

2019

LIETUVOS ENERGIJA UAB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019, PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)



Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
At 31 March 2019

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2019.03.31	2018.12.31	2019.03.31	2018.12.31
ASSETS					
Non-current assets					
Intangible assets	4	98,929	106,330	1,874	1,874
Property, plant and equipment	4	2,116,069	2,091,590	94	427
Right-of-use asset	5	46,131	-	961	-
Prepayments for non-current assets		24,174	23,621	144	816
Investment property		6,536	6,494	-	-
Investments in subsidiaries	6	-	-	1,194,048	1,206,921
Amounts receivable after one year		161,669	160,606	701,392	679,593
Other financial assets		2,715	2,008	2,615	2,008
Other non-current assets		6,833	6,094	-	-
Deferred income tax asset		13,812	14,468	1,267	1,077
Total non-current assets		2,476,868	2,411,211	1,902,395	1,892,716
Current assets					
Inventories		37,601	43,137	-	-
Prepayments and deferred expenses		35,355	30,655	81	62
Trade receivables		120,203	143,120	-	-
Other amounts receivable		20,203	25,436	48,075	631
Other current assets		569	2,147	-	-
Prepaid income tax		4,976	4,192	15	15
Short-term loans		-	-	208,016	189,324
Other financial assets		-	656	-	-
Cash and cash equivalents	7	201,094	127,835	8,288	231
		420,001	377,178	264,475	190,263
Non-current assets held for sale	8	68,290	65,706	7,141	7,141
Total current assets		488,291	442,884	271,616	197,404
TOTAL ASSETS		2,965,159	2,854,095	2,174,011	2,090,120
EQUITY AND LIABILITIES					
Equity					
Share capital	9	1,212,156	1,212,156	1,212,156	1,212,156
Reserves		202,472	212,802	19,811	19,811
Retained earnings (deficit)		(133,951)	(156,763)	76,858	78,231
Equity attributable to owners of the parent		1,280,677	1,268,195	1,308,825	1,310,198
Non-controlling interests		49,367	48,356	-	-
Total equity		1,330,044	1,316,551	1,308,825	1,310,198
Liabilities					
Non-current liabilities					
Non-current borrowings	9	739,430	735,410	661,446	671,245
Lease liabilities	11	23,018	14,334	708	-
Grants and subsidies		217,660	208,874	-	-
Deferred income tax liabilities		40,518	38,688	-	-
Provisions	12	30,210	30,571	-	-
Deferred revenue		114,999	115,261	-	-
Other non-current amounts payable and liabilities		13,681	11,274	128	378
Total non-current liabilities		1,179,516	1,154,412	662,282	671,623
Current liabilities					
Current portion of long-term debts	10	57,702	61,819	53,151	57,401
Current borrowings	10	135,334	47,727	135,334	47,721
Current portion of lease liabilities	11	6,776	5,220	253	-
Trade payables		68,557	93,237	215	947
Advance amounts received		40,817	55,325	50	51
Income tax liabilities		6,422	3,436	-	-
Provisions	12	2,792	2,788	806	806
Deferred revenue		-	7,912	-	-
Other current amounts payable and liabilities		129,237	102,682	13,095	1,373
		447,637	380,146	202,904	108,299
Liabilities related to non-current assets held for sale		7,962	2,986	-	-
Total current liabilities		455,599	383,132	202,904	108,299
Total liabilities		1,635,115	1,537,544	865,186	779,922
TOTAL EQUITY AND LIABILITIES		2,965,159	2,854,095	2,174,011	2,090,120

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the three-month period ended 31 March 2019

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2019 I Q	2018 I Q	2019 I Q	2018 I Q
Revenue from contracts with customers	13,17	425,851	348,401	706	788
Other income	17	3,426	9,899	24	578
Dividend income	15	-	-	-	34,833
		429,277	358,300	730	36,199
Operating expenses					
Purchases of electricity, gas for trade, and related services		(227,134)	(161,960)	-	-
Purchases of gas and heavy fuel oil		(108,826)	(108,334)	-	-
Depreciation and amortisation		(26,407)	(21,240)	(66)	(2)
Wages and salaries and related expenses		(21,003)	(20,941)	(1,361)	(1,147)
Repair and maintenance expenses		(8,151)	(3,237)	-	-
Result of revaluation of property, plant and equipment (Impairment)/reversal of impairment of investments in subsidiaries		-	-	-	-
Reversal (impairment) of amounts receivable and loans		229	(201)	-	-
Impairment of property, plant and equipment		(180)	84	-	-
Other expenses	14	(9,674)	(3,250)	(574)	(1,333)
Total operating expenses		(401,146)	(319,079)	(2,001)	(2,482)
Operating profit (loss)		28,131	39,221	(1,271)	33,717
Finance income		576	231	3,307	2,018
Finance costs		(3,924)	(2,457)	(3,598)	(2,147)
Profit (loss) before tax		24,783	36,995	(1,562)	33,588
Current year income tax (expense)/benefit		(3,632)	(1,860)	-	5
Deferred income tax (expense)/benefit		(2,355)	(3,021)	190	(174)
Net profit		18,796	32,114	(1,372)	33,419
Attributable to:					
Owners of the parent		17,616	31,106	(1,372)	33,419
Non-controlling interest		1,180	1,008	-	-
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Gain (loss) on revaluation of non-current assets	4	(6,235)	4,953	-	-
Deferred income tax related to gain (loss) on revaluation of non-current assets	4	939	(743)	-	-
Items that will not be reclassified to profit or loss, total		(5,296)	4,210	-	-
Items that will be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		-	-	-	-
Other income/(expenses) recognised directly in equity during the period		-	-	-	-
Translation of net investments in foreign operations into the Group's presentation currency		(5)	(6)	-	-
Items that will be reclassified to profit or loss, total		(5)	(6)	-	-
Other comprehensive income (loss)		(5,301)	4,204	-	-
Total comprehensive income for the period		13,495	36,319	(1,372)	33,419
Attributable to:					
Owners of the parent		12,483	35,190	(1,372)	33,419
Non-controlling interests		1,012	1,129	-	-

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the three-month period ended 31 March 2019

