

2017

LIETUVOS ENERGIJA, UAB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL
INFORMATION

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE IV QUARTER OF 2017 AND TWELVE MONTHS PERIOD
ENDED 31 DECEMBER 2017 PREPARED ACCORDING TO INTERNATIONAL
ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY
THE EUROPEAN UNION (UNAUDITED)



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Translation note:

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

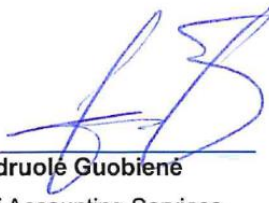
Condensed interim financial information was approved by Chief Executive Officer, Finance and Treasury Director and Head of Accounting Service Center of Verslo Aptarnavimo Centras UAB (acting under Order No IS17-80 of 28 August 2017) at 28 February 2018:



Darius Maikštėnas
Chief Executive Officer



Darius Kašauskas
Finance and Treasury Director



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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

At 31 December 2017

All amounts in thousands of euro unless otherwise stated

		Group		Company	
	Notes	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
ASSETS					
Non-current assets					
Intangible assets	4	36,368	32,261	-	-
Property, plant and equipment	4	1,766,875	1,770,814	421	348
Prepayments for non-current assets		21,911	-	-	-
Investment property		14,878	46,207	-	-
Investments in subsidiaries	5	-	-	1,148,917	1,172,187
Amounts receivable after one year		178,858	203,582	492,938	196,511
Other financial assets		426	-	426	-
Other non-current assets		3,239	2,620	-	-
Deferred income tax asset		5,100	5,699	549	93
Total non-current assets		2,027,655	2,061,183	1,643,251	1,369,139
Current assets					
Inventories		56,885	38,117	-	-
Prepayments		38,276	6,967	3,941	5,011
Trade receivables		112,187	111,884	-	-
Other amounts receivable		29,929	29,363	5,322	14,294
Other current assets		1,084	4,606	-	-
Prepaid income tax		2,102	589	147	160
Loans and short-term investments		-	-	169,395	4,902
Cash and cash equivalents		171,756	178,565	52,517	73
		412,219	370,091	231,322	24,440
Non-current assets held for sale		61,466	878	14,717	4,782
Total current assets		473,685	370,969	246,039	29,222
TOTAL ASSETS		2,501,340	2,432,152	1,889,290	1,398,361
EQUITY AND LIABILITIES					
Equity					
Share capital	6	1,212,156	1,212,156	1,212,156	1,212,156
Reserves		100,645	92,171	14,516	9,758
Retained earnings (deficit)		(16,942)	(35,952)	117,103	75,699
Equity attributable to owners of the parent		1,295,859	1,268,375	1,343,775	1,297,613
Non-controlling interests		45,796	51,172	-	-
Total equity		1,341,655	1,319,547	1,343,775	1,297,613
Liabilities					
Non-current liabilities					
Non-current borrowings	7	480,068	364,957	433,668	23,440
Finance lease liabilities		187	316	-	-
Grants and subsidies	8	200,311	284,929	-	-
Deferred income tax liabilities		36,024	40,481	-	-
Provisions	9	1,914	3,254	2,903	-
Deferred income		54,509	52,214	-	-
Other non-current amounts payable and liabilities		7,014	11,780	9,807	9,358
Total non-current liabilities		780,027	757,931	446,378	32,798
Current liabilities					
Current portion of long-term debts	7	119,599	90,008	95,013	2,131
Current borrowings	7	13,449	38,953	2,794	64,759
Current portion of finance lease liabilities		145	157	-	-
Trade payables		74,576	96,118	506	343
Advance amounts received		27,914	27,636	1	-
Income tax liabilities		3,678	9,355	-	-
Provisions	9	2,498	12,883	-	-
Other current amounts payable and liabilities		137,170	79,564	823	717
		379,029	354,674	99,137	67,950
Liabilities directly attributable to Non-current assets held for sale		629	-	-	-
Total current liabilities		379,658	354,674	99,137	67,950
Total liabilities		1,159,685	1,112,605	545,515	100,748
TOTAL EQUITY AND LIABILITIES		2,501,340	2,432,152	1,889,290	1,398,361

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

All amounts in thousands of euro unless otherwise stated

	Notes	Group				Company			
		2017 Q1–4	2017 Q4	2016 Q1–4	2016 Q4	2017 Q1–4	2017 Q4	2016 m. Q1–4	2016 Q4
Continuing operations									
Revenue									
Sales revenue		1,064,516	301,553	1,070,542	290,723	2,972	773	1,802	666
Other income		31,279	10,808	31,088	7,377	516	491	2	1
Dividends income	10	-	-	-	-	124,704	-	69,525	-
Total revenue		1,095,795	312,361	1,101,630	298,100	128,192	1,264	71,329	667
Operating expenses									
Purchases of electricity, gas for trading and related services		(712,320)	(194,049)	(691,738)	(205,730)	-	-	-	-
Purchases of gas and heavy fuel oil		(28,193)	(6,747)	(35,689)	(8,876)	-	-	-	-
Depreciation and amortisation		(86,498)	(21,979)	(78,518)	(20,450)	(3)	(2)	(3)	(1)
Wages and salaries and related expenses		(80,510)	(22,764)	(86,065)	(24,341)	(4,105)	(1,051)	(3,372)	(961)
Repair and maintenance expenses		(21,238)	(6,101)	(22,765)	(6,976)	-	-	-	-
Revaluation of Property, plant and equipment, and investment property		(7,103)	(7,103)	336	336	-	-	-	-
Impairment of investments in subsidiaries		-	-	-	-	(9,414)	(4,370)	20,869	20,869
Impairment of trade receivables and loans receivables		959	(332)	(2,189)	(3,144)	(2,701)	1,691	(4,181)	(4,181)
Impairment of Property, plant and equipment		(33,387)	(32,324)	(566)	(601)	-	-	-	-
Other expenses	11	(32,402)	(9,726)	(37,085)	(5,843)	(5,810)	(4,453)	(1,792)	(665)
Total operating expenses		(1,000,692)	(301,125)	(954,279)	(275,625)	(22,033)	(8,185)	11,521	15,061
Operating profit (loss)		95,103	11,236	147,351	22,475	106,159	(6,921)	82,850	15,728
Finance income		3,583	930	3,720	712	4,065	1,669	13,526	10,189
Finance costs		(9,431)	(3,679)	(6,856)	(943)	(4,768)	(2,300)	(1,232)	139
Profit (loss) before tax		89,255	8,487	144,215	22,244	105,456	(7,552)	95,144	26,056
Current year income tax expense		(2,644)	262	(13,373)	(630)	2	-	(23)	54
Deferred income tax (expense)/benefit		4,042	5,768	(12,404)	1,210	456	163	34	30
Net profit (loss) from continuing operations		90,653	14,517	118,438	22,824	105,914	(7,389)	95,155	26,140
Profit (loss) from discontinued operations		893	(21)	-	-	-	-	-	-
Net profit (loss)		91,546	14,496	118,438	22,824	105,914	(7,389)	95,155	26,140
Attributable to:									
Owners of the parent		87,124	13,504	108,105	21,137	105,914	(7,389)	95,155	26,140
Non-controlling interests		4,422	992	10,333	1,687	-	-	-	-
Other comprehensive income (loss)									
Items that will not be reclassified subsequently to profit or loss)									
Gain (loss) on revaluation of non-current assets		259	259	385	385	-	-	-	-
Items that will not be reclassified subsequently to profit or loss, total		259	259	385	385	-	-	-	-
Items that will be reclassified subsequently to profit or loss									
Change in fair value of available-for-sale financial assets		-	-	(48)	(3)	-	-	(48)	(3)
Other gains and losses recognized directly in equity		(187)	(187)	-	-	-	-	-	-
Translation of foreign net investment in Group's presentation currency		50	66	-	-	-	-	-	-
Items that will be reclassified subsequently to profit or loss, total		(137)	(121)	(48)	(3)	-	-	(48)	(3)
Other comprehensive income (loss)		122	138	337	382	-	-	(48)	(3)
Total comprehensive income (loss) for the year		91,668	14,634	118,775	23,206	105,914	(7,389)	95,107	26,137
Attributable to:									
Owners of the parent		87,246	13,642	108,442	21,519	105,914	(7,389)	95,107	26,137
Non-controlling interests		4,422	992	10,333	1,687	-	-	-	-
Attributable to Owners of the parentw									
Continuing operations		86,442	13,681	108,442	21,519	105,914	(7,389)	95,107	26,137
discontinued operations		804	(39)	-	-	-	-	-	-

