2019-09-05

CERTIFICATION STATEMENT

Referring to the provisions of the Article 23 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Darius Maikštėnas, Chief Executive Officer of UAB Lietuvos energija and, Darius Kašauskas, Finance and Treasury Director, and Giedruolė Guobienė Head of Accounting services Centre of Verslo aptarnavimo centras UAB, hereby confirm that, to the best of our knowledge, UAB Lietuvos energija consolidated and Company's condensed interim financial information for the six-month period ended 30 June 2019 prepared according to International Accounting Standard 34 'Interim financial reporting' adopted by the European Union, give a true and fair view of UAB Lietuvos energija assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report for the six-month period includes a fair review of the development and performance of the business.

UAB Lietuvos energija Chief Executive Officer	Darius Maikštėnas
UAB Lietuvos energija Finance and Treasury Director	Darius Kašauskas
Verslo aptarnavimo centras UAB, Head of Accounting services Centre, acting under Order No. IS19-102 (signed 2018 08 29)	Giedruolė Guobienė

2019

LIETUVOS ENERGIJA UAB

CONSOLIDATED AND COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION

COMPANY'S CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019, PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARD 34, 'INTERIM FINANCIAL REPORTING' AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)

Lietuvos energija

CONTENTS

CONDENSED INTERIM FINANCIAL INFORMATION

Translation note:

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

Condensed interim financial information was approved by Chief Executive Officer, Finance and Treasury Director and Head of Accounting Service Center of Verslo Aptarnavimo Centras UAB (acting under Order No IS19-102 of 29 August 2019) at 5 September 2019:

Darius Maikštėnas	Darius Kašauskas	Giedruolė Guobienė
Chief Executive Officer	Finance and Treasury Director	Head of Accounting Service Center of Verslo Aptarnavimo Centras UAB acting under Order No IS19-102 of 29 August 2019

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

At 30 June 2019

All amounts in thousands of euro unless otherwise stated

	Notes	Group			Company	
		2019.06.30	2018.12.31 (restated*)	2018.01.01 (restated*)	2019.06.30	2018.12.31
ASSETS						
Non-current assets						
Intangible assets	4	132,492	106,330	36,360	1,874	1,874
Property, plant and equipment	4	2,181,404	2,091,590	1,761,082	90	427
Right-of-use asset	5	51,740	-	-	890	-
Prepayments for non-current assets		26,591	23,621	21,911	144	816
Investment property		5,315	6,494	14,878	-	-
Investments in subsidiaries	6	-	-	170,488	1,227,833	1,206,921
Amounts receivable after one year		160,694	160,606	426	692,185	679,593
Other financial assets		3,626	2,008	3,239	3,526	2,008
Other non-current assets		6,854	6,094	7,084	-	-
Deferred income tax asset		11,579	14,468	36,360	583	1,077
Total non-current assets		**2,580,295**	**2,411,211**	**2,015,468**	**1,927,125**	**1,892,716**
Current assets						
Inventories		31,107	43,137	56,866	-	-
Prepayments and deferred expenses		38,071	30,655	38,119	98	62
Trade receivables		95,778	143,120	112,563	-	-
Other amounts receivable		20,430	25,436	27,511	13,297	631
Other current assets		3,082	2,147	1,093	-	-
Prepaid income tax		6,431	4,192	2,102	-	15
Short-term loans		-	-	-	218,028	189,324
Other financial assets		-	656	-	-	-
Cash and cash equivalents	7	162,295	127,835	171,756	284	231
		357,195	**377,178**	**410,010**	**231,707**	**190,263**
Non-current assets held for sale	8	53,060	65,706	79,301	7,141	7,141
Total current assets		**410,225**	**442,884**	**489,311**	**238,848**	**197,404**
TOTAL ASSETS		**2,990,550**	**2,854,095**	**2,504,779**	**2,165,973**	**2,090,120**
EQUITY AND LIABILITIES						
Equity						
Share capital	9	1,212,156	1,212,156	1,212,156	1,212,156	1,212,156
Reserves		269,271	212,802	99,380	80,720	19,811
Retained earnings (deficit)		(182,732)	(151,753)	(13,555)	7,869	78,231
Equity attributable to owners of the parent		**1,298,695**	**1,273,205**	**1,297,981**	**1,300,745**	**1,310,198**
Non-controlling interests		50,338	48,521	45,801	-	-
Total equity		**1,349,033**	**1,321,726**	**1,343,782**	**1,300,745**	**1,310,198**
Liabilities						
Non-current liabilities						
Non-current borrowings	10	768,489	735,410	480,068	651,640	671,245
Lease liabilities	11	26,208	14,334	187	636	-
Grants and subsidies		234,396	208,874	200,311	-	-
Deferred income tax liabilities		42,788	39,796	36,082	-	-
Provisions	12	33,240	35,446	6,927	-	-
Deferred revenue		113,495	115,261	54,509	-	-
Other non-current amounts payable and liabilities		1,450	1,801	1,761	-	378
Total non-current liabilities		**1,220,065**	**1,150,922**	**779,845**	**652,276**	**671,623**
Current liabilities						
Current portion of long-term debts	10	61,578	61,819	119,599	57,026	57,401
Current borrowings	10	140,223	47,727	14,082	140,217	47,721
Current portion of lease liabilities	11	7,782	5,220	145	254	-
Trade payables		57,831	93,237	98,338	240	947
Contract liabilities		32,233	49,766	27,765	52	51
Income tax liabilities		5,346	4,544	3,728	-	-
Provisions	12	5,444	5,553	2,498	806	806
Deferred revenue		-	7,912	5,242	-	-
Other current amounts payable and liabilities		105,519	102,682	109,421	14,357	1,373
		415,955	**378,461**	**380,818**	**212,952**	**108,299**
Liabilities related to non-current assets held for sale		5,497	2,986	334	-	-
Total current liabilities		**421,452**	**381,447**	**381,152**	**212,952**	**108,299**
Total liabilities		**1,641,517**	**1,532,369**	**1,160,997**	**865,228**	**779,922**
TOTAL EQUITY AND LIABILITIES		**2,990,550**	**2,854,095**	**2,504,779**	**2,165,973**	**2,090,120**

**Certain amounts presented above do not correspond to the 2017 and 2018 Financial Statements but reflect corrections, disclosed in Note 3.*