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Company					Subtotal	Non-controlling interest	Total
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings			
Balance at 1 January 2018		1,212,156	46,512	52,826	42	(13,706)	1,297,830	45,796	1,343,626
Effect of change in accounting policies following the adoption of new IFRS		-	-	-	-	(59,642)	(59,642)	(3,127)	(62,768)
Restated balance as at 1 January 2018		1,212,156	46,512	52,826	42	(73,348)	1,238,188	42,669	1,280,858
Revaluation of non-current assets, net of deferred income tax effect		-	-	4,089	-	-	4,089	121	4,210
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	(6)	-	(6)	-	(6)
Total other comprehensive income (loss)		-	-	4,089	(6)	-	4,083	121	4,204
Net profit for the reporting period		-	-	-	-	31,106	31,106	1,008	32,114
Total comprehensive income for the period		-	-	4,089	(6)	31,106	35,189	1,129	36,319
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(1,086)	-	1,086	-	-	-
Transfer to reserves and movement in reserves		-	(2,411)	-	-	2,411	-	-	-
Dividends	15	-	-	-	-	-	-	(1,427)	(1,427)
Increase in share capital of Kauno Kogeneracinė Jėgainė UAB attributable to minority interest		-	-	-	-	-	-	294	294
Balance at 31 March 2018		1,212,156	44,101	55,829	36	(38,745)	1,273,377	42,666	1,316,043
Balance at 1 January 2019		1,212,156	49,851	162,935	16	(156,763)	1,268,195	48,356	1,316,551
Revaluation of non-current assets, net of deferred income tax effect	4	-	-	(5,128)	-	-	(5,128)	(168)	(5,296)
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	(5)	-	(5)	-	(5)
Total other comprehensive income (loss)		-	-	(5,128)	(5)	-	(5,133)	(168)	(5,302)
Net profit for the reporting period		-	-	-	-	17,616	17,616	1,180	18,796
Total comprehensive income for the period		-	-	(5,128)	(5)	17,616	12,483	1,011	13,494
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(4,508)	-	4,508	-	-	-
Transfer to reserves and movement in reserves		-	(689)	-	-	689	-	-	-
Dividends	15	-	-	-	-	-	-	-	-
Balance at 31 March 2019		1,212,156	49,162	153,299	11	(133,951)	1,280,677	49,367	1,330,044

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019

All amounts in thousands of euro unless otherwise stated

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2018		1,212,156	14,516	-	117,103	1,343,775
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	-	-
Total other comprehensive income for the period		-	-	-	-	-
Net profit for the period		-	-	-	33,419	33,419
Total comprehensive income for the period		-	-	-	33,419	33,419
Transfer to legal reserves		-	-	-	-	-
Balance at 31 March 2018		1,212,156	14,516	-	150,522	1,377,194
Balance at 1 January 2019		1,212,156	19,811	-	78,231	1,310,198
Change in fair value of available-for-sale financial assets, net of deferred income tax		-	-	-	-	-
Total other comprehensive income (loss) for the period		-	-	-	-	-
Net profit for the period		-	-	-	(1,372)	(1,372)
Total comprehensive income for the period		-	-	-	(1,372)	(1,372)
Transfer to legal reserves		-	-	-	-	-
Balance at 31 March 2019		1,212,156	19,811	-	76,858	1,308,825

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

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three-month period ended 31 March 2019

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2019 I Q	2018 I Q	2019 I Q	2018 I Q
Cash flows from operating activities					
Net profit for the period		18,796	32,114	(1,372)	33,419
Adjustments for non-monetary expenses (income):					
Depreciation and amortisation expenses	4,5,8	28,385	23,585	66	2
Impairment of property, plant and equipment	4,8	180	12	-	-
Revaluation of derivative financial instruments		1,516	4	-	-
Impairment of financial assets (reversal of impairment)		(229)	201	-	-
Income tax expenses		5,987	4,881	(190)	169
(Depreciation) of grants		(2,450)	(2,345)	-	-
Increase (decrease) in provisions		(357)	462	-	-
Inventory write-down to net realizable value/ (reversal)		(12)	(323)	-	-
Non-current assets (except financial assets) write-off expenses		1,386	-	-	-
Expenses/(income) of revaluation of emission allowances		(106)	(6,170)	-	-
Emission allowances utilised		-	99	-	-
Elimination of results of investing activities:					
- Dividend (income)	15	-	-	-	(34,833)
- (Gain)/loss on disposal/write-off of property, plant and equipment		(478)	(12,926)	-	-
- Realized (gain) loss attributable to derivative financial instruments		939	(4,786)	-	-
- Other (income)/expenses of investing activities		(7)	-	364	-
Elimination of results of financing activities:					
Interest (income)		(424)	(356)	(3,307)	(2,018)
Interest expenses		3,868	2,504	3,598	2,147
Other finance (income) expenses		(96)	78	-	-
Changes in working capital:					
(Increase) decrease in trade receivables and other amounts receivable		24,632	2,460	(11,286)	23,790
(Increase) decrease in inventories, prepayments and other current assets		(519)	34,837	653	(601)
Increase (decrease) in amounts payable, deferred income and advance amounts received		(19,167)	(16,210)	10,696	(9,389)
Income tax (paid)		(616)	(2,577)	-	-
Net cash flows from (used in) operating activities		61,228	55,544	(778)	12,686
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(94,603)	(103,678)	(30)	-
Disposal of property, plant and equipment and intangible assets		12,859	11,789	-	-
Loans (granted)		-	-	(72,064)	(17,139)
Loans repaid		-	-	26,280	15,409
(Acquisition) disposal of subsidiaries		-	-	(15,175)	(3,540)
Grants received		10,728	1,220	-	-
Interest received		-	79	489	924
Realized (gain) loss attributable to derivative financial instruments		-	4,786	-	-
Increase (decrease) of cash flows from other from investing activities		(51)	(372)	(607)	(8,479)
Net cash flows from (used in) investing activities		(71,067)	(86,176)	(61,107)	(12,825)
Cash flows from financing activities					
Proceeds from borrowings		15,212	-	-	2,148
Repayments of borrowings		(15,458)	(7,840)	(14,350)	(52,149)
Lease payments		(689)	(642)	(42)	-
Interest paid		(704)	(2,350)	(413)	(496)
Dividends paid		(10)	-	-	-
Net cash flows from (used in) financing activities		(1,649)	(10,832)	(14,805)	(50,497)
Increase (decrease) in cash and cash equivalents (including overdraft)					
		(11,488)	(41,464)	(76,690)	(50,636)
Cash and cash equivalents (including overdraft) at the beginning of the period	7	85,575	161,101	(42,029)	52,517
Cash and cash equivalents (including overdraft) at the end of the period	7	74,087	119,637	(118,719)	1,881

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

1 General information

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

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

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

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

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

Company’s shareholder	At 31 March 2019		At 31 December 2018	
	Share capital, in EUR ‘000	%	Share capital, in EUR ‘000	%
Republic of Lithuania represented by the Lithuanian Ministry of Finance	1,212,156	100	1,212,156	100

As at 31 March 2019, the Group had 3,811 employees (31 December 2018 – 3,813), the Company had 109 employees (31 December 2017 – 125).