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2017

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Group						Non-controlling interest	Total
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Subtotal		
Balance at 1 January 2016		1,212,156	28,777	62,323	48	(49,264)	1,254,040	50,445	1,304,485
Revaluation of property, plant and equipment, net of deferred income tax		-	-	385	-	-	385	-	385
Change in fair value of available-for-sale financial assets		-	-	-	(48)	-	(48)	-	(48)
Total other comprehensive income (loss)		-	-	385	(48)	-	337	-	337
Net profit for the reporting period (recalculated, Note 20)		-	-	-	-	108,105	108,105	10,333	118,438
Total comprehensive income (loss) for the period		-	-	385	(48)	108,105	108,442	10,333	118,775
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(5,523)	-	5,523	-	-	-
Transfer to reserves and movement in reserves		-	5,768	-	-	(5,768)	-	-	-
Dividends	10	-	-	-	-	(97,194)	(97,194)	(3,453)	(100,647)
Acquisition of subsidiary (UAB Eurakras)		-	-	-	-	-	-	5,199	5,199
Change in non-controlling interest due to reorganization		-	85	284	-	9	378	(378)	-
Share of non-controlling interest in transfers to reserves		-	66	6	-	2,637	2,709	(11,764)	(9,055)
Increase of share capital of Kauno Kogeneracinė Jėgainė UAB		-	-	-	-	-	-	790	790
Balance at 31 December 2016		1,212,156	34,696	57,475	-	(35,952)	1,268,375	51,172	1,319,547
Balance at 1 January 2017		1,212,156	34,696	57,475	-	(35,952)	1,268,375	51,172	1,319,547
Change in fair value of available-for-sale financial assets		-	-	218	-	-	218	41	259
Other gains and losses recognized directly in equity		-	-	-	50	-	50	-	50
Translation of foreign net investment in Group's presentation currency		-	-	-	-	(187)	(187)	-	(187)
Total other comprehensive income (loss)		-	-	218	50	(187)	81	41	122
Net profit for the period		-	-	-	-	87,124	87,124	4,422	91,546
Total comprehensive income (loss) for the period		-	-	218	50	86,937	87,205	4,463	91,668
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(3,610)	-	3,610	-	-	-
Transfer to reserves and movement in reserves		-	11,816	-	-	(11,816)	-	-	-
Dividends	10	-	-	-	-	(59,752)	(59,752)	(5,598)	(65,350)
Change in non-controlling interest due to changes in Group's structure		-	-	-	-	31	31	(31)	-
Acquisition of shares from UAB Eurakras non-controlling interest		-	-	-	-	-	-	(5,182)	(5,182)
Increase of share capital of Kauno Kogeneracinė Jėgainė UAB		-	-	-	-	-	-	972	972
Balance at 31 December 2017		1,212,156	46,512	54,083	50	(16,942)	1,295,859	45,796	1,341,655

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2017

All amounts in thousands of euro unless otherwise stated

	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		-	-	(48)	-	(48)
Other comprehensive income/(loss) for the period		-	-	(48)	-	(48)
Net profit for the reporting period		-	-	-	95,155	95,155
Total comprehensive income for the period		-	-	(48)	95,155	95,107
Transfer to reserves		-	5,551	-	(5,551)	-
Dividends	10	-	-	-	(97,194)	(97,194)
Balance at 31 December 2016		1,212,156	9,758	-	75,699	1,297,613
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		-	-	-	105,914	105,914
Total comprehensive income for the period		-	-	-	105,914	105,914
Transfer to reserves		-	4,758	-	(4,758)	-
Dividends	10	-	-	-	(59,752)	(59,752)
Balance at 31 December 2017		1,212,156	14,516	-	117,103	1,343,775

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

Lietuvos energija, UAB, Company's code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the year ended 31 December 2017

All amounts in thousands of euro unless otherwise stated

	Note	Group		Company	
		2017 Q1–4	2016 Q1–4	2017 Q1–4	2016 Q1–4
Cash flows from operating activities					
Net profit (loss) for the year		91,546	118,438	105,914	95,155
Adjustments for non-monetary expenses (income):					
Depreciation and amortisation expenses	4	106,720	90,925	3	3
Impairment of PP&E/reversal of impairment		106,197	566	-	-
Result of revaluation of property, plant and equipment		(1,379)	(122)	-	-
Revaluation of investment property		3,929	(214)	-	-
Change in fair value of trade derivatives		(2,137)	(2,036)	-	-
Impairment of financial assets		(959)	1,019	2,701	-
Impairment of investments in subsidiaries and associates/(reversal)		-	-	9,414	(20,869)
Income tax expenses		(1,398)	25,777	(458)	(11)
Depreciation of grants	8	(20,222)	(12,407)	-	-
Increase (decrease) in provisions	9	(11,341)	(10,481)	2,903	-
Increase (decrease) in provisions		(102)	275	-	-
Inventory write-down expenses		(2,296)	3,346	-	-
Emission allowances utilised		940	1,742	-	-
Elimination of results of investing activities:					
- Dividend income		-	-	(124,704)	(69,525)
- Gain) loss on disposal/write-off of property, plant and equipment		2,753	2,285	-	(9)
- (Profit) loss on disposal of investments in subsidiaries and associates		(352)	-	(24)	-
- Other investment (income) costs		497	-	714	-
Elimination of results of financing activities:					
- Interest income		(2,604)	(2,858)	(3,147)	(3,871)
- Interest expenses		7,857	5,760	3,802	732
- Other finance (income) costs		595	234	48	(9,155)
Changes in working capital:					
(Increase) decrease in trade receivables and other amounts receivable		(8,150)	3,803	(1,445)	3,265
(Increase) decrease in inventories, prepayments and other current assets		(46,673)	31,057	(3,931)	(5)
Increase (decrease) in amounts payable, deferred income and advance amounts received		(89,542)	(3,188)	(5,872)	1,191
Income tax (paid)		(9,650)	(2,229)	15	(255)
Net cash flows from (used in) operating activities		124,229	251,692	(14,067)	(3,354)
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(226,266)	(172,946)	(10,011)	(65)
Disposal of property, plant and equipment and intangible assets		3,664	4,327	-	-
Loans (granted)		-	-	(202,225)	(5,191)
Loan repayments received		34,759	29,201	34,759	29,500
(Acquisition) disposal of investments in subsidiaries and associates		62	(27,378)	(11,242)	(104,726)
Grants received		7,798	2,157	-	-
Bonds redeemed		-	4,534	-	4,534
Interest received		1,498	2,858	1,910	4,289
Dividends received		-	-	124,704	69,525
Net cash flows from (used in) investing activities		(178,485)	(157,247)	(62,105)	(2,134)
Cash flows from financing activities					
Proceeds from borrowings		99,570	172,189	101,863	90,330
Issue of bonds		300,000	-	300,000	-
Repayments of borrowings		(284,862)	(96,689)	(208,529)	-
Finance lease payments		(158)	(155)	-	-
Interest paid		(7,075)	(5,760)	(810)	(754)
Dividends paid		(65,350)	(100,537)	(59,752)	(97,194)
Increase of share capital of Kauno Kogeneracinė/Jėgainė UAB		-	1,317	-	-
(Acquisition) of non-controlling interest	10	(4,283)	(9,055)	(4,283)	-
Proceeds from derivative financial instruments		(1,050)	-	127	-
Net cash flows from (used in) financing activities		36,792	(38,690)	128,616	(7,618)
Increase (decrease) in cash and cash equivalents (including overdraft)	5	(17,464)	55,755	52,444	(13,106)
Cash and cash equivalents (including overdraft) at the beginning of the year		178,565	122,810	73	13,179
Cash and cash equivalents (including overdraft) at the end of the year		161,101	178,565	52,517	73

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

All amounts in EUR thousands unless otherwise stated

1 General information

This financial information contains unaudited condensed interim financial information of Lietuvos Energija UAB (hereinafter referred to as "the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") for a twelve-month period ended 31 December 2017 (hereinafter referred to as "the financial information" or "the interim financial information").