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2019

All amounts in thousands of euro unless otherwise stated

	Notes	Group				Company			
		2019, I-II Q	2019, II Q	2018, I-II Q (restated*)	2018, II Q (restated*)	2019, I-II Q	2019, II Q	2018, I-II Q	2018, II Q
Revenue from contracts with customers	13	762,301	334,525	598,993	249,553	1,478	772	1,512	724
Other income		5,010	1,584	29,464	19,565	24	-	681	103
Dividend income	15	-		-	-	7,724	7,724	41,052	6,219
		767,311	**336,109**	**628,457**	**269,118**	**9,226**	**8,496**	**43,245**	**7,046**
Operating expenses									
Purchases of electricity, gas for trade, and related services		(425,987)	(198,853)	(297,896)	(135,936)	-	-	-	-
Purchases of gas and heavy fuel oil		(155,984)	(47,158)	(159,783)	(51,449)	-	-	-	-
Depreciation and amortisation		(54,572)	(28,165)	(42,711)	(21,471)	(133)	(67)	(4)	(2)
Wages and salaries and related expenses		(41,900)	(20,897)	(40,995)	(20,054)	(2,710)	(1,349)	(2,428)	(1,281)
Repair and maintenance expenses		(15,349)	(7,198)	(7,557)	(4,320)	-	-	-	-
(Impairment)/reversal of impairment of investments in subsidiaries		-	-	-	-	-	-	(1,570)	(1,570)
Reversal (impairment) of amounts receivable and loans		1,079	850	453	654	-	-	-	-
Impairment of property, plant and equipment		(329)	(149)	150	66	-	-	-	-
Other expenses	14	(18,137)	(8,463)	(8,381)	(5,131)	(1,328)	(754)	(4,629)	(3,296)
Total operating expenses		(711,179)	**(310,033)**	**(556,720)**	**(237,641)**	**(4,171)**	**(2,170)**	**(8,631)**	**(6,149)**
Operating profit (loss))		56,132	**26,076**	**71,737**	**31,477**	**5,055**	**6,326**	**34,614**	**897**
Finance income		1,294	718	764	533	7,010	3,703	4,232	2,214
Finance costs		(9,873)	(5,949)	(5,061)	(2,604)	(8,919)	(5,321)	(4,239)	(2,092)
Results of the revaluation and closing of derivative financial instruments		-	-	(244)	(244)	-	-	(244)	(244)
Profit (loss) before tax		**47,553**	**20,845**	**67,196**	**29,162**	**3,146**	**4,708**	**34,363**	**775**
Current year income tax (expense)/benefit		(4,576)	(655)	(1,902)	114	-	-	5	-
Deferred income tax (expense)/benefit		(5,488)	(3,133)	(5,248)	(2,071)	402	212	(26)	148
Net profit		**37,489**	**17,057**	**60,046**	**27,205**	**3,548**	**4,920**	**34,342**	**923**
Attributable to:									
Owners of the parent		35,467	16,267	58,462	26,652	3,548	4,920	34,342	923
Non-controlling interest		2,022	790	1,584	553	-	-	-	-
Other comprehensive income (loss)									
Items that will not be reclassified to profit or loss									
Gain (loss) on revaluation of non-current assets	4	2,928	8,224	5,528	1,293	-	-	-	-
Deferred income tax related to gain (loss) on revaluation of non-current assets	4	(164)	(164)	(116)	(116)	-	-	-	-
Items that will not be reclassified to profit or loss, total		**2,764**	**8,060**	**5,412**	**1,177**	**-**	**-**	**-**	**-**
Items that will be reclassified to profit or loss									
Change in fair value of available-for-sale financial assets		27	32	31	37	-	-	-	-
Other income/(expenses) recognised directly in equity during the period		**27**	**32**	**31**	**37**	**-**	**-**	**-**	**-**
Translation of net investments in foreign operations into the Group's presentation currency		**2,791**	**8,092**	**5,443**	**1,214**	**-**	**-**	**-**	**-**
Items that will be reclassified to profit or loss, total		**40,280**	**25,149**	**65,489**	**28,419**	**3,548**	**4,920**	**34,342**	**923**
Attributable to:									
Owners of the parent		37,997	24,095	63,761	27,841	3,548	4,920	34,342	923
Non-controlling interests		2,283	1,054	1,728	587	-	-	-	-

**Certain amounts presented above do not correspond to the 2017 and 2018 Financial Statements but reflect corrections, disclosed in Note 3.*
The accompanying notes form an integral part of this condensed interim financial information.

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Company						Non-controlling interest	Total (restated*)
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings (restated*)	Subtotal (restated*)		
Balance at 1 January 2018		**1,212,156**	**46,512**	**52,826**	**42**	**(13,706)**	**1,297,830**	**45,796**	**1,343,626**
Correction of error (Note 3)						152	152	5	157
Effect of change in accounting policies following the adoption of new IFRS		-	-	-	-	(59,647)	(59,647)	(3,145)	(62,792)
Restated balance as at 1 January 2018 (restated*)		**1,212,156**	**46,512**	**52,826**	**42**	**(73,201)**	**1,238,335**	**42,656**	**1,280,991**
Revaluation of non-current assets, net of deferred income tax effect		-	-	5,328	-	-	5,328	200	5,528
Result of change in actuarial assumptions		-	-	-	-	(110)	(110)	(6)	(116)
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	31	-	31	-	31
Total other comprehensive income (loss)		**-**	**-**	**5,328**	**31**	**(110)**	**5,249**	**194**	**5,443**
Net profit for the reporting period (restated*)		-	-	-	-	58,462	58,462	1,584	60,046
Total comprehensive income for the period (restated*)		**-**	**-**	**5,328**	**31**	**58,352**	**63,711**	**1,778**	**65,489**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(2,764)	-	2,764	-	-	-
Transfer to reserves and movement in reserves		-	3,339	-	-	(3,339)	-	-	-
Dividends	15	-	-	-	-	(78,265)	(78,265)	(1,488)	(79,753)
Increase in share capital of Kauno Kogeneracinė Jėgainė UAB attributable to minority interest		-	-	-	-	-	-	1,176	1,176
Balance at 30 June 2018 (restated*)		**1,212,156**	**49,851**	**55,390**	**73**	**(93,689)**	**1,223,781**	**44,122**	**1,267,903**
Balance at 1 January 2019		**1,212,156**	**49,851**	**162,935**	**16**	**(156,763)**	**1,268,195**	**48,356**	**1,316,551**
Correction of error (Note 3)						**5,010**	**5,010**	**165**	**5,175**
Balance at 1 January 2019 (restated*)		**1,212,156**	**49,851**	**162,935**	**16**	**(151,753)**	**1,273,205**	**48,521**	**1,321,726**
Revaluation of non-current assets, net of deferred income tax effect	4	-	-	2,832	-	-	2,832	96	2,928
Result of change in actuarial assumptions		-	-	-	-	(156)	(156)	(9)	(165)
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	27	-	27	-	27
Total other comprehensive income (loss)		**-**	**-**	**2,832**	**27**	**(156)**	**2,703**	**87**	**2,790**
Net profit for the reporting period		-	-	-	-	35,467	35,467	2,022	37,489
Total comprehensive income for the period		**-**	**-**	**2,832**	**27**	**35,311**	**38,170**	**2,109**	**40,279**
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(9,187)	-	9,187	-	-	-
Transfer to reserves and movement in reserves		-	62,797	-	-	(62,797)	-	-	-
Other adjustments		-	-	-	-	320	320	-	320
Dividends	15	-	-	-	-	(13,000)	(13,000)	(292)	(13,292)
Balance at 30 June 2019		**1,212,156**	**112,648**	**156,580**	**43**	**(182,732)**	**1,298,695**	**50,338**	**1,349,033**

**Certain amounts presented above do not correspond to the 2017 and 2018 Financial Statements but reflect corrections, disclosed in Note 3.*
The accompanying notes form an integral part of this condensed interim financial information.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the six-month period ended 30 June 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		-	-	-	34,342	34,342
Total comprehensive income for the period		**-**	**-**	**-**	**34,342**	**34,342**
Transfer to legal reserves		-	5,295	-	(5,295)	-
Dividends	15	-	-	-	(78,265)	(78,265)
Balance at 30 June 2018		**1,212,156**	**19,811**	**-**	**67,885**	**1,299,852**
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		-	-	-	3,548	3,548
Total comprehensive income for the period		**-**	**-**	**-**	**3,548**	**3,548**
Dividends					(13,000)	(13,000)
Transfer to legal reserves		-	60,909	-	(60,909)	-
Balance at 30 June 2019		**1,212,156**	**80,720**	**-**	**7,869**	**1,300,745**