The Company’s management approved these financial statements on 17 May 2019. The Company’s shareholders have a statutory right to approve or not to approve these financial statements and require that management prepare a new set of financial statements.

2

Accou

nting principles

2.1. Basis of preparation

Condensed interim financial information of the Lietuvos Energija UAB (hereinafter - the Company) and consolidated condensed interim financial information of the Company and its subsidiaries (hereinafter – the Group) for a three-month period ended 31 March 2019 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting'). This unaudited condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS as adopted by the EU.

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

The accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2018.

a) New and amended standards, and interpretations

During three – month reporting period ended 31 March 2019 the Group and the Company for the first time adopted IFRS 16 „Leases“, that had material impact on Group’s and Company’s financial statements.

IFRS 16, Leases (effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The value of assets being transferred under the lease agreement and related lease liabilities must be stated in the Group’s and the Company’s statement of financial position.

The Group and the Company applied IFRS 16 *Leases* starting from 1 January 2019 using the modified retrospective approach for the first time application of IFRS 16.

The Group and the Company performed the calculation of assets transferred according to the lease agreement and related liabilities under IFRS 16. At 1 January 2019, the Company recognised assets and liabilities managed under the right of use, which indicates the impact of the first-time adoption of IFRS 16 on the Company’s financial statements. At 1 January 2019, the Group recognised assets and liabilities

managed under the right of use, which indicates the impact of the first-time adoption of IFRS 16 on the Group's financial statements. The management of the Group is assessing whether the lease of state-owned land is in compliance with the criteria of IFRS 16.

b) Impact of new standards' adoption on the the items in the statement of financial position

The impact of the first-time adoption of IFRS 16 on the items of the Group's statement of financial position is shown in the table below:

	At 31 December 2018	IFRS 16	At 1 January 2019
<i>EUR thousands</i>			
ASSETS			
Non-current assets			
Right-of-use asset	35,523	11,274	46,797
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities	14,334	9,843	24,177
Current liabilities			
Current portion of lease liabilities	5,220	1,431	6,651

The impact of the first-time adoption of IFRS 16 on the Company's financial statements is shown in the table below:

	At 31 December 2018	IFRS 16	At 1 January 2019
<i>EUR thousands</i>			
ASSETS			
Non-current assets			
Right-of-use asset	-	847	847
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities	-	637	637
Current liabilities			
Current portion of lease liabilities	-	211	211

There are no new standards, amendments and interpretations that are mandatory for the Group and the Company with effect from 2019, and that would have a material impact on the Group's and Company's financial information.

The Group and Company's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Group's and Company's reporting periods beginning on or after 1 January 2019 will have a material impact on the Group's and Company's financial statements.

Accounting policies applied to significant transactions within the Group in relation to the Group's restructuring are described in Note 3.

2.2 Right-of-use asset

Right-of-use asset is an asset, that represents a Company's/Group's right to use an underlying asset for the lease term. Company/Group recognize right-of-use asset to all leases, including leases of right-of-use assets in a sublease, except for leases of intangible assets, short-term leases and leases for which the underlying asset is of low value.

Initial measurement of the right-of-use asset

At the commencement date, Company/Group measures the right-of-use asset at cost. The cost of the right-of-use asset shall comprise: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by Company/Group; and an estimate of costs to be incurred by Company/Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Company/Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. Company/Group recognize the costs described as part of the cost of the right-of-use asset when it incurs an obligation for those costs.

Subsequent measurement of the right-of-use asset

After the commencement date, a Company/Group measure the right-of-use asset applying a cost model. To apply a cost model, Company/Group measure the right-of-use asset at cost: less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

Company/Group apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

If the lease transfers ownership of the underlying asset to Company/Group by the end of the lease term or if the cost of the right-of-use asset reflects that Company/Group will exercise a purchase option, Company/Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, Company/Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Company/Group presents right-of-use assets separately from intangible and tangible assets in the statement of financial position.

2.3 Lease liability

Initial measurement of the lease liability

At the commencement date, Company/Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Company/Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date: fixed payments, less any lease incentives receivable; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by Company/Group under residual value guarantees; the exercise price of a purchase option if the Company/Group is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects Company/Group exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates.

Subsequent measurement of the lease liability

After the initial measurement, Company/Group measure the lease liability by: increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate or if applicable the revised discount rate.

After the commencement date, Company/Group shall recognise in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both: interest on the lease liability; and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Reassessment of the lease liability

After the commencement date, Company/Group remeasure the lease liability to reflect changes to the lease payments. Company/Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, Company/Group recognise any remaining amount of the remeasurement in profit or loss.

Revised discount rate

Company/Group remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if there is a change in the lease term. Company/Group determine the revised lease payments on the basis of the revised lease term or there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances described in the context of a purchase option. Company/Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

If either there is a change in the lease term or there is a change in the assessment of an option to purchase, Company/Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Unchanged discount rate

Company/Group remeasure the lease liability by discounting the revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee. Company/Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including for example a change to reflect changes in market rental rates following a market rent review. Company/Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows (ie when the adjustment to the lease payments takes effect). Company/Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments.

Discounting revised lease payments, Company/Group use an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, Company/Group use a revised discount rate that reflects changes in the interest rate.

Lease modifications

Company/Group account for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification Company/Group:

- allocate the consideration in the modified contract;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate.

For a lease modification that is not accounted for as a separate lease, Company/Group account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Company/Group recognise in profit or loss any gain or loss relating to the partial or full termination of the lease;
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Company/Group present lease liabilities separately from other liabilities in the statement of financial position. Company/Group present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, presented in the statement of profit or loss and other comprehensive income.