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

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

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

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

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

As at 31 December 2017 the Group consists of Lietuvos Energija UAB and subsidiaries directly or indirectly controlled by the Company:

Company	Office address	Effective ownership interest at (%)	Share capital (EUR thousand)	Main activity
Lietuvos Energijos Gamyba AB	Elektrinės g. 21, Elektrėnai	96.75	184,174	Electricity generation, supply, import, export and trade
Energijos Skirstymo Operatorius AB	Aguonų g. 24, Vilnius	94.98	259,443	Electricity supply and distribution to end users, natural gas distribution
NT Valdosa UAB	Geologų g. 16, Vilnius	100.00	37,295	Operation of real estate, other related activities and provision of services
Duomenų Logistikos Centras UAB	A. Juozapavičiaus g. 13, Vilnius	79.64	4,033	Support services for information technology and telecommunications
Energetikos Paslaugų ir Rangos Organizacija UAB	Motorų g. 2, Vilnius	100.00	1,000	Construction, repair and maintenance of electricity networks, energy and related equipment, connection of customers to the grid, manufacturing of metal structures
LITGAS UAB	Žvejų g. 14, Vilnius	100.00	13,050	Supply of liquid natural gas via terminal and trade in natural gas (100% of votes)
Elektroninių Mokėjimų Agentūra UAB	Žvejų g. 14, Vilnius	100.00	1,000	Provision of payment collection services
Energijos Tiekimas UAB	Lukšio g. 1, Vilnius	100.00	17,240	Supply of electricity and natural gas
Geton Energy OÜ	Narva mnt 5, 10117 Tallinn	100.00	35	Supply of electricity
Geton Energy SIA	Bezdelingu 12, LV-1048, Riga	100.00	500	Supply of electricity
Technologijų ir Inovacijų Centras UAB	A. Juozapavičiaus g. 13, Vilnius	97.89	6,440	Provision of IT, telecommunication and other services
VAE SPB UAB	Smolensko g. 5, Vilnius	100.00	100	Nuclear power plant Project development, business and other management consultations
Verslo Aptarnavimo Centras UAB	P. Lukšio g. 5B, Vilnius	98.40	580	Organisation and execution of public procurement, accounting and personnel administration services
Lietuvos Dujų Tiekimas UAB	Žvejų g. 14, Vilnius	100.00	8,370	Natural gas supply
Lithuanian Energy Support Fund	Žvejų g. 14, Vilnius	100.00	3	Provision of support for projects, initiatives and activities of public interest
Vilniaus Kogeneracinė Jėgainė, UAB	Žvejų g. 14, Vilnius	100.00	21,003	Modernisation of district heating supply in Vilnius city
Kauno Kogeneracinė Jėgainė UAB	Žvejų g. 14, Vilnius	51.00	24,000	Modernisation of district heating supply in Kaunas city
Tuuleenergia OU	Keskus, Helmküla, Varbla Rural Municipality, Pärnu County	100.00	499	Electricity generation from renewable sources
Eurakras UAB	Vytėnio g. 46, Vilnius	100.00	4,621	Electricity generation from renewable sources
Energijos Sprendimų Centras UAB	Žvejų g. 14, Vilnius	100.00	1,230	Provision of electricity spare services
Geton Energy sp.z.o.o.	Aleja Jana Pawła II g., nr. 22, Varšuva, Lenkija	100.00	2,342	Supply of electricity

As at 31 December 2017 the Group had 4,513 employees (at 31 December 2016 respectively 4,859), the Company had 104 employees (at 31 December 2016 respectively 103).

At 27 June 2017 international rating agency „S&P Global Ratings“ announced, that assigned to the Company BBB+ credit rating with with a stable outlook.

The Company's management approved this condensed interim financial information on 28 February 2018.

2 Summary of significant accounting principles

This condensed interim financial information for a twelve-month period ended 31 December 2017 has been prepared in accordance with International Accounting Standards (IAS) as adopted by European Union and applicable for the preparation of interim financial statements (IAS 34 Interim Financial Reporting). This unaudited condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2016, 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 2016.

Income tax

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

New and amended standards, and interpretations

There were no new standards, amendments and interpretations that were mandatory for the Group and the Company with effect from 1 January 2017, and that would have a material impact on the Group's and the Company's financial information.

The Group and the Company are currently assessing the impact of the new standards, amendments to standards and interpretations, effective for the annual periods beginning on or after 1 January 2018, on the Group's and the Company's financial statements.

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

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

The preparation of financial information according to International Financial Reporting Standards as adopted by the EU requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosures of contingencies. Changes in the underlying assumptions, estimates and judgments may have a material effect on this financial information. The accounting estimates applied in preparing the condensed interim financial information are consistent with those used in preparing the annual financial statements for the year ended 31 December 2016.

Contingent consideration for the shares of NT Valdosa UAB

In April 2015, the Company acquired the shares of NT Valdosa UAB from LESTO AB, Lietuvos Energijos Gamyba AB, Duomenų Logistikos Centras UAB and Litgrid AB, thereby resulting in 100% direct control over NT Valdosa UAB. The contingent consideration 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 Valdosa UAB and maximum amount of the contingent consideration 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 contingent consideration payable, i.e. EUR 19,400 thousand. As at 31 December 2017, the Company reviewed valuation of contingent consideration and did not observe indications to adjust balance of contingent consideration as compared to 31 December 2016 balances. As at 31 December 2017 in statements of financial position EUR 9,699 thousand contingent consideration is accounted for as non-current liability.

Contingent consideration on disposal of Litgrid AB

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

The purchase-sale agreement of shares of Litgrid AB provides for a contingent consideration 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. As at 31 December 2017, the Company reviewed valuation of contingent consideration and recognized EUR 496 thousand impairment of contingent consideration. As at 31 December 2017 contingent consideration of EUR 169,856 thousand in statements of financial position is accounted for as non-current receivables.

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 incurred 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.

3 Critical accounting estimates and judgments used in the preparation of financial statements (continued)

New customer connection fees

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

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

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

- the fee for the connection to the electricity network is determined on the basis of fees and methodologies approved by the Lithuanian legal acts and regulatory authorities; the service is deemed to be provided upon the connection of the customer to the electricity network;
- the fee for the connection non-household customers to the gas system is determined on the basis of fees and methodologies approved by the Lithuanian legal acts and regulatory authorities. Upon approval of household customer connection fees, the Commission assesses the return, receivable in 20 year period, on investment used to connect new household customers and impact of the investment on gas distribution price cap (investments should not cause increase in the current price cap) in the same way, as assesses non-household customers, although not every customer individually, rather in total by establishing the general connection fee. In this case the service provided to both non-household and household customer is continuous in nature, related to contractual obligations and future consumption, and therefore revenue is split over the depreciation period of property, plant and equipment concerned.

Accrued revenue

Revenue from household customers is recognised when meter data is declared and payments are received. Accordingly, at the end of each reporting period the amount of income earned but not yet paid by household customers is estimated and accrued by the Group company. Accrued revenue is estimated as 1/3 of total payments for electricity received in June and December. Accrued revenue is based on past experience and average term of settlement for electricity. The management has estimated that the majority of household customers declare and make payments for the electricity consumed on approx. the 20th day of the month, while electricity is supplied for a full month (30 or 31 days). Consequently, the electricity consumed during the remaining 10 days is proportionally calculated referring to the total volume of electricity provided to the electricity supply network (the actually known variable) and the total volume of electricity declared by household customers during December and multiplied by the average rate per 1 kWh.