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

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2019 I-II Q	2018 I-II Q (restated*)	2019 I-II Q	2018 I-II Q
Cash flows from operating activities					
Net profit for the period		37,489	60,046	3,548	34,342
Adjustments for non-monetary expenses (income):					
Depreciation and amortisation expenses		57,994	47,468	133	4
Impairment of property, plant and equipment		329	(150)	-	-
Revaluation of derivative financial instruments		666	(689)	-	244
Impairment of financial assets (reversal of impairment)		(1,079)	(453)	-	-
Result of revaluation of property, plant and equipment		(97)	-	-	-
Result of revaluation of investment property		335	-	-	-
Impairment/(reversal of impairment) of investments in subsidiaries		-	-	-	1,570
Income tax expenses		10,064	7,150	(402)	21
(Depreciation) of grants		(4,695)	(4,757)	-	-
Increase (decrease) in provisions		(2,315)	(463)	-	2,499
Inventory write-down to net realizable value/ (reversal)		4	(344)	-	-
Non-current assets (except financial assets) write-off expenses		2,185	-	-	-
Expenses/(income) of revaluation of emission allowances		247	(8,357)	-	-
Emission allowances utilised		987	908	-	-
Elimination of results of investing activities:					
- Dividend (income)	15	-	-	(7,724)	(41,052)
- (Gain)/loss on disposal/write-off of property, plant and equipment		(392)	(9)	-	-
Elimination of results of financing activities:					
Interest (income)		(1,231)	(732)	(7,010)	(4,232)
Interest expenses		7,691	4,771	7,200	4,208
Other finance (income) expenses		2,120	3,376	1,719	31
Changes in working capital:					
(Increase) decrease in trade receivables and other amounts receivable		54,156	23,166	(951)	1,938
(Increase) decrease in inventories, prepayments and other current assets		(1,517)	18,157	636	52
Increase (decrease) in amounts payable, deferred income and contract liabilities		(60,299)	(33,958)	(1,153)	49
Income tax (paid)		(1,810)	(3,622)	-	-
Net cash flows from (used in) operating activities		**100,832**	**111,508**	**(4,004)**	**(326)**
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(189,838)	(171,368)	(42)	(4,709)
Disposal of property, plant and equipment and intangible assets		25,679	12,817	-	-
Loans (granted)		-	-	(111,534)	(165,796)
Loans repaid		-	-	64,938	82,829
(Acquisition) of subsidiaries		(27,940)	-	(48,960)	(10,550)
Disposal of subsidiaries		-	-	39,748	-
Grants received		25,630	9,797	-	-
Interest received		13	-	1,493	1,257
Realized (gain) loss attributable to derivative financial instruments		-	-	7,724	40,915
Increase (decrease) of cash flows from other from investing activities		(1,129)	(703)	(1,518)	(703)
Net cash flows from (used in) investing activities		**(167,585)**	**(149,457)**	**(48,151)**	**(56,757)**
Cash flows from financing activities					
Proceeds from borrowings		63,102	-	-	-
Repayments of borrowings		(30,669)	(77,989)	(20,576)	(66,351)
Lease payments		(3,185)	(80)	(107)	-
Interest paid		(1,439)	(2,427)	(804)	(944)
Dividends paid		(13,292)	(79,753)	(13,000)	(78,265)
Increase in share capital of Kauno Kogeneracinė Jėgainė UAB		-	7,840	-	-
Other increases (decreases) in cash flows from financing activities		-	-	(1)	(9,699)
Net cash flows from (used in) financing activities		**14,517**	**(152,409)**	**(34,488)**	**(155,259)**
Increase (decrease) in cash and cash equivalents (including overdraft)		**(52,236)**	**(190,358)**	**(86,643)**	**(212,342)**
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**	**33,339**	**(29,257)**	**(128,672)**	**(159,825)**

**Certain amounts presented above do not correspond to the 2017 and 2018 Financial Statements but reflect corrections, disclosed in Note 3.*
The accompanying notes form an integral part of this condensed interim financial information.

All amounts in thousands of euro unless otherwise stated

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 30 June 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 30 March 2019, the Group had 3,824 employees (31 December 2018 – 3,813), the Company had 105 employees (31 December 2018 – 125).

The Company’s management approved these financial statements on 5 September 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 Accounting 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) <u>New and amended standards, and interpretations</u>

During six – month reporting period ended 30 June 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.

All amounts in thousands of euro unless otherwise stated

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:

EUR thousands

	At 31 December 2018	IFRS 16	At 1 January 2019
ASSETS			
Non-current assets			
Property, plant and equipment	35.523	(35.523)	-
Right-of-use asset	-	46.797	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:

EUR thousands

	At 31 December 2018	IFRS 16	At 1 January 2019
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

Elected practical expedients on transition where the Group and the Company is a lessee

Where the Group and the Company is a lessee the following practical expedients are applied on transition on a lease-by-lease basis. The Group and the Company:
1. applies a single discount rate to a portfolio of leases with similar characteristics (such as leases with similar maturity, class of leased asset and economic environment);
2. does apply transitional period adjustments to leases of low value (less than or equal to EUR 4 000).
3. excludes initial direct costs from leases which previously were classified as operating leases by applying the standard at the commencement date to determine the value of the right-of-use assets;
4. uses prior period information, for example, in determining the lease term if the contract provides an option to extend or terminate the lease. Consistently with the IAS 8, prior period information is used only for accounting estimates and judgments and is therefore not applicable to areas such as changes in indices or rates.

IFRS 16 does not specify how a lessee should distinguish and allocate the lease and non-lease components in the contract during the transitional period when the retrospective method is applied. The Group and the Company has chosen to apply a practical measure by accounting for each lease component and any related non-lease component as a single lease component consistently with accounting policy of the Group and the Company.

The Group and the Company has evaluated the assets used under lease contracts and related liabilities based on IFRS 16. As at 1 January 2019, the Group and the Company has accounted for right-of-use assets and liabilities that show impact of the first-time application of IFRS 16 on the Group and the Company's financial statements.

IFRS 9: Prepayment features with negative compensation (Amendment)
The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management assessed that adoption of new standard amendment for the first time had no significant effect on financial statements of the Group and the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)
The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. Management assessed that adoption of new standard amendment for the first time had no significant effect on financial statements of the Group and the Company.

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Management has assessed that adoption of interpretation for the first time had no significant effect on financial statements of the Group and the Company.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)
The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management assessed that adoption of new standard amendment for the first time had no significant effect on financial statements of the Group and the Company.

The *IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle*, which is a collection of amendments to IFRSs. Management assessed that adoption of improvements for the first time had no significant effect on financial statements of the Group and the Company.

- *IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:* The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- *IAS 12 Income Taxes:* The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- *IAS 23 Borrowing Costs:* The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

c) Standards issued but not yet effective and not early adopted

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that adoption of new standard will have no significant effect on financial statements of the Group and the Company.

Conceptual Framework in IFRS standards
The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 3: Business Combinations (Amendments)
The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. At the moment Management is assessing the effect of new standard amendment on financial statements of the Group and the Company.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)
The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU. At the moment Management is assessing the effect of new standard amendment on financial statements of the Group and the Company.

The management of the Group and the Company does not believe that other new and amended standards and their interpretations which the Group and the Company is required to apply from 1 January 2019 will have a material effect on financial statements of the Group and the Company.

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 (i.e. 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.

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.