2.4 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.

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

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

All amounts in thousands of euro unless otherwise stated

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 2018.

4 Intangible assets and property, plant and equipment

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

Group	Intangible assets	Property, plant and equipment
Net book value at 31 December 2018	106,330	2,091,590
Acquisitions	927	86,970
Revaluation	-	96
Sales	-	(191)
Write-offs	-	(1,306)
Impairment	-	(199)
Reversal of impairment	-	14
Revaluation of emission allowances	(6,244)	-
Emission allowances grants received	287	-
Reclassification to share capital increase of subsidiary as non-cash contribution	-	(364)
Reclassification to/from Property, plant and equipment and Intangible assets	-	-
Reclassification to/from assets held for sale	(10)	(21)
Reclassification to/from investment property	(858)	-
Reclassification to/from inventories	-	(37)
Reclassification to/from right-of-use asset	-	(35,523)
Depreciation/amortisation	(1,503)	(24,960)
Net book value at 31 March 2019	98,929	2,116,069

Revaluation reverse of emission allowances during first quarter of 2019 accounted for in other comprehensive income (loss) item "Gain (loss) on revaluation of non-current assets" amounts to EUR 5,296 thousand, including deferred taxes.

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

Company	Intangible assets	Property, plant and equipment
Net book value at 31 December 2018	1,874	427
Acquisition	-	33
Reclassification to share capital increase of subsidiary as non-cash contribution	-	(364)
Depreciation/amortisation	-	(2)
Net book value at 31 March 2019	1,874	94

As at 31 March 2019 the Company accounted for EUR 1,874 thousand of intangible assets related to the assets of the Vilnius Thermal Power Plant (TE-3).

5 Right-of-use asset

Movement on Group's account of right-of-use asset is presented below:

Group	Land	Buildings	Structures and machinery	Wind power plants and their installations	Other PP&E	Total Right-of-use asset
Net book value at 31 December 2018	-	-	-	-	-	-
Acquisition	7,531	3,770	38	-	249	11,588
Reclassification to/from Property, plant and equipment	-	-	8,233	27,290	-	35,523
Depreciation/amortisation	(194)	(20)	(183)	(562)	(21)	(980)
Net book value at 31 March 2019	7,337	3,750	8,088	26,728	228	46,131

Movement on Company's account of right-of-use asset is presented below:

Group	Buildings	Motor vehicles	Total Right-of-use asset
Net book value at 31 December 2018	-	-	-
Acquisition	848	177	1,025
Depreciation/amortisation	(53)	(11)	(64)
Net book value at 31 March 2019	795	166	961

6 Investments in subsidiaries and other investments

Movement of the Company's account of investments in subsidiaries during first quarter of 2019 and during 2018 financial year is presented below:

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
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Company	2019 I Q	2018
Net book amount at 1 January	1,206,921	1,148,917
Increase in share capital of subsidiaries	15,700	41,038
Establishment of new subsidiaries	11,175	-
Acquisition of companies	-	21,016
Disposal of investments	(39,748)	-
Coverage of losses	-	5,142
Liquidation of subsidiaries	-	(17)
Reclassification to assets held for sale	-	(2,359)
(Impairment) of investments in subsidiaries	-	(6,815)
Net book amount at 31 December	1,194,048	1,206,921

On 1 January 2019, the reorganisation of the Group companies Lietuvos Energijos Tiekimas UAB and Litgas UAB was finalised. The companies were reorganised by way of merger – Litgas UAB, which ceased its activities after the reorganisation, was merged with Lietuvos Energijos Tiekimas UAB, which continues its activities. All assets, rights and obligations of Litgas UAB were taken over by Lietuvos Energijos Tiekimas UAB which continues its activities. Company's carrying amount of investment to Lietuvos Energijos Tiekimas UAB increased by EUR 8,631 thousand and the investment to Litgas UAB was written off by the same carrying amount.

During the first quarter of 2019, the authorized capital of the following Group's companies was increased:

Subsidiary	Issue date	Amount of shares, pcs*	Nominal value per share, EUR	Total issue price	Paid amount	Amount outstanding	Date of articles amendment
UAB Vilniaus kogeneracinė jėgainė	2019-01-22	54.137.931	0.29	15,700	4,386	11,314	2019-01-30
Total				15,700	4,386	11,314	

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

On 14 January 2019, a decision was passed to increase the share capital of the Group's company Vilniaus Kogeneracinė Jėgainė UAB up to EUR 52,300 thousand. The initial contribution of EUR 4,000 thousand was paid by the Company in cash on 23 January 2019. The Company also made a non-cash contribution amounting to EUR 386 thousand (business consultations relating to engineering and construction preparatory works for Vilnius co-generation power plant). The remaining unpaid part of subscribed shares needs to be paid by the Company within 12 months from the date of signing of the share subscription agreement (22 January 2019).

On 30 January 2019, the new version of the Articles of Association of the Group's company Vilniaus Kogeneracinė Jėgainė UAB related to increase in share capital was registered with the Register of Legal Entities.

During the first quarter of 2019, new Group's companies was established:

Subsidiary	Issue date	Amount of issued shares, pcs*	Nominal value per share, EUR	Total issued nominal price	Share premium	Paid amount	Amount outstanding	Date of articles amendment
UAB Lietuvos energija renewables	2019-01-14	3.000	1	3	44,697	11,175	33,522	2019-01-14
Viso:				3	44,697	11,175	33,522	

On 31 December 2018, the Company announced that in developing the green energy activity and aiming to optimise operations of the controlled companies engaged in renewable energy production it approved the establishment of a new company Lietuvos Energija Renewables UAB, which will become a transferee of shares of all already controlled and developed wind power parks. This decision was approved by the holder of the Company's shares – the Ministry of Finance of the Republic of Lithuania. The Articles of Association of Lietuvos Energija Renewables UAB were registered with the Register of Legal Entities on 14 January 2019.

During the first quarter of 2019, Group's companies was disposed:

Subsidiary	Disposal date	Disposed shares, pcs	Investment value	Paid amount*	Amount outstanding
UAB Eurakras	2019-03-28	159.549	18,735	-	18,735
UAB Vėjo vatas	2019-03-28	100.000	6,132	-	6,132
UAB Vėjo gūsis	2019-03-28	257.000	12,919	-	12,919
UAB VVP investment	2019-03-28	8.640	1,962	725*	1,237
Viso:			39,748	725	39,023

*Company's liability for unpaid shares of VVP Investment was transferred to UAB Lietuvos energija renewables as at 28 March 2019.