Provisions for the utilisation of emission allowances

The Group estimates provisions for emissions based on actual emissions over the reporting period multiplied by the market price for one unit of emission allowances. The quantity of actual emissions is approved by a responsible state-controlled agency over the course of four months after the end of the year. Based on historic experience, the Group's management does not expect any significant differences to arise between the estimated provision at 31 December 2017 and the quantity of emissions which will be approved in 2018.

Accrual of income from Public service obligation (hereinafter – PSO) and capacity reserve services

Part of funds for PSO and tertiary capacity reserve services are allocated for the maintenance of infrastructure of the Elektrėnai Complex and for the compensation of the necessary trial costs of electricity generation facilities. Infrastructure maintenance costs cover fuel, emission allowance and other production costs that are incurred in the course of generation of heat which is necessary to support infrastructure, as well in the course of generation electricity which is consumed by the Elektrėnai Complex, and gas consumption capacity taxes.

Allocated amount of PSO funds and the price for capacity reserve services are determined for the next calendar year by the National Commission for Energy Control and Prices (NCC) in view of the projected costs of the Company. In the Company's financial statements, income from these services is recognised on accrual basis based on actually incurred costs.

As at 30 December 2017, the Company recognised PSO funds of EUR 5,034 thousand (31 December 2016: EUR 9,404 thousand) within 'Other non-current amounts payable and liabilities' to be refunded after 12 calendar months. PSO funds to be refunded arose from lower than established actual fixed and variable costs incurred in the provision of the regulated services. Non-current amount payable was carried at amortised cost using the effective interest rate approach. When discounting the payable PSO funds during the period of refunding, a discount rate of 0.92% (31 December 2016: 1.02%) was used, and discounting effect of EUR 51 thousand (31 December 2016: EUR 185 thousand) was recognised within 'Other financial income'. Discounting effect was not adjusted as at 30 June 2017 as the effect of change was immaterial.

Fair value of financial assets and financial liabilities

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

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

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

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

All amounts in EUR thousands unless otherwise stated

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 as at 1 January 2017	32,261	1,770,814
Acquisitions	5,174	248,219
Revaluation of assets	-	471
Disposals	-	(1,185)
Write-offs/Emission allowances utilised	(933)	(5,132)
Impairment/reversal of impairment	-	(106,197)
Grant received (emission allowances)	1,128	-
Revaluation of emission allowances	2,808	-
Reclassification to finance lease	-	(3,421)
Reclassification to assets, intangible assets	291	(235)
Reclassification to assets held for sale	(7)	(34,235)
Reclassification from (to) investment property	-	160
Reclassification (to) from inventories	-	(8)
Increase (decrease) due to acquisition of subsidiary	-	(10)
Amortisation / depreciation	(4,354)	(102,366)
Net book value as at 31 December 2017	36,368	1,766,875

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 as at 1 January 2017	-	348
Acquisitions	-	76
Amortisation / depreciation	-	(3)
Net book value as at 31 December 2017	-	421

5 Investments in subsidiaries and other investments

The table below shows the movement in the Company's investments in subsidiaries during the period from 1 January to 31 December 2017.

Company	Investments in subsidiaries
Net book value as at 1 January 2017	1,172,187
Share capital increase of subsidiaries	28,375
Share capital decrease of subsidiaries	(50,862)
Acquisition of shares from non-controlling interest	4,284
Transfer to assets held for sale	(123)
Contribution against loss	4,470
Impairment of investments in subsidiaries	(9,414)
Net book value as at 31 December 2017	1,148,917

Increase in share capital of subsidiaries

The table below shows increase in share capital, payment for share capital during the period from 1 January to 31 December 2017 and balances of unpaid share capital as at 31 December 2017.

	Date of issue	Number of newly issued shares*	Nominal value per share	Total issue value	Paid during Q1-4 of 2017	Unpaid at 31 December 2017	Date of a new version of the Articles of Association
Vilniaus Kogeneracinė Jėgainė UAB	19 December 2016	520,000	1.00	530	322	-	19 January 2017
Energijos Sprendimų Centras UAB	29 August 2016	68,965,518	0.29	20,000	20,000	-	7 September 2016
Kauno Kogeneracinė Jėgainė UAB	28 December 2016	6,753,000	1.00	6,753	6,753	-	26 June 2017
UAB Energijos sprendimų centras	20 June 2017	700,000	1.00	1,000	1,000	-	22 September 2017
UAB Elektroninių mokėjimų agentūra	18 July 2017	300,000	1.00	300	300	-	1 August 2017
UAB Vilniaus kogeneracinė jėgainė	21 December 2017	53,781,379	0.29	15,597	-	-	-
Total				44,180	28,375	-	

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

On 20 June 2017 the Company and its subsidiary UAB Energijos sprendimų centras, based on the Company's 20 June 2017 decision, entered into a share subscription agreement and increased the subsidiary's authorized capital from EUR 530 thousand Eur up to EUR 1,230 thousand issuing 700 thousand ordinary shares with a nominal value of 1 Eur each, and 1,429 Eur issue price of one. The total nominal value of all newly issued shares is EUR 700 thousand and the issue price is EUR 1,000 thousand. The difference of the issue price and the nominal value of the shares is 300 thousand and is accounted for in the subsidiary's balance sheet as share premium. The new wording of the articles of association of the subsidiary was registered in 22 September 2017.

All amounts in EUR thousands unless otherwise stated

5 Investments in subsidiaries and other investments (continued)

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 September 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 September 2017, the Company owned 51% of the share capital of Kauno Kogeneracinė Jėgainė UAB, i.e. EUR 12,240 thousand.

On 18 July 2017, the Company and its subsidiary UAB Elektroninių mokėjimų agentūra, based on the Company's 18 July 2017 decision, entered into a share subscription agreement and increased the subsidiary's authorized capital from EUR 700 thousand up to EUR 1,000 thousand issuing 300 thousand ordinary shares with a nominal value of 1 Eur each. The new wording of the articles of association of the subsidiary was registered in 1 August 2017.

On 21 December 2017, the Company and its subsidiary Vilniaus Kogeneracinė Jėgainė UAB entered into a share subscription agreement, according to which the authorized capital of the subsidiary is increased by EUR 15,597 thousand. Eur issuing 53,781,379 new ordinary registered shares of 0.29 EUR at face value. Under the contract, the Company's initial contribution amounts to ¼ of the subscribed share value or EUR 3,899 thousand. Eur. Increase of subsidiary's authorized capital in 2017 December 31 was not registered at the Center of Registers therefore EUR 3,899 thousand has been accounted for as prepayments of the Company's statement of financial position. The remaining part of EUR 11,698 thousand subscribed share price the Company will pay within 12 months from the signing of the share subscription.

Decrease in share capital of subsidiaries

Details for decrease in share capital of subsidiaries during the period from 1 January to 31 December 2017:

Subsidiary	Net book value as at 1 January 2017	Decrease of share capital	Acquisition of shares from non- controlling interest	Net book value as at 31 December 2017
NT valdos, UAB	80,337	(48,256)	-	32,081
UAB EURAKRAS	17,057	(2,606)	4,284	18,735
	97,394	(50,862)	4,284	50,816

On 19 April 2017 the Company decided to reduce the authorized capital of its subsidiary NT Valdosa, UAB from EUR 85,550 thousand Eur down to EUR 37,295 thousand annulling 1,666,284 ordinary registered shares with a nominal value of 28.96 EUR each. The total nominal value of the annulled shares of NT Valdosa, UAB is EUR 48,257 thousand. The authorized capital of NT Valdosa, UAB was reduced with the purpose to pay the funds to the Company. At 14 July 2017 the Company received EUR 10,000 thousand partial payment for reduction of the authorized capital. According to 12 October 2017 The agreement between the Company and NT Valdosa UAB, the remaining EUR 38,256 thousand amount will be paid to the Company latest by 11 August 2022. The new wording of the articles of association was registered in 11 July 2017.