Correction of error

The Group corrected the identified errors from the previous financial periods during the preparation of these interim financial statement. In 2019, the subsidiary AB „Lietuvos energijos gamyba“ of the Group reviewed financial statements accounting principles for revenues, receivables, and payables related to secondary power reserve, tertiary power reserve, and system restoration services (hereinafter – regulated activities), which are regulated by the National Energy Regulatory Council (NERC). Tariffs for these regulated activities for the next calendar year are set by NERC based on Group and AB „Lietuvos energijos gamyba“ forecasted expenses taking into account planned and factual revenue and expense variance in the prior financial year. In the financial statements, Group and AB „Lietuvos energijos gamyba“ reported regulated activities revenues using the accrual principle based on factual expenses incurred, i.e. regulatory activities revenues were recognized by Group and AB „Lietuvos energijos gamyba“ in such volume, which under NERC methodology, is permissible taking into consideration permissible return on investment and factual expenses for services provided incurred during the period. Due to variance between planned and factual revenues and expenses set by NERC, regulatory activities revenues and corresponding payables and other payables were corrected. Up until now, revenues were recognized in accordance to substance over form principle, following the assumption about NERC's ability to promptly and based on unilateral decision initiate legal act amendments, that would be necessary in order to establish an obligation for the company to refund the difference between mentioned regulatory planned and actual service estimates even if Group and AB „Lietuvos energijos gamyba“ is no longer providing regulatory services mentioned above.
In 2019, by reviewing accounting of previously mentioned operations, it was noted that payable or refundable amounts in the future periods depend on whether or not the Group and AB „Lietuvos energijos gamyba“ will provide these services and will carry them out in the future, i.e. these amounts are related to currently uncompleted agreements, and in such case, provision, contingent liabilities and contingent assets should not be accounted (under Conceptual Framework for Financial Reporting and under IAS 37 "Provision, Contingent Liabilities and Contingent Assets").
The following retrospective corrections were made in the Group's financial statements:

1) As at 31 December 2018 and 1 January 2018 the Group corrected 2016 and 2017 regulatory activities revenues and decreased "Retained earnings" by EUR 289 thousand and in correspondence decreased "Other amounts receivable" balance sheet caption.
2) As at 31 December 2018 and 1 January 2018 the Group corrected 2016 and 2017 regulatory activities revenues and decreased "Other non-current payables and liabilities" caption by EUR 5,398 thousand and "Contract liabilities" caption by EUR 2,283 thousand, while 2018 "Revenue from contracts with customers" caption was increased by EUR 7,710 thousand. 1 January 2018 balance was corrected by increasing "Retained earnings" by EUR 511 thousand, while "Other non-current payables and liabilities" caption was decreased by the corresponding amount.
3) The Group had to recalculate deferred tax liability for 2018 and 2018 opening amount due to the reasons stated in No. 1 and 2 sections.

As at 31 December 2018 and 1 January 2018 the Group corrected previously recognized deferred tax asset, thus in correspondence correcting deferred tax liability by increasing "Deferred Tax Liability" caption balance by EUR 1,108 thousand and 2018 "Deferred income tax expenses" statement of comprehensive income caption was increased by EUR 1,075 thousand. 1 January 2018 statement of financial position due to this correction was adjusted in the following way: "Retained earnings" were decreased by EUR 33 thousand while "Deferred Tax Liability" caption was increased by the corresponding amount.

4) The Group had to recalculate current income tax liability for 2018 and 2018 opening amount due to the reasons stated in No. 1 and 2 sections.

As at 31 December 2018 and 1 January 2018 the Group correction previously recognized profit tax payable and increased “Income tax payable” balance caption by EUR 1,108 EUR thousand and 2018 statement of comprehensive income caption “Income tax expenses” was increased by EUR 1,075 thousand. 1 January 2018 statement of financial position due to this correction was adjusted in the following way: “Retained earnings” were decreased by EUR 33 thousand while “Income tax payable” caption was increased by the corresponding amount.

5) As at 31 December 2018 the Group reclassified part of other amounts receivable and contract liabilities, which by its nature, should have been classified as other non-current payables and liabilities. Due to this “Other non-current payables and liabilities” of statement of financial position caption was increased by EUR 800 thousand, “Other amounts receivable” caption was increased by EUR 289 thousand, while “Contract liabilities” where decreased by EUR 511 thousand.

6) As at 31 December 2018 and 1 January 2018 the Group did not reclassify part of other non-current payables and liabilities and contract liabilities, which by their nature, should have been classified as provisions. Due to this long-term „Provisions“ caption was increased by EUR 4,875 thousand, and short-term “Provisions” caption was increased by EUR 2,765 thousand, while “Other non-current payables and liabilities” and “Contract liabilities” captions were reduced in corresponding amounts. 1 January 2018 statement of financial position due to this correction was adjusted in the following way: long-term „Provisions“ caption was increased by EUR 5,034 thousand while “Other non-current payables and liabilities” caption was reduced by the corresponding amount.

The Group had to recalculate errors impact to non-controlling interests for 2018 and 2018 opening amount due to the reasons stated in No. 1 - 6 sections.

All amounts in thousands of euro unless otherwise stated

Retrospectively corrected condensed interim statements of financial position:

Correction for the year 2018

Group	Notes	2018 12 31 before corrections	1) Correction of Other amounts receivable due to regulated services income *	2) Correction of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income *	3) Correction of deferred income tax liabilities*	4) Correction of income tax liabilities *	5) Reclassification of Other amounts receivable and contract liabilities to Other non-current amounts payable and liabilities	6) Reclassification of Other non-current amounts payable and liabilities to Provisions	7) Errors Impact to non-controlling interests	2018 12 31 after corrections
ASSETS										
Non-current assets										
Intangible assets	4	106,330	-	-	-	-	-	-	-	106,330
Property, plant and equipment	4	2,091,590	-	-	-	-	-	-	-	2,091,590
Right-of-use asset	5	-	-	-	-	-	-	-	-	-
Prepayments for non-current assets		23,621	-	-	-	-	-	-	-	23,621
Investment property		6,494	-	-	-	-	-	-	-	6,494
Amounts receivable after one year		160,606	-	-	-	-	-	-	-	160,606
Other financial assets		2,008	-	-	-	-	-	-	-	2,008
Other non-current assets		6,094	-	-	-	-	-	-	-	6,094
Deferred income tax asset		14,468	-	-	-	-	-	-	-	14,468
Total non-current assets		**2,411,211**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,411,211**
Current assets										
Inventories		43,137	-	-	-	-	-	-	-	43,137
Prepayments and deferred expenses		30,655	-	-	-	-	-	-	-	30,655
Trade receivables		143,120	-	-	-	-	-	-	-	143,120
Other amounts receivable		25,436	(289)	-	-	-	289	-	-	25,436
Other current assets		2,147	-	-	-	-	-	-	-	2,147
Prepaid income tax		4,192	-	-	-	-	-	-	-	4,192
Other financial assets		656	-	-	-	-	-	-	-	656
Cash and cash equivalents	7	127,835	-	-	-	-	-	-	-	127,835
		377,178	**(289)**	**-**	**-**	**-**	**289**	**-**	**-**	**377,178**
	8	65,706								65,706
Non-current assets held for sale		**442,884**	**(289)**	**-**	**-**	**-**	**289**	**-**	**-**	**442,884**
Total current assets		**2,854,095**	**(289)**	**-**	**-**	**-**	**289**	**-**	**-**	**2,854,095**
EQUITY AND LIABILITIES										
Equity										
Share capital	9	1,212,156	-	-	-	-	-	-	-	1,212,156
Reserves		212,802	-	-	-	-	-	-	-	212,802
Retained earnings (deficit)		(147,554)	(289)	511	(33)	(33)	-	-	(3)	(147,401)
FY 2018 result		(9,209)	-	7,170	(1,075)	(1,075)	-	-	(163)	(4,352)
Equity attributable to owners of the parent		**1,268,195**	**(289)**	**7,681**	**(1,108)**	**(1,108)**	**-**	**-**	**(165)**	**1,273,205**
Non-controlling interests		48,356							165	48,521
Total equity		**1,316,551**	**(289)**	**7,681**	**(1,108)**	**(1,108)**	**-**	**-**	**-**	**1,321,726**
Liabilities										
Non-current liabilities										
Non-current borrowings	10	735,410	-	-	-	-	-	-	-	735,410
Lease liabilities	11	14,334	-	-	-	-	-	-	-	14,334
Grants and subsidies		208,874	-	-	-	-	-	-	-	208,874
Deferred income tax liabilities		38,688	-	-	1,108	-	-	-	-	39,796
Provisions	12	30,571	-	-	-	-	-	4,875	-	35,446
Deferred revenue		115,261	-	-	-	-	-	-	-	115,261
Other non-current amounts payable and liabilities		11,274	-	(5,398)	-	-	800	(4,875)	-	1,801
Total non-current liabilities		**1,154,412**	**-**	(5,398)	1,108	**-**	**800**	**-**	**-**	**1,150,922**
Current liabilities										
Current portion of long-term debts	10	61,819	-	-	-	-	-	-	-	61,819
Current borrowings	10	47,727	-	-	-	-	-	-	-	47,727
Current portion of lease liabilities	11	5,220	-	-	-	-	-	-	-	5,220
Trade payables		93,237	-	-	-	-	-	-	-	93,237
Contract liabilities		55,325		(2,283)	-	-	(511)	(2,765)	-	49,766
Income tax liabilities		3,436	-	-	-	1,108	-	-	-	4,544
Provisions	12	2,788	-	-	-			2,765	-	5,553
Deferred revenue		7,912	-	-	-	-	-	-	-	7,912
Other current amounts payable and liabilities		102,682	-	-	-	-	-	-	-	102,682
		380,146	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**378,461**
Liabilities related to non-current assets held for sale		2,986	-	-	-	-	-	-	-	2,986
Total current liabilities		**383,132**	**-**	**(2,283)**	**-**	**1,108**	**(511)**	**-**	**-**	**381,447**
Total liabilities		**1,537,544**	**-**	**(7,681)**	1,108	**1,108**	**289**	**-**	**-**	**1,532,369**
TOTAL EQUITY AND LIABILITIES		**2,854,095**	**(289)**	**-**	**-**	**-**	**289**	**-**	**-**	**2,854,095**