On 28 March 2019, the share purchase and sale agreements were signed regarding the transfer of 100% of shares of the Company's subsidiaries developing projects on renewable energy resources to Lietuvos Energija Renewables UAB. Upon the transfer of shares of the renewable energy companies within the Group, the Company's ownership interest in the companies remains unchanged. The shares of the renewable energy companies are transferred for the carrying amount of investments in shares and the related liabilities, therefore the impact of the transfer of shares on the financial performance of the Company and the Group is neutral.

As at 31 March 2019 the Company's investments in subsidiaries comprised:

At 31 March 2019	Acquisition cost	Impairment	Contributions against losses	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:						
Energijos Skirstymo Operatorius AB	710,921	-	-	710,921	94.98	94.98
Lietuvos Energijos Gamyba AB	307,997	-	-	307,997	96.82	96.82
NT Valdos, UAB	45,209	(9,036)	-	36,173	100.00	100.00
Energijos Tiekimas UAB	26,126	-	-	26,126	100.00	100.00
Vilniaus Kogeneracinė Jėgainė UAB	52,300	-	-	52,300	100.00	100.00
Kauno Kogeneracinė Jėgainė UAB	20,400	-	-	20,400	51.00	51.00
Lietuvos Energijos Tiekimas UAB	21,009	(4,010)	-	16,999	100.00	100.00
Tuuleenergia OÜ	6,659	-	-	6,659	100.00	100.00
Technologijų ir Inovacijų Centras UAB	3,219	-	-	3,219	50.00	97.91
Elektroninių Mokėjimų Agentūra UAB	1,428	-	-	1,428	100.00	100.00
Verslo Aptarnavimo Centras UAB	298	-	-	298	51.00	98.41
Energetikos Paslaugų ir Rangos Organizacija UAB	10,637	(22,711)	12,073	-	100.00	100.00
Lietuvos Energija Support Fund	3	-	-	3	100.00	100.00
Gamybos Optimizavimas UAB	350	-	-	350	100.00	100.00
UAB Lietuvos energija renewables	11,175	-	-	11,175	100.00	100.00
	1,217,731	(35,757)	12,073	1,194,048		

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

At 31 December 2018	Acquisition cost	Impairment	Contributions against losses	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:						
Energijos Skirstymo Operatorius AB	710,921	-	-	710,921	94.98	94.98
Lietuvos Energijos Gamyba AB	307,997	-	-	307,997	96.82	96.82
NT Valdos, UAB	45,209	(9,036)	-	36,173	100.00	100.00
Energijos Tiekimas UAB	26,126	-	-	26,126	100.00	100.00
Vilniaus Kogeneracinė Jėgainė UAB	36,600	-	-	36,600	100.00	100.00
EURAKRAS UAB	18,735	-	-	18,735	100.00	100.00
Kauno Kogeneracinė Jėgainė UAB	20,400	-	-	20,400	51.00	51.00
LITGAS UAB	12,641	(4,010)	-	8,631	100.00	100.00
Lietuvos Energijos Tiekimas UAB	8,369	-	-	8,369	100.00	100.00
Tuuleenergia OÜ	6,659	-	-	6,659	100.00	100.00
Technologijų ir Inovacijų Centras UAB	3,219	-	-	3,219	50.00	97.91
Elektroninių Mokėjimų Agentūra UAB	1,428	-	-	1,428	100.00	100.00
Energetikos Paslaugų ir Rangos Organizacija UAB	10,637	(22,710)	12,073	-	100.00	100.00
Verslo Aptarnavimo Centras UAB	298	-	-	298	51.00	98.41
Lietuvos Energija Support Fund	3	-	-	3	100.00	100.00
Vėjo Vatas UAB	6,132	-	-	6,132	100.00	100.00
Vėjo Gūsis UAB	12,919	-	-	12,919	100.00	100.00
VVP Investment UAB	1,962	-	-	1,962	100.00	100.00
Gamybos Optimizavimas UAB	350	-	-	350	100.00	100.00
rounding error		(1)		(1)		
	1,230,605	(35,757)	12,073	1,206,921		

7 Cash and cash equivalents

	Group		Company	
	At 31 Mar 2019	At 31 Dec 2018	At 31 Mar 2019	At 31 Dec 2018
Cash at bank	201,094	127,835	8,288	231
	201,094	127,835	8,288	231

Cash, cash equivalents and a bank overdraft include the following for the purposes of the cash flow statement:

	Group		Company	
	At 31 Mar 2019	At 31 Dec 2018	At 31 Mar 2019	At 31 Dec 2018
Cash and cash equivalents	127,835	171,756	231	52,517
Bank overdraft	(42,260)	(10,655)	(42,260)	-
Carrying amount	85,575	161,101	(42,029)	52,517

8 Non-current assets held for sale

The Group's and the Company's non-current assets held for sale as at 31 March 2019 and 31 December 2018 consist of as follows:

	Group		Company	
	At 31 Mar 2019	At 31 Dec 2018	At 31 Mar 2019	At 31 Dec 2018
Property, plant and equipment and investment property	26,777	35,589	77	77
Disposal group	41,513	30,117	-	-
Investments in subsidiaries	-	-	7,064	7,064
	68,290	65,706	7,141	7,141

Within the line item of the disposal group the Company recognised investment of subsidiary Transporto Valdymas UAB of EUR 2,359 thousand, which is intended to be disposed by the Company.

The Company's line item of the disposal group also includes investment of subsidiary Duomenų Logistikos Centras UAB of EUR 4,705 thousand, which is intended to be disposed by the Company.

The Group's line item of the disposal group also includes assets of subsidiaries Transporto Valdymas UAB and Duomenų Logistikos Centras UAB amounting to EUR 68,290 thousand, which is intended to be disposed by the Group.

Depreciation charge for the twelve month period ended 31 March 2019 included in the Group's line item of the disposal group amounted to EUR 942 thousand.

Liabilities of EUR 7,962 thousand being disposed along with these assets were reported under the line item 'Liabilities related to non-current assets held for sale'.