On 5 May 2017 the Company and non-controlling shareholder of subsidiary UAB Eurakras decided to reduce the authorized capital of its subsidiary NT Valdosa, UAB from EUR 8,096 thousand Eur down to EUR 4,621 thousand annulling 120,000 ordinary registered shares with a nominal value of 28.96 EUR each. The total nominal value of the annulled shares of UAB Eurakras, UAB is EUR 3,475 thousand. The authorized capital of UAB Eurakras was reduced with the purpose to pay the funds to the Company. At 28 July 2017 the Company received EUR 2,606 thousand of the authorized capital, which corresponds to 75% the Company's share in the authorized capital of UAB Eurakras. The new wording of the articles of association was registered in 20 July 2017.

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.

On 16 September 2017 the Company for EUR 4,283 thousand acquired 25% of UAB "Eurakras" ordinary registered shares from UAB Renagro, the non-controlling shareholder of UAB Eurakras. The Company is the sole shareholder of UAB Eurakras.

Disposal of Public Institution Training Centre for Energy Specialists

On 8 August 2017 the Company transferred its investment into the Public Institution Training Centre for Energy Specialists, which has a book value of EUR 123 thousand, for EUR 147 thousand consideration. As at 31 July 2017 in Group's consolidated accounts net assets of the Public Institution Training Centre for Energy Specialists was negative and amounted to EUR (205) thousand. Net result of Public Institution Training Centre for Energy Specialists disposal, which amounts to EUR 352 thousand, is included in the Group's consolidated Statements of comprehensive income item "Profit (loss) from discontinued operations".

Contribution against loss and impairment of investments in subsidiaries

Contribution against loss of Group's companies and impairment of investments in subsidiaries during the period from 1 January to 31 December 2017:

Subsidiary	Net book value as at 1 January 2017	Contribution against loss	impairment of investments in subsidiaries	Net book value as at 31 December 2017
UAB „Energetikos paslaugų ir rangos organizacija“	1,817	4,300	(5,927)	190
UAB LITGAS	11,856	-	(3,225)	8,631
UAB VAE SPB	92	170	(262)	-
	13,765	4,470	(9,414)	8,821

On 30 September 2017 the Company decided to contribute against losses accrued by subsidiary UAB "Energetikos paslaugų ir organizacijų organizacija" with monetary contribution netting it with EUR 1,500 thousand part of loan payables by the subsidiary to the Company. The Company accounted for impairment of related loan receivable at 30 June of 2017. Loan receivable and related impairment are accounted for in statement of financial position as "Investments in subsidiaries".

5 Investments in subsidiaries and other investments (continued)

On 27 December 2017 the Company decided to contribute against losses accrued by subsidiary UAB "Energetikos paslaugų ir organizacijų organizacija" with monetary contribution netting it with EUR 2,800 thousand part of loans payables by the subsidiary to the Company. The Company accounted for impairment of related loans receivables at 30 June of 2017. Loans receivables and related impairment are accounted for in statement of financial position as "Investments in subsidiaries".

On 10 July 2017 the Company decided to contribute against losses accrued by subsidiary VAE SPB UAB with EUR 100 thousand monetary contribution. Transfer of funds took place at 17 August 2017. Impairment of investments into VAE SPB in 2017 amounts to EUR 192 thousand.

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. At 18 September 2017 UAB Energijos tiekimas has increased the share capital of Geton Energy Sp.z.o.o by issuing additional 180,000 ordinary shares with a nominal value of PLN 50 each. As at 30 September 2017 the share capital of Geton Energy Sp.z.o.o is divided into 200,000 ordinary shares and amounts to PLN 10,000 thousand. UAB Energijos tiekimas owns 199,990 shares of the newly established company, and the Company owns 10 shares. The Company owns 100% voting rights at UAB Energijos tiekimas meetings of shareholders', therefore the Group effective ownership interest of Geton Energy Sp.z.o.o. as at 30 September 2017 is 100 percent.

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

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.

As at 31 December 2017, the Company's investments in subsidiaries and other entities were as follows:

Company name	Acquisition cost	Impairment	Contribution against loss	Carrying amount	Ownership interest (%)	Group's effective ownership interest, %
Subsidiaries:						
Energijos Skirstymo Operatorius AB	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
Vilniaus Kogeneracinė Jėgainė UAB	21,003	-	-	21,003	100.00	100.00
EURAKRAS UAB	18,735	-	-	18,735	51.00	51.00
Kauno Kogeneracinė Jėgainė UAB	12,240	-	-	12,240	100.00	100.00
LITGAS UAB	12,640	(4,010)	-	8,630	100.00	100.00
Lietuvos Dujų Tiekimas UAB	8,369	-	-	8,369	100.00	100.00
Tuuleenergia OU	6,659	-	-	6,659	100.00	100.00
Technologijų ir Inovacijų Centras UAB	3,219	-	-	3,219	50.00	97.89
Elektroninių Mokėjimų Agentūra UAB	1,058	-	-	1,058	100.00	100.00
Energijos Sprendimų Centras UAB	1,670	-	-	1,670	100.00	100.00
Verslo Aptarnavimo Centras UAB	296	-	-	296	51.00	98.40
Energetikos Paslaugų ir Rangos Organizacija UAB	9,137	(13,246)	4,300	191	100.00	100.00
Sponsorship Fund of Lietuvos Energija	3	-	-	3	100.00	100.00
VAE SPB UAB	1,117	(1,632)	515	-	100.00	100.00
	1,172,026	(27,924)	4,815	1,148,917		

All amounts in EUR thousands unless otherwise stated

5 Investments in subsidiaries and other investments (continued)

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	Ownership interest (%)	Group's effective ownership interest, %
Subsidiaries:						
Energijos Skirstymo Operatorius AB	710,921	-	-	710,921	94.98	94.98
Lietuvos Energijos Gamyba AB	299,936	-	-	299,936	96.75	96.75
NT Valdos UAB	89,373	(9,036)	-	80,337	100.00	100.00
Energijos Tiekimas UAB	23,906	-	-	23,906	100.00	100.00
EURAKRAS UAB	17,058	-	-	17,058	75.00	75.00
Kauno Kogeneracinė Jėgainė UAB	5,487	-	-	5,487	51.00	51.00
LITGAS UAB	12,641	(785)	-	11,856	100.00	100.00
Lietuvos Dujų Tiekimas UAB	8,369	-	-	8,369	100.00	100.00
Tuuleenergia OU	6,659	-	-	6,659	100.00	100.00
Vilniaus Kogeneracinė Jėgainė UAB	1,003	-	-	1,003	100.00	100.00
Technologijų ir Inovacijų Centras UAB	3,218	-	-	3,218	50.00	97.80
Elektroninių Mokėjimų Agentūra UAB	758	-	-	758	100.00	100.00
Energijos Sprendimų Centras UAB	348	-	-	348	100.00	100.00
Verslo Aptarnavimo Centras UAB	296	-	-	296	51.00	97.00
Energetikos Paslaugų ir Rangos Organizacija UAB	9,137	(7,320)	-	1,817	100.00	100.00
Sponsorship Fund of Lietuvos Energija	3	-	-	3	100.00	100.00
Public Institution Training Centre for Energy Specialists	309	(186)	-	123	100.00	100.00
VAE SPB UAB	1,017	(1,370)	445	92	100.00	100.00
	1,190,439	(18,697)	445	1,172,187		

6 Share capital

As at 31 December 2017 and 31 December 2016, the Company's share capital amounted to EUR 1,212,156,294. As at 31 December 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.