** Correction for FY 2017 balance*

All amounts in thousands of euro unless otherwise stated

Retrospectively corrected condensed interim statements of financial position (continued):

Corrections for the year 2017

Group	Notes	2018-01-01 before corrections	1) Correction of Other amounts receivable due to regulated services income *	2) Correction of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income *	3) Correction of deferred income tax liabilities*	4) Correction of income tax liabilities *	6) Reclassification of Other non-current amounts payable and liabilities to Provisions	7) Errors Impact to non-controlling interests	2018-01-01 after corrections
ASSETS									
Non-current assets									
Intangible assets	4	36,360	-	-	-	-	-	-	36,360
Property, plant and equipment	4	1,761,082	-	-	-	-	-	-	1,761,082
Right-of-use asset	5	-	-	-	-	-	-	-	-
Prepayments for non-current assets		21,911	-	-	-	-	-	-	21,911
Investment property		14,878	-	-	-	-	-	-	14,878
Amounts receivable after one year		170,488	-	-	-	-	-	-	170,488
Other financial assets		426	-	-	-	-	-	-	426
Other non-current assets		3,239	-	-	-	-	-	-	3,239
Deferred income tax asset		7,084	-	-	-	-	-	-	7,084
Total non-current assets		**2,015,468**	**-**	**-**	**-**	**-**	**-**	**-**	**2,015,468**
Current assets									
Inventories		56,866	-	-	-	-	-	-	56,866
Prepayments and deferred expenses		38,119	-	-	-	-	-	-	38,119
Trade receivables		112,563	-	-	-	-	-	-	112,563
Other amounts receivable		27,800	(289)						27,511
Other current assets		1,093	-	-	-	-	-	-	1,093
Prepaid income tax		2,102	-	-	-	-	-	-	2,102
Short-term loans		-	-	-	-	-	-	-	-
Other financial assets	7	171,756	-	-	-	-	-	-	171,756
Cash and cash equivalents		**410,299**	**(289)**	**-**	**-**	**-**	**-**	**-**	**410,010**
	8	79,301	-	-	-	-	-	-	79,301
Non-current assets held for sale		**489,600**	**(289)**	**-**	**-**	**-**	**-**	**-**	**489,311**
Total current assets		**2,505,068**	**(289)**	**-**	**-**	**-**	**-**	**-**	**2,504,779**
EQUITY AND LIABILITIES									
Equity									
Share capital									
Reserves	9	1,212,156	-	-	-	-	-	-	1,212,156
Retained earnings (deficit)		99,380	-	-	-	-	-	-	99,380
FY 2018 result		(13,706)	(289)	511	(33)	(33)	-	(5)	(13,555)
Equity attributable to owners of the parent		**1,297,830**	**(289)**	**511**	**(33)**	**(33)**	**-**	**(5)**	**1,297,981**
Non-controlling interests		45,796						5	45,801
Total equity		**1,343,626**	**(289)**	**511**	**(33)**	**(33)**		**-**	**1,343,782**
Liabilities									
Non-current liabilities									
Non-current borrowings	10	480,068	-	-	-	-	-	-	480,068
Lease liabilities	11	187	-	-	-	-	-	-	187
Grants and subsides		200,311	-	-	-	-	-	-	200,311
Deferred income tax liabilities		36,049	-	-	33	-	-	-	36,082
Provisions	12	1,893	-	-	-	-	5,034	-	6,927
Deferred revenue		54,509	-	-	-	-	-	-	54,509
Other non-current amounts payable and liabilities		7,306	-	(511)	-	-	(5,034)	-	1,761
Total non-current liabilities		**780,323**	**-**	**(511)**	**33**	**-**		**-**	**779,845**
Current liabilities									
Current portion of long-term debts	10	119,599	-	-	-	-	-	-	119,599
Current borrowings	10	14,082	-	-	-	-	-	-	14,082
Current portion of lease liabilities	11	145	-	-	-	-	-	-	145
Trade payables		98,338	-	-	-	-	-	-	98,338
Contract liabilities		27,765	-	-	-	-	-	-	27,765
Income tax liabilities		3,695	-	-	-	33	-	-	3,728
Provisions	12	2,498	-	-	-	-	-	-	2,498
Deferred revenue		5,242	-	-	-	-	-	-	5,242
Other current amounts payable and liabilities		109,421	-	-	-	-	-	-	109,421
		380,785	**-**	**-**	**-**	**33**		**-**	**380,818**
Liabilities related to non-current assets held for sale		334	-	-	-	-	-	-	334
Total current liabilities		**381,119**	**-**	**-**	**-**	**33**	**-**	**-**	**381,152**
Total liabilities		**1,161,442**	**-**	**(511)**	**33**	**33**	**-**	**-**	**1,160,997**
TOTAL EQUITY AND LIABILITIES		**2,505,068**	**(289)**	**-**	**-**	**-**	**-**	**-**	**2,504,779**

** Corrections made have a rolling effect on FY 2018 financial statements (please refer to the Group's correction of error disclosures above)*

All amounts in thousands of euro unless otherwise stated

Retrospectively corrected condensed interim statements of comprehensive income:
Correction of 2018, I-II Q