9 Share capital

As at 31 March 2019 and 31 December 2018 the Company's share capital comprised EUR 1,212,156,294. As at 31 March 2019 and 31 December 2018 the Company's share capital was divided in to 4,179,849,289 ordinary shares with par value EUR 0.29 each.

As at 31 March 2019 and 31 December 2018 share capital was fully paid.

10 Borrowings

Current borrowings of the Group and the Company as at 31 March 2019 and 31 December 2018 consist of as follows:

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Non-current				
Bank borrowings	150,130	146,411	72,146	82,246
Bonds issued	589,300	588,999	589,300	588,999
Current				
Current portion of non-current borrowings	57,702	61,820	53,151	57,401
Current borrowings	-	-	-	-
Bank overdrafts	127,007	42,260	127,007	42,260
Accrued interest	8,327	5,466	8,327	5,461
Total borrowings	932,466	844,956	849,931	776,367

All borrowings of the Group bear both fixed and variable interest rates. On 29 January 2019, the Company signed the new credit agreement with SEB bankas AB, based on which the Company is able to borrow EUR 100 million. The repayment term in 2021. As at 31 March 2019 Company's and Group's used bank overdraft part comprise EUR 127,007 thousand.

11 Lease liabilities

The Group's and the Company's minimum payments under leases are as follows:

All amounts in thousands of euro unless otherwise stated

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Minimum payments				
From one to five years	26,016	10,432	969	-
After five years	15,918	9,477	-	-
Total	41,934	19,909	969	-
Future finance costs				
From one to five years	(1,755)	(330)	(5)	-
After five years	(10,385)	(25)	-	-
Total	(12,140)	(355)	(8)	-
Carrying amount	29,794	19,554	961	-

12 Provisions

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

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Non-current	30,210	30,571	-	-
Current	2,792	2,788	806	806
Carrying amount	33,002	33,359	806	806

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

	Emission allowance liabilities	Provisions for employee benefits	Other provisions	Total
At 31 December 2017	529	3,862	-	4,391
Increase during the period	894	1,222	32,233	34,349
Utilised during the period	(908)	(2,270)	(743)	(3,921)
Revaluation of utilised emission allowances	380	-	-	380
Result of change in actuarial assumptions	-	54	(1,894)	(1,840)
At 31 December 2018	895	2,868	29,596	33,359
Increase during the period	104	-	826	930
Utilised during the period	-	(848)	(354)	(1,202)
Revaluation of utilised emission allowances	(85)	-	-	(85)
At 31 March 2018	914	2,020	30,068	33,002

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

As at 31 March 2019 and 31 December 2018 the Company's provisions consist of the guarantee issued to the subsidiary for the loans granted to Energetikos Paslaugų ir Rangos Organizacija UAB under cashpool agreements. During I Q of 2019 there were no movement in the Company provision account.

13 Sales revenue

The Group's sales revenue from contracts with customers during first quarter of 2019 consist of as follows:

2019 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Total
					Parent Company	Other segments	
Revenue from sale of electricity and related services	168,264	30,054	-	97,618	-	-	295,936
Revenue from sale of gas and related services	2,569	-	110,922	58	-	-	113,549
Other sales revenue	3,977	2,075	964	7,877	-	1,473	16,366
Total	174,810	32,129	111,886	105,553	-	1,473	425,851

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

2018 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Total
					Parent Company	Other segments	
Revenue from sale of electricity and related services	145,858	28,835	-	38,432	-	-	213,125
Revenue from sale of gas and related services	3,909	-	121,014	-	-	-	124,923
Other sales revenue	2,709	1,929	902	1,449	-	3,364	10,353
Total	152,476	30,764	121,916	39,881	-	3,364	348,401

The Company's sales revenue from contracts with customer during first quarter of 2019 and 2018 comprise revenue from advisory and management services provided to subsidiaries (Note 16).

All amounts in thousands of euro unless otherwise stated

14 Other expenses

The Group's and the Company's other expenses during first quarter of 2019 and 2018 comprise:

	Group		Company	
	2019 Q	2018 Q	2019 Q	2018 Q
Taxes	1,445	1,402	26	112
Write-offs of property, plant and equipment	1,371	1,232	-	-
Customer service	1,186	1,099	-	-
Telecommunication and IT services	1,155	951	71	77
Motor vehicles	923	808	28	26
Utility services	660	1 020	28	649
Write-offs of long term and short term receivables	595	246	-	-
Expenses of low-value inventory items	429	314	-	-
Consulting services	212	282	50	182
Personnel development	148	223	19	27
Marketing	140	193	47	73
Business trips	109	74	14	9
Rent	96	173	-	48
Write-offs of inventories	27	-	-	-
Business support services	-	-	204	80
Impairment of inventories (reversal)	(12)	(323)	-	-
Revaluation and provisions of emission allowances	(106)	(6,170)	-	-
Other expenses	1,296	1,726	87	50
Carrying amount	9,674	3,250	574	1,333

15 Dividends

The Group did not announce distribution of dividends during first quarter of 2019.

Group's companies declared dividends during the period from 1 January to 31 March 2018 (Note 16):

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

The Company did not announce distribution of dividends during first quarter of 2019 and 2018.

16 Transactions with related parties

As at 31 March 2019 and 31 December 2018 the parent company was the Republic of Lithuania represented by Ministry of Finance. For the purpose of disclosure of related parties, the Republic of Lithuania does not include central and local government authorities. The disclosures comprise transactions and their balances with the parent company, subsidiaries (Company's transactions), associates and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and management.

