	-	-
Other related parties						
EPSO-G UAB	-	171,525	736	-	-	-
Total	13,687	180,986	76,318	1,489	166	427

The Company recognised impairment of EUR 4,392 thousand in respect of the amount receivable from Energetikos Paslaugų ir Rangos Organizacija UAB, which is presented less impairment.

All amounts in EUR thousands unless otherwise stated

19 Related-party transactions (continued)

The Company's transactions with related parties during the period from 1 January to 30 June 2016 and balances arising on these transactions as at 30 June 2016 are presented below:

Related parties	Amounts payable	Amounts receivable	Income from financing and investing activities	Sales	Finance costs	Purchases
	At 30 June 2016	At 30 June 2016	Q1–2 2016	Q1–2 2016	Q1–2 2016	Q1–2 2016
Subsidiaries						
Energijos Skirstymo Operatorius AB	29,974	61	29,061	283	221	-
Lietuvos Energijos Gamyba AB	35,627	15	-	82	177	-
Lietuvos Dujų Tiekimas UAB	12,152	8	-	53	3	-
NT Valdos UAB	34	1,276	1,250	60	-	168
Energetikos Paslaugų ir Rangos Organizacija UAB	-	2,934	15	44	-	-
Verslo Aptarnavimo Centras UAB	24	368	-	18	-	91
Energijos Tiekimas UAB	-	14	-	17	-	-
LITGAS UAB	-	5	1,612	4	-	-
Technologijų ir Inovacijų Centras UAB	18	9	100	7	-	89
VAE SPB UAB	-	1	-	-	-	-
Public Institution Training Centre for Energy Specialists	-	6	-	6	-	-
Tuuleenergija Osauhing and HOB OU	-	4,788	97	-	-	-
Duomenų Logistikos Centras UAB	212	3	-	11	3	-
EURAKRAS UAB	-	10	30	-	-	-
Vilniaus Kogeneracinė Jėgainė UAB	-	39	-	36	-	-
Other related parties						
EPSO-G UAB	-	212,007	1,534	-	-	-
Total	78,041	221,544	33,699	621	404	348

	Company	
	At 30 June 2017	At 30 June 2016
Wages and salaries and other benefits to management personnel	342	330
Whereof: termination benefits and benefits to Board Members	-	37
Number of key management personnel at the end of reporting period	10	9

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

20 Restatement of the Company's announced information for Q1–2 of 2016

In 2016, the Company changed the disclosure of dividend income in the statement of comprehensive income and made respective reclassifications to comparative figures for 2016. The table below presents the impact of the reclassification of dividends on the Company's statement of comprehensive income for 2016.

	2016 Q1–2 (announced)	Reclassification	2016 Q1–2 (after reclassification)
Revenue			
Sales revenue	613	-	613
Other income	1	-	1
Dividends	-	31,207	31,207
Total revenue	614	31,207	31,821
Total operating expenses	(2,371)	-	(2,371)
Operating profit/(loss)	(1,757)	31,207	29,450
Finance income/(costs)	33,087	(31,207)	1,880
Profit/(loss) before income tax	31,330	-	31,330
Current year income tax expenses	(66)	-	(66)
Deferred income tax (expenses)/benefit	(7)	-	(7)
Net profit/(loss) for the period	31,257	-	31,257
Other comprehensive income/(loss) for the period	(29)	-	(29)
Total comprehensive income/(loss) for the period	31,228	-	31,228
Attributable to:			
Owners of the parent	31,228	-	31,228
Non-controlling interest	-	-	-

21 Contingent liabilities and commitments

Guarantees issued by the Company as at 30 June 2017:

Name of the subsidiary	Guarantee beneficiary	Guarantee issue date	Guarantee expiry date	Maximum amount of guarantee	At 30 June 2017	At 31 December 2016
EURAKRAS UAB	SEB Bankas AB	5 April 2016	-	-	23,787	24,929
EURAKRAS UAB	SEB Bankas AB	5 April 2016	-	-	604	836
Energijos Tiekimas UAB	Eesti Energia Aktiaselts	25 August 2016	-	2,000	602	-
Vilniaus Kogeneracinė Jėgainė UAB	European Investment Bank	5 December 2016	-	-	-	-
Companies of Lietuvos Energija UAB group	Companies of Lietuvos Energija UAB group	Year 2016	31 December 2017	-	26,015	10,065
Tuuleenergija OU	SEB Bankas AB	18 January 2017	-	-	19,119	-
				2,000	70,127	35,830

22 Segment reporting

The Company is treated as a single reporting segment as the Company's principal activities are related only to the management and coordination of the activities of the companies of Lietuvos Energija UAB group. The Company's net profit for the first half of 2017 amounted to EUR 64,954 thousand (net profit of EUR 31,228 thousand for the first half of 2016). Information about the Company's products and services is presented in Note 14. The Company generates all its revenue from the provision of services to the controlled companies of Lietuvos Energija UAB group. The Company is not engaged in significant activities in foreign markets, therefore a separate geographical segments is not distinguished.