Group	Notes	2018 I-II Q before corrections	2) Correction of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income	3) Correction of deferred income tax liabilities	4) Correction of income tax liabilities	7) Errors Impact to non-controlling interests	2018 m. I- II Q after corrections.
Revenue from contracts with customers	13	596,530	2.463	-	-	-	598,993
Other income		29,464	-	-	-	-	29,464
		625,994	**2.463**	**-**	**-**	**-**	**628,457**
Operating expenses							
Purchases of electricity, gas for trade, and related services		(297,896)	-	-	-	-	(297,896)
Purchases of gas and heavy fuel oil		(159,783)	-	-	-	-	(159,783)
Depreciation and amortisation		(42,711)	-	-	-	-	(42,711)
Wages and salaries and related expenses		(40,995)	-	-	-	-	(40,995)
Repair and maintenance expenses		(7,557)	-	-	-	-	(7,557)
Reversal (impairment) of amounts receivable and loans		453	-	-	-	-	453
Impairment of property, plant and equipment		150	-	-	-	-	150
Other expenses	14	(8,381)	-	-	-	-	(8,381)
Total operating expenses		**(556,720)**	**-**	**-**	**-**	**-**	**(556,720)**
(Loss) profit from operations		**69,274**	**2.463**	**-**	**-**	**-**	**71,737**
Finance income		764	-	-	-	-	764
Finance costs		(5,061)	-	-	-	-	(5,061)
Results of the revaluation and closing of derivative financial instruments		(244)	-	-	-	-	(244)
Profit (loss) before tax		**64,733**	**2,463**	**-**	**-**	**-**	**67,196**
Current year income tax (expense)/benefit		(1,532)	-	-	(370)	-	(1,902)
Deferred income tax (expense)/benefit		(4,878)	-	(370)	-	-	(5,248)
Net profit		**58,323**	**2,463**	**(370)**	**(370)**	**-**	**60,046**
Attributable to:							
Owners of the parent		56,793	-	-	-	1,669	58,462
Non-controlling interest		1,530	-	-	-	54	1,584
Other comprehensive income (loss)							
Items that will not be reclassified to profit or loss							
Gain (loss) on revaluation of non-current assets		5,528	-	-	-	-	5,528
Deferred income tax related to gain (loss) on revaluation of non-current assets		(116)	-	-	-	-	(116)
Items that will not be reclassified to profit or loss, total		**5,412**	**-**	**-**	**-**	**-**	**5,412**
Items that will be reclassified to profit or loss							
Change in fair value of available-for-sale financial assets		31	-	-	-	-	31
Other income/(expenses) recognised directly in equity during the period		**31**	**-**	**-**	**-**	**-**	**31**
Translation of net investments in foreign operations into the Group's presentation currency		**5,443**	**-**	**-**	**-**	**-**	**5,443**
Items that will be reclassified to profit or loss, total		**63,766**	**2,463**	**(370)**	**(370)**	**-**	**65,489**
Attributable to:							
Owners of the parent		62,093	-	-	-	1,669	63,762
Non-controlling interests		1,673	-	-	-	54	1,727

All amounts in thousands of euro unless otherwise stated

Retrospectively corrected condensed interim statements of comprehensive income (continued):

Correction of 2018, II Q

Group	Notes	2018 II Q before corrections	2) Correction of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income	3) Correction of deferred income tax liabilities	4) Correction of income tax liabilities	7) Errors Impact to non-controlling interests	2018 m. II Q after corrections.
Revenue from contracts with customers	13	248,130	1,423	-	-	-	249,553
Other income		19,564	-	-	-	-	19,565
		267,694	**1,423**	**-**	**-**	**-**	**269,118**
Operating expenses							
Purchases of electricity, gas for trade, and related services		(135,936)	-	-	-	-	(135,936)
Purchases of gas and heavy fuel oil		(51,449)	-	-	-	-	(51,449)
Depreciation and amortisation		(21,471)	-	-	-	-	(21,471)
Wages and salaries and related expenses		(20,054)	-	-	-	-	(20,054)
Repair and maintenance expenses		(4,320)	-	-	-	-	(4,320)
Reversal (impairment) of amounts receivable and loans		654	-	-	-	-	654
Impairment of property, plant and equipment		66	-	-	-	-	66
Other expenses	14	(5,131)	-	-	-	-	(5,131)
Total operating expenses		**(237,641)**	-	-	-	-	**(237,641)**
(Loss) profit from operations		**30,053**	-	-	-	-	**31,477**
Finance income		533	-	-	-	-	533
Finance costs		(2,604)	-	-	-	-	(2,604)
Results of the revaluation and closing of derivative financial instruments		(244)	-	-	-	-	(244)
Profit (loss) before tax		**27,738**	**1,423**	**-**	**-**	**-**	**29,162**
Current year income tax (expense)/benefit		328	-	-	(214)	-	114
Deferred income tax (expense)/benefit		(1,857)	-	(214)	-	-	(2,071)
Net profit		**26,209**	**1,423**	**(214)**	**(214)**	**-**	**27,205**
Attributable to:							
Owners of the parent		25,687	-	-	-	965	26,652
Non-controlling interest		522	-	-	-	31	553
Other comprehensive income (loss)							
Items that will not be reclassified to profit or loss							
Gain (loss) on revaluation of non-current assets		1,293	-	-	-	-	1,293
Deferred income tax related to gain (loss) on revaluation of non-current assets		(116)	-	-	-	-	(116)
Items that will not be reclassified to profit or loss, total		**1,177**	-	-	-	-	**1,177**
Items that will be reclassified to profit or loss							
Change in fair value of available-for-sale financial assets		37	-	-	-	-	37
Other income/(expenses) recognised directly in equity during the period		**37**	-	-	-	-	**37**
Translation of net investments in foreign operations into the Group's presentation currency		**1,214**	-	-	-	-	**1,214**
Items that will be reclassified to profit or loss, total		**27,423**	**1,423**	**(214)**	**(214)**	**-**	**28,419**
Attributable to:							
Owners of the parent		26,877	-	-	-	965	27,841
Non-controlling interests		546	-	-	-	31	578

All amounts in thousands of euro unless otherwise stated

Retrospectively corrected condensed interim statements of cash flows for 2018

Group	Notes	2018 I-II Q before correction	2018 I-II Q after correction	The difference for the 2018 m. I-II Q
Cash flows from operating activities				
Net profit for the period		58,323	60,046	1,723
Adjustments for non-monetary expenses (income):				
Depreciation and amortisation expenses		47,468	47,468	-
Impairment of property, plant and equipment		(150)	(150)	-
Revaluation of derivative financial instruments		(689)	(689)	-
Impairment of financial assets (reversal of impairment)		(453)	(453)	-
Income tax expenses		6,410	7,150	740
(Depreciation) of grants		(4,757)	(4,757)	-
Increase (decrease) in provisions		(463)	(1,530)	(1,067)
Inventory write-down to net realizable value/ (reversal)		(344)	(344)	-
Expenses/(income) of revaluation of emission allowances		(8,357)	(8,357)	-
Emission allowances utilised		908	908	-
Elimination of results of investing activities:				
- (Gain)/loss on disposal/write-off of property, plant and equipment		(9)	(9)	-
Elimination of results of financing activities:				
Interest (income)		(732)	(732)	-
Interest expenses		4,771	4,771	-
Other finance (income) expenses		3,376	3,376	-
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable		23,021	22,877	(144)
(Increase) decrease in inventories, prepayments and other current assets		18,157	18,157	-
Increase (decrease) in amounts payable, deferred income and contract liabilities		(31,350)	(32,602)	(1,252)
Income tax (paid)		(3,622)	(3,622)	-
Net cash flows from (used in) operating activities		**111,508**	**111,508**	**-**
Cash flows from investing activities				
(Acquisition) of property, plant and equipment and intangible assets		(171,368)	(171,368)	-
Disposal of property, plant and equipment and intangible assets		12,817	12,817	-
Grants received		9,797	9,797	-
Increase (decrease) of cash flows from other from investing activities		(703)	(703)	-
Net cash flows from (used in) investing activities		**(149,457)**	**(149,457)**	**-**
Cash flows from financing activities				
Repayments of borrowings		(77,989)	(77,989)	-
Lease payments		(80)	(80)	-
Interest paid		(2,427)	(2,427)	-
Dividends paid		(79,753)	(79,753)	-
Increase in share capital of Kauno Kogeneracinė Jėgainė UAB		7,840	7,840	-
Net cash flows from (used in) financing activities		**(152,409)**	**(152,409)**	**-**
Increase (decrease) in cash and cash equivalents (including overdraft)		**(190,358)**	**(190,358)**	**-**
Cash and cash equivalents (including overdraft) at the beginning of the period	7	161,101	161,101	-
Cash and cash equivalents (including overdraft) at the end of the period	**7**	**(29,257)**	**(29,257)**	**-**