The Group's transactions with related parties during the period from 1 January to 31 March 2019 and balances arising on these transactions as at 31 March 2019 are presented below:

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
UAB "EPSO-G"	158,666	-	3	-	269
Litgrid AB	6,485	15,269	18,027	34,751	-
BALTPPOOL UAB	13,364	9,036	11,984	11,778	-
UAB "TETAS"	452	1,495	57	835	2
AB „Amber Grid“	3,552	6,047	8,355	15,555	-
GET Baltic	2,289	1	17,810	878	-
Associates and other related parties of the Group	124	141	22	123	-
Total	184,932	31,989	56,258	63,920	271

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

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
UAB "EPSO-G"	158,693	-	9	-	270
Litgrid AB	7,106	15,049	15,608	35,760	1
BALTPPOOL UAB	8,265	15,962	16,973	22,945	-
UAB "TETAS"	1,381	4,421	256	345	-
AB „Amber Grid“	3,730	6,019	7,577	15,240	-
LITGRID Power Link Service, UAB	36	-	28	-	-
GET Baltic	724	12	315	819	-
Associates and other related parties of the Group	279	120	-	78	-
Total	180,214	41,583	40,766	75,187	271

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
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The Company's transactions with related parties during the period from 1 January to 31 March 2019 and balances arising on these transactions as at 31 March 2019 are presented below:

Related parties	Right-of-use asset	Amounts receivable	Amounts payable	Sales	Purchases	Finance income	Finance expenses
	31 Mar 2019	31 Mar 2019	31 Mar 2019	2019 I Q	2019 I Q	2019 I Q	2019 I Q
Subsidiaries							
AB Energijos skirstymo operatorius		608,218	-	296	-	2,341	-
Lietuvos energijos gamyba, AB		75	-	100	-	-	-
UAB Energetikos paslaugų ir rangos organizacija		1,351	-	3	-	14	-
UAB Elektroninių mokėjimų agentūra		2	-	7	-	-	-
Energijos tiekimas, UAB		25,027	-	56	-	54	-
UAB Duomenų logistikos centras		1	-	4	-	-	-
NT valdos, UAB		8	-	20	-	-	-
UAB Transporto valdymas	166	26,814	176	-	(25)	78	-
UAB Technologijų ir inovacijų centras		1,298	30	33	(71)	1	-
UAB Lietuvos energijos tiekimas		47,012	-	49	-	37	-
UAB Verslo aptarnavimo centras		18	98	43	(215)	-	-
UAB Vilniaus kogeneracinė jėgainė		37	11,314	24	(10)	64	-
UAB EURAKRAS		24,969	1	8	(1)	175	-
Tuuleenergia		21,203	-	1	-	180	-
UAB Kauno kogeneracinė jėgainė		116	-	61	-	35	-
Vėjo gūsis UAB		48	-	-	-	16	-
Vėjo vatas UAB		2,726	1	-	(1)	30	-
Gamybos optimizavimas, UAB		2	-	2	-	-	-
UAB VVP investment		402	1	-	(1)	2	-
Lietuvos energija renewables, UAB		39,023	-	-	-	39,023	-
Other related parties							
UAB "EPSO-G"		158,666	-	3	-	269	-
Total	166	957,016	11,621	710	(324)	42,319	-

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

Related parties	Amounts receivable	Amounts payable	Sales	Purchases	Finance income	Finance expenses
	31 Dec 2018	31 Dec 2018	2018 I Q	2018 I Q	2018 I Q	2018 I Q
Subsidiaries						
AB Energijos skirstymo operatorius	586,559	-	330	15	1,163	-
„Lietuvos energijos gamyba“, AB	60	-	109	(8,084)	-	-
UAB EURAKRAS	24,756	-	2	-	174	-
UAB „Lietuvos dujų tiekimas“	14,130	-	50	1	29	-
NT valdos, UAB	13	-	29	(89)	105	-
UAB Technologijų ir inovacijų centras	1,684	107	23	(73) 3	-	-
UAB Duomenų logistikos centras	1	-	6	-	-	-
UAB „Energetikos paslaugų ir rangos organizacija“	1,250	-	34	1	27	-
Tuuleenergia OU	21,059	-	3	-	193	-
Energijos tiekimas, UAB	36,546	-	38	(149)	18	-
UAB LITGAS	10	-	25	-	5	-
UAB "Transporto valdymas"	21,608	8	-	(8)	23	-
UAB Elektroninių mokėjimų agentūra	3	-	9	-	-	-
UAB „Verslo aptarnavimo centras“	29	109	49	(119)	-	-
UAB Vilniaus kogeneracinė jėgainė	29	-	36	-	-	-
UAB Energijos sprendimų centras	-	-	8	-	-	-
UAB Kauno kogeneracinė jėgainė	69	-	37	-	-	-
Vėjo Gūsis UAB	29	-	-	-	-	-
Vėjo Vatas UAB	2,693	-	-	-	-	-
Other related parties						
UAB "EPSO-G"	158,658	-	-	-	270	-
Total	869,186	224	788	(8,505)	2,010	-

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

Management compensation:

	Group		Company	
	2019 I Q	2018 I Q	2019 I Q	2018 I Q
Salaries and other short-term benefits	1,094	916	248	214
Whereof: Termination benefits and benefits to Board Members	104	103	29	56
Number of management staff	59	64	11	11

Management includes heads of administration and their deputies.

17 Segment reporting

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

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

- Distribution of electricity and gas (carried out by Energijos Skirstymo Operatorius AB) and electricity supply carried out in the scope of ensuring public supply functions (carried out Lietuvos Energijos Tiekimas UAB, former Lietuvos Dujų Tiekimas UAB);
- Electricity generation (carried out by Lietuvos Energijos Gamyba AB, Eurakras UAB, Tuuleenergia OU, Vėjo Gūsis UAB, Vėjo Vatas UAB, UAB Lietuvos energija renewables);
- Trade in electricity (carried out by Energijos Tiekimas UAB, Gamybos Optimizavimas UAB);
- Trade in gas (carried out by Lietuvos Energijos Tiekimas UAB, former Lietuvos Dujų Tiekimas UAB and LITGAS UAB).

The following services and entities comprise the other segments:

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

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

Adjustments made by management and adjusted EBITDA

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

Segment / adjustment made by management	2019 I Q	2018 I Q
Electricity supply and distribution and gas distribution		
Recalculation of regulated activity revenue of Energijos Skirstymo Operatorius AB and Lietuvos Energijos Tiekimas UAB	20,735	21,170
Write-offs (reversal) of inventories and receivables	210	217
Electricity generation		
Received compensation related to carried out projects in previous periods	(9,276)	
Write-offs (reversal) of inventories and receivables	(305)	27
Trade of gas		
Recalculation of regulated activity revenue of LITGAS UAB	-	2,531
Recalculation of regulated activity revenue of Lietuvos Energijos Tiekimas UAB	(4,474)	(1,805)
Revaluation of derivative financial instruments of Lietuvos Energijos Tiekimas UAB	934	(2,148)
Write-offs (reversal) of inventories and receivables	1,409	27
Trade of electricity		
Revaluation of derivative financial instruments of Energijos tiekimas UAB	14,936	(2,914)
Write-offs (reversal) of inventories and receivables	53	-
Other segments		
Write-offs (reversal) of inventories and receivables	(55)	299
	<u>24,167</u>	<u>17,404</u>