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

7 Borrowings

As at 31 December 2017 and 31 December 2016 Group's and Company's Borrowings comprised of the following:

	Group		Company	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Non-current				
Bank borrowings	186,087	364,957	139,687	23,440
Issued bonds	293,981	-	293,981	-
Current				
Current portion of long-term loans	119,599	90,008	95,013	2,131
Short-term loans	-	38,948	-	64,759
Overdraft	10,655	-	-	-
Accrued interest	2,794	5	2,794	-
Total borrowings	613,116	493,918	531,475	90,330

Non-current borrowings analyzed by maturity:

	Group		Company	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Between 1 and 2 years	171,586	112,341	95,013	2,131
Between 2 and 5 years	69,307	181,793	285,040	6,393
After 5 years	239,175	70,823	53,615	14,916
Total	480,068	364,957	433,668	23,440

The carrying amounts of the Group and the Company borrowings are denominated in Euros.

The loan agreements contain financial and non-financial covenants that the individual Group companies are obliged to comply with. All Group companies complied with the covenants as at 31 December 2017 and 31 December 2016.

All amounts in EUR thousands unless otherwise stated

8 Grants and subsidies

The balance of grants comprises grants to finance acquisition of assets, funds received from the International Fund for Support of Decommissioning of Ignalina Nuclear Power Plant, from the EU structural funds, and property, plant and equipment and intangible assets received in return for no consideration from the Government of the Republic of Lithuania. Movements on the account of grants during 2017 and during 2016 are as follows:

Group	Asset-related grants			Total
	Other projects of the Group	Projects for renovation, improvement of environmental and security standards	Grants for emission allowances	
Balance at 31 December 2015	44,465	251,941	31	296,437
Depreciation of property, plant and equipment	(1,609)	(10,798)	-	(12,407)
Grants received	424	-	1,733	2,157
Emission allowances utilised	-	-	(1,257)	(1,257)
Grants reversed	(1)	-	-	(1)
Balance at 31 December 2016	43,279	241,143	507	284,929
Depreciation of property, plant and equipment	(1,446)	(18,776)	-	(20,222)
Grants received	7,724	74	1,128	8,926
Emission allowances utilised	-	(72,872)	(436)	(73,308)
Grants reversed	(14)	-	-	(14)
Balance at 31 December 2017	49,543	149,569	1,199	200,311

Amortisation of grants is included to profit and loss and charged against the depreciation expenses of the related property, plant and equipment. Grants reversed are reported within revaluation/impairment of assets and these expenses are presented net of grants reversed.

9 Provisions

	Group		Company	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Non-current	1,914	3,254	2,903	-
Current	2,498	12,883	-	-
Carrying amount	4,412	16,137	2,903	-

Group	Provisions for onerous contracts	Emission allowance liabilities	Provisions for employee benefits	Other provisions	Total
At 1 January 2016	21,368	3,735	3,189	125	28,417
Increase during the period	8,100	442	839	-	9,381
Revaluation of used emission allowances	-	138	-	-	138
Utilised during the period	(19,176)	(2,999)	(32)	-	(22,207)
Decrease/increase on change of assumptions	-	-	533	(125)	408
At 31 December 2016	10,292	1,316	4,529	-	16,137
Increase during the period	-	913	743	-	1,656
Revaluation of used emission allowances	-	(384)	-	-	(384)
Utilised during the period	(10,292)	(1,317)	(1,369)	-	(12,978)
Decrease/increase on change of assumptions	-	-	(37)	18	(19)
At 31 December 2017	-	528	3,866	18	4,412

Other provisions include provisions for onerous gas supply contracts, i.e. the contracts under which the gas sale price will be lower compared to gas acquisition cost. At the end of 2016, these provisions amounted to EUR 10,292 thousand (2015: EUR 21,368 thousand). Upon acquisition of natural gas supply operations, the Group company Lietuvos Dujų Tiekimas UAB assumed an obligation to transfer the discount, which was received retrospectively on natural gas import price during January 2013–April 2014, to the end users in future periods. As at 31 December 2017 and 31 December 2016 the Group adjusted the amount of provision in respect of onerous part of contracts for household and non-household users considering that starting from 1 July 2017 discount, that Lithuania agreed with Gazprom as additional price discount for gas supplied from the beginning of 2013 to April 2014, is fully exploited.

As at 31 December 2017 the Company's provisions comprise EUR 2,903 thousand guarantee to its subsidiaries for loans received by subsidiary UAB Energetikos paslaugų ir rangos organizacija.

All amounts in EUR thousands unless otherwise stated

10 Dividends

Dividends issued by the Group companies

Dividends declared by the Group companies during the period from 1 January to 31 December 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	Non-controlling interest
24 March 2017	Energijos Skirstymo Operatorius AB	July – December 2016	0.05786	51,763	49,166	2,597
24 March 2017	Lietuvos Energijos Gamyba AB	July – December 2016	0.02000	12,702	12,289	413
29 March 2017	Verslo Aptarnavimo Centras UAB	January – December 2016	0.06690	134	68	2
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	15
7 April 2017	Technologijų ir Inovacijų Centras UAB	January – December 2016	0.01280	284	143	6
5 May 2017	EURAKRAS UAB	January – December 2016	2.12000	592	444	148
29 September 2017	AB „Energijos skirstymo operatorius“	January – June 2017	0.04600	41,153	39,088	2,066
29 September 2017	„Lietuvos energijos gamyba“, AB	January – June 2017	0.01700	10,796	10,446	351
				130,500	124,704	5,598

Dividends declared by the Group companies during the period from 1 January to 31 December 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	Non-controlling interest
29 March 2016	Energijos Skirstymo Operatorius AB	July – December 2015	0.03420	30,596	29,061	1,535
30 March 2016	NT Valdos UAB	Year 2015	0.42310	1,250	1,250	-
8 April 2016	Technologijų ir Inovacijų Centras UAB	July – December 2015	0.00900	200	100	4
12 April 2016	LITGAS UAB	July – December 2015	0.02650	1,194	796	398
26 September 2016	„Lietuvos energijos gamyba“, AB	January – June 2016	0.04300	27,309	26,421	888
26 September 2016	AB „Energijos skirstymo operatorius“	January – June 2016	0.01400	12,525	11,897	628
				73,074	69,525	3,453

Dividends issued by the Company

	Q1-4 of 2017		Q1-4 of 2016	
	(EUR '000)	Dividends per share	(EUR '000)	Dividends per share
Lietuvos Energija UAB	59,752	0.0143	97,194	0.0232

11 Other expenses

	Group		Company	
	Q1-4, 2017	Q1-4, 2016	Q1-4, 2017	Q1-4, 2016
Taxes	6,420	6,684	182	53
Telecommunication and IT services	3,376	3,622	285	232
Customer service	4,048	3,399	-	-
Write-offs of property, plant and equipment	5,132	3,393	-	-
Revaluation and provisions of emission allowances	(2,296)	3,278	-	-
including:				
Revaluation of accounts receivable for lent emission allowances	(616)	332	-	-
Revaluation of used emission allowances (Note 16)	(384)	138	-	-
Utility services	2,476	2,310	608	71
Rent	702	2,107	191	180
Impairment of inventories (reversal)	(102)	275	-	-
Expenses (income) on impairment of other non-current assets	(1,183)	(1,131)	-	-
Write-offs of long-term and short-term receivables	1,176	2,021	-	-
Impairment of receivables	-	-	-	-
Impairment of goodwill	-	296	-	-
Other expenses	12,654	10,831	4,544	1,256
	32,402	37,085	5,810	1,792

All amounts in EUR thousands unless otherwise stated

12 Transactions with related parties

As at 31 December 2017 and 31 December 2016 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), key management and their close family members.