23 Events after the reporting period

On 14 July 2017, the Company issued bonds worth of EUR 300 million at the Luxembourg Stock Exchange (ISIN code XS1646530565.). Annual interest rate of 2.00% is payable on bonds that have been issued with a 2.193% yield. Bonds will be redeemed after ten years. Cash inflows, that comprise 98.284% of the nominal value of the bonds issue and EUR 1.018 thousand fees to direct intermediaries, reaches EUR 293.834 thousand. Eur. On 19 July 2017, bonds issued by the Company were entered on the Baltic Bond List of Nasdaq Vilnius Stock Exchange. The code provided to the Company is LEGR. The Company plans to use the funds attracted for the financing of investments in the wind energy sector, increase of efficiency of the electricity distribution network and projects on energy production from waste and biomass.

Based on the decision of the sole shareholder dated 19 April 2017, the authorised share capital of NT Valdosa UAB was reduced to EUR 37,295 thousand by annulling 1,666,284 ordinary registered shares with the nominal value of EUR 28.96. The amended Articles of Association were registered with the Register of Legal Entities on 11 July 2017. NT Valdosa UAB paid to the Company EUR 10,000 thousand on 14 July 2017.

Based on the decision of the general meeting of shareholders held on 5 May 2017, the authorised share capital of EURAKRAS UAB was reduced to EUR 4,621 thousand by annulling 120,000 ordinary registered shares with the nominal value of EUR 28.96. The amended Articles of Association were registered with the Register of Legal Entities on 20 July 2017.

Based on the decision of the sole shareholder dated 20 June 2017, the authorised share capital of Energijos Sprendimų Centras UAB was increased to EUR 1,230 thousand by issuing 700,000 ordinary registered shares with the nominal value of EUR 1. The amended Articles of Association have not been approved yet. The Company paid to the latter entity EUR 300,000 on 13 July.

Based on the decision of the shareholders dated 10 July 2017, the authorised share capital of Geton Energy Sp.z.o.o. was increased to PLN 10,000 thousand by issuing 180,000 ordinary registered shares with the nominal value of PLN 50. The Company acquired 9 ordinary registered shares. The amended Articles of Association have not been approved yet.

On 10 July 2017, the sole shareholder made a decision to partially cover losses of VAE SPB UAB by making a monetary contribution of EUR 100 thousand. Cash were transferred on 17 August.

Based on the decision of the sole shareholder dated 18 July 2017, the authorised share capital of Elektroninių Mokymų Agentūra UAB was increased to EUR 1,000 thousand by issuing 300,000 ordinary registered shares with the nominal value of EUR 1. The amended Articles of Association have not been approved yet. The Company paid to the latter entity EUR 250,075 on 20 July.

On 25 July 2017, following the completion of the preparatory stage, the agreement on the establishment of the fund was signed with Contrarian Ventures. The limited partnership Smart Energy Fund powered by Lietuvos Energija was established.

On 28 July 2017, the Company announced about the commencement of the process on the sale of the transport activity conducted by subsidiary NT Valdosa UAB.

In November 2016, the Company's shareholder passed a decision to start a sale process of Duomenų Logistikos Centras UAB whereby the process of identifying central components of the Group's activities is continued. In the Company's statement of financial position as at 30 June 2017, the investment in Duomenų Logistikos Centras UAB was reported under the line item 'Non-current assets held for sale'. The carrying amount of the investment amounted to EUR 4,705 thousand as at 30 June 2017. The investment's sale price is not lower than its carrying amount. On 7 August 2017, the Company announced that the Company and Litgrid AB signed the agreement on the purchase and sale of shares with Telia Lietuva. Lietuvos Energija sold 79.64% of shares of Duomenų Logistikos Centras UAB and Litgrid sold 20.36% of shares of the latter company. The sale process of Duomenų Logistikos Centras UAB is expected to be finalised at the beginning of 2018 after the receipt of the concentration permission from the Competition Council. The transaction value will not be announced until that time.

On 10 August 2017, the Company signed the overdraft agreement with OP Corporate Bank for the granting of the limit of EUR 70,000 thousand with the repayment term expiring on 10 August 2019.

On 11 August 2017, the Company repaid an outstanding balance of EUR 24,151 thousand to SEB Bankas AB prior to its maturity.

On 14 August 2017, the Company finalised the sale process of public Institution Centre of Training for Energy Specialists and earned profit of EUR 24 thousand.