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**
The impact of the first-time adoption of IFRS 16 – reclassification to Right-of-use asset	-	(35,969)
Net book value at 1 January 2019 (recalculated)	**106,330**	**2,055,621**
Acquisitions	23,406*	172,138
Revaluation		5,672*
Sales	-	96
Write-offs	-	(248)
Impairment	-	(2,095)
Reversal of impairment	-	(126)
Revaluation of emission allowances	-	1,097
Emission allowances grants received	3,090	-
Reclassification to share capital increase of subsidiary as non-cash contribution	4,131	-
Reclassification to/from Property, plant and equipment and Intangible assets	(987)	-
Reclassification to/from assets held for sale	169	(169)
Reclassification to/from investment property	-	(364)
Reclassification to/from inventories	-	-
Reclassification to/from right-of-use asset	-	64
Depreciation/amortisation	(3,647)	(50,282)
Net book value at 30 June 2019	**132,492**	**2,181,404**

*The acquisition of intangible assets for an amount of EUR 23,409 thousand within the first half-year of 2019 mostly comprised of the goodwill arising from the business combination, which amounts to EUR 20,797 thousand (Note 19).

Property, plant and equipment, which amounts to EUR 5,672 thousand, was taken over after the acquisition of indirectly controlled (100%) company Pomerania Invall Sp.z.o.o within the first half-year of 2019 (Note 19).

All amounts in thousands of euro unless otherwise stated

Revaluation reverse of emission allowances during the first half-year of 2019 accounted for in other comprehensive income (loss) item “Gain (loss) on revaluation of non-current assets” amounts to EUR 3,090 thousand, including deferred taxes.

The Group has significant acquisition liabilities of property, plant and equipment which will have to be fulfilled during the later years. Group’s acquisition and construction liabilities amounted to EUR 490,432 thousand as at 31 December 2018. Group’s acquisition and construction liabilities did not changed significantly as at 30 June 2019.

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	-	(6)
Net book value at 30 June 2019	**1,874**	**90**

As at 30 June 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	Gas technological equipment and structures	Wind power plants and their installations	Vehicles	Other PP&E	Total Right-of-use asset
Net book value at 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
The impact of the first-time adoption of IFRS 16 – reclassification to Right-of-use asset	-	-	8,233	-	27,290	446	-	35,969
Net book value at 1 January 2019 (recalculated)	**-**	**-**	**8,233**	**-**	**27,290**	**446**	**-**	**35,969**
Acquisition	5,555	12,365	38	833	-	14	224	19,029
from which is recognised as Right-of-use asset 2019-01-01	*5,555*	*6,207*	*38*	*778*	-	-	*215*	*12,793*
from which is signed lease agreements 2019-01-02 – 2019-06-30	-	*6,158*	-	*55*	-	*14*	*9*	*6,236*
Write-offs	-	(7)	-	-	-	-	-	(7)
Depreciation/amortisation	(42)	(1,542)	(367)	(106)	(1,124)	(36)	(35)	(3,252)
Net book value at 31 March 2019	**5,514**	**10,816**	**7,904**	**727**	**26,166**	**424**	**189**	**51,740**

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	833	184	1,017
from which is recognised as Right-of-use asset 2019-01-01	*778*	*69*	*847*
from which is signed lease agreements 2019-01-02 – 2019-06-30	*55*	*115*	*170*
Depreciation/amortisation	(106)	(21)	(127)
Net book value at 31 March 2019	**727**	**163**	**890**

6 Investments in subsidiaries and other investments

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

Company	2019 I-II Q	2018
Net book amount at 1 January	**1,206,921**	**1,148,917**
Increase in share capital of subsidiaries	15,960	41,038
Establishment of new subsidiaries	44,700	-
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 the end of period	**1,227,833**	**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

All amounts in thousands of euro unless otherwise stated

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.
On 1 June 2019, the reorganisation of the Group companies Lietuvos Energijos Tiekimas, UAB and Energijos Tiekimas, UAB was finalised. The companies were reorganised by way of merger – Energijos Tiekimas, 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 Energijos Tiekimas, 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 26,126 thousand and the investment to Energijos Tiekimas, UAB was written off by the same carrying amount.

During the first half-year 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 oustanding	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
UAB Technologijų ir inovacijų centras	2019-06-13	847,149	0.29	260	260	-	2019-06-28
Total				**15,960**	**4,646**	**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.
On 28 February 2019, a decision was passed to increase the share capital of the Group's company Technologijų ir inovacijų centras, UAB from EUR 6,439.6 to EUR 6,960 thousand. The right to acquire 897,326 shares par value of EUR 0.29 (total emission value – EUR 260,2 thousand) per share is granted to Lietuvos energijos gamyba, UAB. The right to acquire 897,149 shares par value of EUR 0.29 (total emission value – EUR 260,2 thousand) per share is granted to the Company.
On 28 June 2019, the new version of the Articles of Association of the Group's company Technologijų ir inovacijų centras, UAB related to increase in share capital was registered with the Register of Legal Entities.

During the first half-year 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	44,700	-	2019-01-14
Total:				**3**	**44,697**	**44,700**	**-**	**-**

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 half-year 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
Total:			**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.

All amounts in thousands of euro unless otherwise stated

As at 30 June 2019 the Company's investments in subsidiaries comprised:

At 30 June 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
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	47,136	(4,010)	-	43,126	100,00	100,00
Tuuleenergia OÜ	6,659	-	-	6,659	100,00	100,00
Technologijų ir Inovacijų Centras, UAB	3,479	-	-	3,479	50,00	97,94
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
Lietuvos Energija Renewables, UAB	44,700	-	-	44,700	100,00	100,00
	1,251,517	**(35,757)**	**12,073**	**1,227,833**		

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
	1,230,605	**(35,757)**	**12,073**	**1,206,921**		

All amounts in thousands of euro unless otherwise stated

7 Cash and cash equivalents

	Group		Company	
	At 30 Jun 2019	At 31 Dec 2018	At 30 Jun 2019	At 31 Dec 2018
Cash at bank	162,295	127,835	284	231
	162,295	**127,835**	**284**	**231**

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

	Group		Company	
	At 30 Jun 2019	At 31 Dec 2018	At 30 Jun 2019	At 31 Dec 2018
Cash and cash equivalents	162,295	127,835	284	231
Bank overdraft	(128,956)	(42,260)	(128,965)	(42,260)
Carrying amount	**33,339**	**85,575**	**(128,672)**	**(42,029)**

8 Non-current assets held for sale

The Group‘s and the Comapny‘s non-current assets held for sale as at 30 June 2019 and 31 December 2018 consist of as follows:

	Group		Company	
	At 30 Jun 2019	At 31 Dec 2018	At 30 Jun 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 53,060 thousand, which is intended to be disposed by the Group.
Depreciation charge for the twelve month period ended 30 June 2019 included in the Group’s line item of the disposal group amounted to EUR 813 thousand.
Liabilities of EUR 5,497 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 30 June 2019 and 31 December 2018 the Company‘s share capital comprised EUR 1,212,156,294. As at 30 June 2019 and 31 December 2018 the Company‘s share capital was divided in to 4,179,849,289 ordinary shares with par value of EUR 0.29 each.