The Group's transactions with related parties for the twelve-month period ended 31 December 2017 and balances outstanding as of 31 December 2017 comprised of the following:

Related party	Amounts receivable	Amounts payable	Sales	Purchases	Income from financing and investing activities	Finance cost
	31 December 2017	31 December 2017	Jan - Dec 2017	Jan - Sep 2017	Jan - Sep 2017	Jan - Sep 2017
EPSO-G UAB	170,136	-	786	1,681	1,336	-
Litgrid AB	5,468	12,090	52,346	111,497	-	153
BALTPPOOL UAB	14,943	13,886	87,476	76,914	-	-
TETAS UAB	786	4,793	1,582	17,103	-	-
Amber Grid AB	2,273	6,888	22,893	52,273	-	-
LITGRID Power Link Service, UAB	10	-	202	-	-	-
GET Baltic	2	2	60	1,321	-	-
Associates and other related parties of the Group	280	100	681	326	3	-
Total	193,898	37,759	166,026	261,115	1,339	153

The Group's transactions with related parties for the 9 month period ended 31 December 2016 and balances outstanding as of 31 December 2016 comprised of the following:

Related party	Amounts receivable	Amounts payable	Sales	Purchases	Income from financing and investing activities	Finance cost
	31 December 2016	31 December 2016	Jan - Dec 2016	Jan - Dec 2016	Jan - Dec 2016	Jan - Dec 2016
EPSO-G UAB	210,414	-	32	-	2,217	-
Litgrid AB	5,058	11,429	50,987	102,436	-	25
BALTPPOOL UAB	3,941	14,945	66,494	91,143	-	-
TETAS UAB	337	4,132	1,597	14,690	59	-
Amber Grid AB	3,430	5,669	36,658	35,130	-	-
LITGRID Power Link Service, UAB	19	-	175	-	-	-
GET Baltic	2,538	745	3,735	3,228	-	-
Associates and other related parties of the Group	295	-	884	-	-	-
Total	226,032	36,920	160,562	246,627	2,276	25

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

Related parties	Amounts receivable	Amounts payable	Sales	Purchases	Income from financing and investing activities	Finance costs
	31 December 2017	31 December 2017	Jan - Dec 2017	Jan - Sep 2017	Jan - Sep 2017	Jan - Sep 2017
Subsidiaries						
Energijos Skirstymo Operatorius AB	356,911	5,560	1,192	-	773	218
Lietuvos Energijos Gamyba AB	1,135	4,067	445	17	-	214
EURAKRAS UAB	24,528	-	16	-	239	3
Lietuvos Dujų Tiekimas UAB	24,930	-	168	-	18	5
NT Valdosa UAB	43,191	27	141	359	197	11
Technologijų ir Inovacijų Centras UAB	1,938	47	100	274	4	-
Duomenų Logistikos Centras UAB	1	57	25	-	-	(2)
Energetikos Paslaugų ir Rangos Organizacija UAB	5,487	-	175	-	91	-
Tuuleenergia OU	24,198	1	25	-	703	-
Energijos Tiekimas UAB	12,937	64	166	103	31	-
LITGAS UAB	10	-	101	-	1	2
Elektroninių Mokėjimų Agentūra UAB	10	-	28	-	-	-
Verslo Aptarnavimo Centras UAB	35	40	151	308	-	-
VAE SPB UAB	1	-	4	-	-	-
Vilniaus Kogeneracinė Jėgainė UAB	3,913	-	73	-	41	2
Kauno Kogeneracinė Jėgainė UAB	49	-	121	-	-	-
Energijos Sprendimų Centras UAB	3	-	30	-	-	-
Other related parties						
EPSO-G UAB	170,132	-	-	-	1,336	-
Total	669,409	9,863	2,961	1,061	3,434	453

All amounts in EUR thousands unless otherwise stated

12 Transactions with related parties (continued)

The Company's transactions with related parties during the period from 1 January to 31 December 2016 and balances arising on these transactions as at 31 December 2016 are presented below:

Related parties	Amounts receivable	Amounts payable	Sales	Purchases	Income from financing and investing activities	Finance costs
	31 December 2016	31 December 2016	Jan - Dec 2016	Jan - Sep 2016	Jan - Sep 2016	Jan - Sep 2016
Subsidiaries						
Energijos Skirstymo Operatorius AB	235	5,823	750	-	5,180	401
Lietuvos Energijos Gamyba AB	1,099	17,202	219	-	4,391	353
EURAKRAS UAB	14	1,067	5	-	94	3
Lietuvos Dujų Tiekimas UAB	24	6,008	108	-	-	37
NT Valdos UAB	33	4,946	118	342	3	2
Technologijų ir Inovacijų Centras UAB	20	62	39	225	-	-
Duomenų Logistikos Centras UAB	7	54	29	-	53	4
Energetikos Paslaugų ir Rangos Organizacija UAB	2,967	-	127	-	28	-
Tuuleenergia OU	4,902	-	-	-	211	-
Energijos Tiekimas UAB	28	-	69	-	3	2
LITGAS UAB	18	-	37	-	816	-
Public Institution Training Centre for Energy Specialists	2	-	10	-	-	-
Elektroninių Mokėjimų Agentūra UAB	11	-	43	-	-	-
Verslo Aptarnavimo Centras UAB	26	79	118	275	2	-
VAE SPB UAB	1	-	2	-	-	-
Vilniaus Kogeneracinė Jėgainė UAB	5,011	-	114	-	-	-
Kauno Kogeneracinė Jėgainė UAB	80	-	66	-	-	-
Other related parties	-	-	-	-	-	-
EPSO-G UAB	210,410	-	-	-	2,653	-
Total	224,888	35,241	1,854	842	13434	802

Management compensation:

	Group		Company	
	Q1-4 2017	Q1-4 2016	Q1-4 2017	Q1-4 2016
Salaries and other short-term benefits	3,590	3,615	705	711
Whereof: Termination benefits and benefits to Board Members	357	360	56	73
Number of management staff	61	66	10	11

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

13 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 that makes strategic decisions.

In the opinion of the Management, the Group has three operating segments:

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

To Other segments are allocated:

- support services (NT Valdos UAB, Energetikos paslaugų ir rangos organizacija UAB, Technologijų ir Inovacijų centras UAB, Verslo aptarnavimo centras UAB);
- other non-core activities (UAB Energetikos paslaugų ir rangos organizacija, Duomenų logistikos centras, UAB, VšĮ Energetikų mokymo centras);
- special purpose entities which are responsible for implementation of assigned projects and construction of new cogeneration plants (VAE SPB UAB, Kauno Kogeneracinė Jėgainė UAB and Vilniaus Kogeneracinė jėgainė);
- service entities (Elektroninių mokėjimų agentūra, UAB, UAB Energijos sprendimų centras);
- also parent company Lietuvos Energija UAB, which does not constitute separate operating segment, however is disclosed separately, as its net profit exceeds 10% of net profit of all profit reporting segments. Support service entities and special purpose entities are aggregated as none of them individually meet criteria of a an operating segment.

The Group has single geographical segment – Republic of Lithuania, electricity sales in Latvia and Estonia are considered not significant. 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 EBITDA, which is calculated based on the financial statements in accordance with IFRS and adjusted to selected items which are not recognized under IFRS. The Board of the group does not monitor assets and liabilities of the segments.