Lietuvos energija, UAB, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the three-month period ended 31 March 2019

All amounts in thousands of euro unless otherwise stated

Group information about operating segments during first quarter of 2019 is provided below:

2019 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Elimination of intercompany transactions and consolidation eliminations	Total
					Parent Company	Other segments		
Revenue from external customers								
Sales revenue	174,810	32,129	111,886	105,553	-	1,473		425,851
Other income	278	14,681	13	(12,795)	22	1,227		3,426
Revenue from other segments	52,117	2,509	1,094	2,762	708	9,543	(68,733)	-
Total revenue	227,205	49,319	112,993	95,520	730	12,243	(68,733)	429,277
Expenses	(201,980)	(26,181)	(117,311)	(109,410)	(2,001)	(11,134)	66,871	(401,146)
<i>Including:</i>								
<i>Depreciation and amortization</i>	(19,544)	(6,125)	(50)	(282)	(67)	(1,927)	1,588	(26,407)
<i>Impairments and write-offs of</i>	(1,204)	(95)	-	-	-	(2)	-	(1,301)
Property, plant and equipment								
Revaluation of emission allowances	-	106	-	-	-	-	-	106
<i>Management adjustments</i>	20,945	(9,581)	(2,131)	14,989	-	(55)	-	24,167
Adjusted EBITDA	66,918	19,671	(6,399)	1,381	(1,204)	2,983	(3,450)	79,899
Operating profit (loss)	25,225	23,138	(4,318)	(13,890)	(1,271)	1,109	(1,862)	28,131
Interest income	17	67	99	44	3,170	24	(2,997)	424
Interest (expenses)	(2,403)	(636)	(113)	(104)	(3,580)	(115)	3,083	(3,868)
Other financial income (expenses)	124	84	(1)	139	119	(15)	(354)	96
Profit (loss) before income tax	22,963	22,653	(4,333)	(13,811)	(1,562)	1,003	(2,130)	24,783
Income tax	(2,876)	(3,072)	263	95	617	(1,271)	257	(5,987)
Net profit (loss)	20,087	19,581	(4,070)	(13,716)	(945)	(268)	(1,873)	18,796
Total assets as at 31 Mar 2019	1,657,403	829,871	144,301	90,683	2,174,011	322,762	(2,253,871)	2,965,159

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

2018 I Q	Supply and distribution of electricity, gas distribution	Electricity generation	Trade of gas	Trade of electricity	Other segments		Elimination of intercompany transactions and consolidation eliminations	Total
					Parent Company	Other segments		
Revenue from external customers								
Sales revenue	152,476	30,764	121,916	39,881	-	3,364	-	348,401
Other income	688	433	2	4,786	578	3,412	-	9,899
Revenue from other segments	14,212	4,019	22,933	2,187	35,621	12,374	(91,346)	-
Total revenue	167,376	35,216	144,851	46,854	36,199	19,150	(91,346)	358,300
Expenses	(154,352)	(17,937)	(137,521)	(44,652)	(2,482)	(17,558)	55,423	(319,079)
<i>Including:</i>								
<i>Depreciation and amortization</i>	(13,527)	(5,238)	(17)	(255)	(2)	(1,419)	(782)	(21,240)
<i>Impairments and write-offs of</i>	(1,178)	(8)	-	-	-	60	-	(1,126)
Property, plant and equipment		6,234						6,234
Revaluation of emission allowances	-	-	0	0	-	-	-	-
<i>Management adjustments</i>	21387	27	(1,395)	(2,914)	-	299	-	17,404
Adjusted EBITDA	49,116	16,318	5,952	(457)	33,719	3,250	(35,141)	72,757
Operating profit (loss)	13,024	17,279	7,330	2,202	33,717	1,592	(35,923)	39,221
Interest income	18	29	50	19	2,018	5	(1,783)	356
Interest (expenses)	(1,129)	(509)	(161)	(42)	(2,139)	(241)	1,717	(2,504)
Other financial income (expenses)	144	90	9	(1)	(8)	10	(322)	(78)
Profit (loss) before income tax	12,057	16,889	7,228	2,178	33,588	1,366	(36,311)	36,995
Income tax								
Net profit (loss)	(719)	(2,285)	(669)	(167)	(169)	(428)	(444)	(4,881)
Total assets as at 31 Mar 2018	11,338	14,604	6,559	2,011	33,419	938	(36,755)	32,114

18 Events after the reporting period

During the Ordinary General Meeting of Shareholders of Lietuvos Energijos Gamyba AB held on 19 April 2019, a decision was made to pay out dividends of EUR 0.01 per share for July–December 2018, total amount EUR 6,480 thousand. Dividends attributable to the Company amount to EUR 6,274 thousand.

On the 16th -17th of April it was submitted applications to register following figurative and word trademarks - Ignitis, Ignitis power, Ignitis gamyba, Ignitis renewables, Ignitis grupė, Ignitis group. Applications were submitted to the European Union Intellectual Property Office (EUIPO) and State Patent Bureau of the Republic of Lithuania.

The main aim of this change is to consolidate different trademarks owned by Lietuvos Energija, UAB and the Group in to the one modern international trademark, and optimize the expenses dedicated to the communication in a long run. It is intended to start using new trademark on a second half of the year (2019 H2).

On the 2nd of May, 2019, the Company received an information from the Ministry of Finance of the Republic of Lithuania, which is implementing the Company's shareholder's rights, that on the 30th of April, 2019, the Minister of Finance of the Republic of Lithuania passed an order with the decisions to:

- Approve the audited consolidated Annual Financial Statements of Lietuvos Energija, UAB, for the year 2018;
- Allocate the profit (loss) of Lietuvos Energija, UAB for the year 2018;
- Approve the consolidated Annual Report of Lietuvos Energija, UAB, for the year 2018.

The Ministry of Finance of the Republic of Lithuania, approved draft allocation of profit (loss), which provides that Company shall, for the second half of 2018, allocate to the budget of the Republic of Lithuania the Company dividend amounting to EUR 13,000 thousand, profit part allocated to legal reserve amounting to EUR 60,909 thousand.