All amounts in EUR thousands unless otherwise stated

13 Segment reporting (continued)

Group information about operating segments during period from 1 January 2017 to 31 December 2017 is provided below:

Q1–4 2017	Supply and distribution of electricity, gas distribution	Electricity generation	Electricity trade	Gas trade	Other segments		Elimination of intercompany transactions and consolidation eliminations	Total
					Parent Company	Other segments		
Continuing operations								
Revenue from external customers	565,278	111,787	289,973	104,357	515	23,885	-	1,095,795
Revenue from other segments	47,031	46,786	38,108	7,108	127,677	58,857	(325,567)	-
Total revenue	612,309	158,573	328,081	111,465	128,192	82,742	(325,567)	1,095,795
Expenses	(526,953)	(137,745)	(330,109)	(106,387)	(22,033)	(92,735)	215,270	(1,000,692)
Thereof:	-	-	-	-	-	-	-	-
depreciation and amortization	(50,385)	(27,891)	(64)	(1,060)	(3)	(7,731)	636	(86,498)
impairments and write-offs	786	(32,430)	6	(897)	(12,613)	(10,811)	15,540	(40,419)
Revaluation of emission allowances	-	2,296	-	-	-	-	-	2,296
Write-off of Property, plant and equipment, inventories and trade receivables	(5,125)	(14)	(135)	(43)	-	(224)	10	(5,531)
Unrealized gain (loss) attributable to derivative financial instruments	-	-	-	1,055	-	-	-	1,055
Management adjustments *	10885	(16,805)	17,543	-	-	-	-	11,623
EBITDA	150,965	62,062	15,708	6,023	118,775	8,773	(126,483)	235,823
Operating profit (loss)	85,356	20,828	(2,028)	5,078	106,159	(9,993)	(110,297)	95,103
Interest income	122	161	140	21	3,147	57	(1,069)	2,579
Interest (expenses)	(2,321)	(2,280)	(560)	(137)	(3,802)	(764)	2,007	(7,857)
Other financial income (expenses)	1,636	(317)	64	(44)	(48)	(601)	(1,260)	(570)
Profit (loss) before income tax	84,793	18,392	(2,384)	4,918	105,456	(11,301)	(110,619)	89,255
Income tax	(7,241)	4,503	2,532	(356)	458	1,132	370	1,398
Net profit (loss) from continuing operations	77,552	22,895	148	4,562	105,914	(10,169)	(110,249)	90,653
Profit (loss) from discontinued operations	-	-	-	-	-	893	-	893
Net profit (loss)	77,552	22,895	148	4,562	105,914	(9,276)	(110,249)	91,546
Total assets as at 31 December 2017	1,277,802	699,916	125,267	59,657	1,889,290	208,320	(1,758,912)	2,501,340

* Management adjustments applied to the adjusted EBITDA comprise (i) Gazprom's gas price discount, the recognition of the regulated operating profit (Electricity Supply and Distribution, Gas Distribution segment, Electricity generation segment, Trading electricity and Gas trading segments), and (ii) regulation of commercial electricity generation operation, which was canceled by a court judgment.

All amounts in EUR thousands unless otherwise stated

13 Segment reporting (continued)

Group information about operating segments during period from 1 January 2016 to 31 December 2016 is provided below:

Q1–4 2016	Supply and distribution of electricity, gas distribution	Electricity generation	Electricity trade	Gas trade	Other segments		Elimination of intercompany transactions and consolidation eliminations	Total
					Parent Company	Other segment s		
Revenue from external customers	599,137	125,087	267,643	84,498	-	25,265	-	1,101,630
Revenue from other segments	50,926	56,138	29,524	7,326	71,329	56,938	(272,181)	-
Total revenue	650,063	181,225	297,167	91,824	71,329	82,203	(272,181)	1,101,630
Expenses	(542,077)	(127,873)	(299,994)	(79,891)	11,521	(85,181)	169,216	(954,279)
Thereof:	-	-	-	-	-	-	-	-
depreciation and amortization	(46,028)	(23,488)	(55)	(1,045)	(3)	(8,201)	302	(78,518)
impairments and write-offs	(4,419)	(748)	566	130	16,688	175	(15,386)	(2,994)
Revaluation of emission allowances	-	(3,278)	-	-	-	-	-	(3,278)
Write-off of Property, plant and equipment, inventories and trade receivables	(4,710)	173	(470)	(370)	-	(33)	-	(5,410)
Unrealized gain (loss) attributable to derivative financial instruments	-	-	-	1,993	-	-	-	1,993
Management adjustments *	(24,300)	5,598	17,783	-	-	-	-	(919)
EBITDA	138,843	86,291	14,915	11,225	66,165	5,081	(87,881)	234,639
Operating profit (loss)	107,986	53,352	(2,827)	11,933	82,850	(2,978)	(102,965)	147,351
Interest income	176	208	147	4	3,871	9	(1,557)	2,858
Interest (expenses)	(1,739)	(3,201)	(1,237)	(58)	(732)	(353)	1,560	(5,760)
Other financial income (expenses)	1,002	356	41	(7)	9,155	(210)	(10,571)	(234)
Profit (loss) before income tax	107,425	50,715	(3,876)	11,872	95,144	(3,532)	(113,533)	144,215
Income tax	(14,923)	(8,446)	(3,457)	(1,752)	11	(452)	3,242	(25,777)
Net profit (loss)	92,502	42,269	(7,333)	10,120	95,155	(3,984)	(110,291)	118,438
Total assets as at 31 December 2016	1,113,186	886,118	101,292	49,521	1,398,361	188,864	(1,305,190)	2,432,152

* Management adjustments applied to the adjusted EBITDA comprise (i) Gazprom's gas price discount, the recognition of the regulated operating profit (Electricity Supply and Distribution, Gas Distribution segment, Electricity generation segment, Trading electricity and Gas trading segments), and (ii) regulation of commercial electricity generation operation, which was canceled by a court judgment.

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 twelve-month period of 2017 amounted to EUR 105,914 thousand (net profit of EUR 95,155 thousand for the nine-month period of 2016). 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.

14 Events after the end of reporting period

The Board of the subsidiary Lietuvos Energija Gamyba, AB in 2017 December 11 decided to terminate the operation of Unit 7 of Lithuanian Power Plant from 1 January 2018 and preserve the block. The block will be preserved in such a way that it will be possible to reinsert the unit in operation promptly (within a period not exceeding three days), by order of LITGRID AB and / or the Ministry of Energy of the Republic of Lithuania.

At 5 January 2018 the new wording of the Articles of Association of the subsidiary UAB Vilniaus kooperatinė power plant, registered with the Register of Legal Entities. New wording of the Articles of Association relates to increase of authorized capital up to 36,600 thousand. EUR issuing 53,781,379 new ordinary registered shares of 0.29 EUR at face value.

The subsidiary Lietuvos Energija Gamyba AB, based on the 2017 December 22 by decision of the Board, signed an agreement on the purchase and sale of the third active power reserve with transmission system operator LITGRID AB. LITGRID AB has announced the final results of the third active power reserve auction, according to which service for the maintenance of a reserve for 330 kV transmission networks and a secondary emergency power reserve in 2018 will be provided by the subsidiary's managed 260 MW combined cycle block.

At 17 January 2018 The European Commission has adopted two financing decisions to support the construction of the Vilnius Cogeneration Plant where electricity and heat will be produced from biomass and municipal waste. The power plant will help to diversify energy sources in the Capital of Lithuania and move to the circular economy in the region.

At 1 February 2018 the Supervisory Board of the Company, for the four-year term, formed the new board of the Groups's parent company, which elected the chairman of the board and chief executive officer of the Company. The members of the Board elected Darius Maikštėnas, Darius Kašauskas, Vidmantas Salietis, Živilė Skibarkienė and Dominykas Tučkus for four years. Darius Maikštėnas is chairman of the board of the Company and the chief executive officer of the Company, taking into account the recommendation of the supervisory board.

At 8 February 2018 the Company concluded a new agreement with its subsidiaries AB Energijos skirstymo operatorius, Lietuvos Energija Gamyba, AB and UAB Duomenų logistikos centras, under which the Company will pay the contingent consideration for NT Valdosa, UAB shares acquired in April 2015, until 31 March 2018. As at 31 December 2017 in statements of financial position EUR 9,699 thousand contingent consideration is accounted for as non-current liability.

At 15 February 2018 the Company's subsidiary NT Valdosa, UAB has established a subsidiary UAB Transporto Valdymas (code 304766704) with plan to transfer transport activities business line to newly established subsidiary.

14 Events after the end of reporting period (continued)

At 12 05 February 2018 the subsidiary Lietuvos energija gamyba AB, considering that the two non-utilized chimneys of the Elektrėnai complex could be an ever-increasing threat to the security of people, initiates their dismantling project. This decision was based on an assessment of the actual state of the chimney: last year, it turned out that two out of three chimneys are too heavily affected by the damaging environmental impact and can no longer be considered safe.