As at 30 June 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	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Non-current				
Bank borrowings	178,861	146,411	62,046	82,246
Bonds issued	589,594	588,999	589,594	588,999
Accrued interest	34	-		
Current				
Current portion of non-current borrowings	61,578	61,820	57,026	57,401
Current borrowings	-	-	-	-
Bank overdrafts	128,956	42,260	128,956	42,260
Accrued interest	11,267	5,466	11,261	5,461
Total borrowings	**970,290**	**844,956**	**848,883**	**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 is in 2021. As at 30 June 2019 Company‘s and Group‘s used bank overdraft part comprise EUR 128,956 thousand.

All amounts in thousands of euro unless otherwise stated

11 Lease liabilities

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

	Group		Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Minimum payments				
Within one year	8,187	5,421	257	-
From one to five years	21,953	5,011	640	-
After five years	15,961	9,477	-	-
Total	**46,101**	**19,909**	**897**	**-**
Future finance costs				-
Within one year	(456)	(201)	(3)	
From one to five years	(1,295)	(129)	(4)	-
After five years	(10,360)	(25)	-	-
Total	**(12,111)**	**(355)**	**(7)**	**-**
Carrying amount	**33,990**	**19,554**	**890**	**-**

12 Provisions

Provisions of the Group and the Company as at 30 June 2019 and 31 December 2018 consist of as follows:

	Group		Company	
	30 Jun 2019	31 Dec 2018 (restated*)	30 Jun 2019	31 Dec 2018
Non-current	33,240	35,446	-	-
Current	5,444	5,553	806	806
Carrying amount	**38,684**	**40,999**	**806**	**806**

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

	Emission allowance liabilities	Provisions for employee benefits	Other provisions (restated*)	Total
At 31 December 2017	**529**	**3,862**	**5,034***	**9,425**
Increase during the period	894	1,222	39,873*	41,989
Utilised during the period	(908)	(2,270)	(5,777)*	(8,955)
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**	**37,236***	**40,999**
Increase during the period	227	318	1,076	1,621
Utilised during the period	(987)	(987)	(2,055)	(4,029)
Revaluation of utilised emission allowances	93	-	-	93
At 31 March 2018	**228**	**2,199**	**36,257**	**38,684**

**Certain amounts presented above do not correspond to the 2017 and 2018 Financial Statements but reflect corrections, disclosed in Note 3.*

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 30 June 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 the first half-year of 2019 there were no movement in the Company's provision account.

13 Revenue from contracts with customers

The Group's sales revenue from contracts with customers during the first half-year of 2019 consist of as follows:

2019 I-II Q	Distribution	Strategic generation	Green generation	Commercial organisation	Other segments		Total
					Parent Company	Other segments	
Revenue from sale of electricity and related services	156,955	61,041	2,136	361,179	-	1	581,312
Revenue from sale of gas and related services	3,391	-	-	150,507	-	-	153,898
Other sales revenue	7,790	2,653	-	13,962	-	2,687	27,092
Total	**168,136**	**63,694**	**2,136**	**525,648**	**-**	**2,688**	**762,301**

All amounts in thousands of euro unless otherwise stated

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

2018 I-II Q	Distribution	Strategic generation (restated*)	Green generation	Commercial organisation	Other segments		Total
					Parent Company	Other segments	
Revenue from sale of electricity and related services	226,710	54,822	1,595	134,959	-	-	418,086
Revenue from sale of gas and related services	4,588	-	-	161,404	-	-	165,992
Other sales revenue	6,604	2,373	-	3,727	-	2,211	14,915
Total	**237,902**	**57,195**	**1,595**	**300,090**	**-**	**2,211**	**598,993**

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

14 Other expenses

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

	Group		Company	
	2019 I-II Q	2018 I-II Q	2019 I-II Q	2018 I-II Q
Taxes	3,021	2,875	(21)	181
Write-offs of property, plant and equipment	2,112	2,441	-	-
Customer service	1,336	2,007	-	-
Utilities	1,288	1,455	53	736
Telecommunication and IT services	2,038	1,918	167	151
Motor vehicles	1,898	1,026	59	75
Write-offs of long term and short term receivables	798	901	-	
Expenses of low-value inventory items	875	564	-	
Consulting services	499	630	249	372
Personnel development	345	529	55	115
Marketing	533	437	247	159
Business trips	291	207	25	39
Rent	58	583	-	
Write-offs of inventories	39	-	-	96
Business support services	-	-	386	142
Impairment of inventories (reversal)	8	(344)	-	
Revaluation and provisions of emission allowances	247	(8,357)	-	
Impairment of other tangible assets (reversal)		(1,851)		
Provisions subsidiaries' liabilities				2,499
Other expenses	2.750	3,360	108	64
Carrying amount	**18.136**	**8,381**	**1,328**	**4,629**

15 Dividends

Group's companies declared dividends during the period from 1 January to 30 June 2019 (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
5 Mar 2019	Duomenų logistikos centras, UAB	the year of 2018	0.029	405	324	81
30 Apr 2019	Technologijų ir inovacijų centras, UAB	the year of 2018	0.015	327	164	3
30 Apr 2019	Verslo aptarnavimo centras, UAB	the year of 2018	0.21	123	63	2
30 Apr 2019	Tuuleenergia OÜ	the year of 2018	1.80	899	899	-
29 Apr 2019	EURAKRAS, UAB	the year of 2018	11.72	1,870	-	-
12 Apr 2019	Lietuvos energijos gamyba, AB	the 2nd half-year of 2018	0.01	6,480	6,274	206
				10,104	**7,724**	**292**

Group's companies declared dividends during the period from 1 January to 30 June 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	EURAKRAS, UAB	the year of 2017	10.59000	1,690	1,690	-
20 Mar 2018	Energijos tiekima,s UAB	the year of 2017	0.17401	3,000	3,000	-
26 Mar 2018	Lietuvos energijos gamyba, AB	the 2nd half-year of 2017	0.01400	8,891	8,602	283
30 Mar 2018	Energijos skirstymo operatorius, AB	the 2nd half-year of 2017	0.02535	22,679	21,541	1,138
4 Apr 2018	Lietuvos dujų tiekimas, UAB	the year of 2017	0.15837	4,571	4,571	-
5 Apr 2018	Verslo aptarnavimo centras, UAB	the year of 2017	0.00026	268	137	3
11 April 2018	Technologijų ir inovacijų centras, UAB	the year of 2017	0.00666	148	74	2
17 Apr 2018	LITGAS, UAB	the year of 2017	0.02654	1,194	1,194	-
27 Apr 2018	Duomenų logistikos centras, UAB	the year of 2017	0.02200	306	243	62
				42,747	**41,052**	**1,488**

All amounts in thousands of euro unless otherwise stated

The Company announced distribution of dividends during the first half-year of 2019 and 2018:

	2019, I-II Q		2018, I-II Q	
	(EUR '000)	Dividends per share	(EUR '000)	Dividends per share
Lietuvos Energija UAB	13,000	0.0031	78,265	0.0187

16 Transactions with related parties

As at 30 June 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 30 June 2019 and balances arising on these transactions as at 30 June 2019 are presented below:

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
EPSO-G, UAB	158,661	-	-	18	-
Litgrid, AB	11,755	2,011	13,481	38,765	64,362
BALTPOOL, UAB	9,367	-	8,054	8	16,446
TETAS, UAB	290	19	501	311	1,546
Amber Grid, UAB	3,406	-	5,739	36,310	32,315
GET Baltic	108	-	1	19,932	1,144
Associates and other related parties of the Group	344	-	268	182	480
Total	**183,931**	**2,030**	**28,044**	**95,526**	**116,293**

The Group's transactions with related parties during the period from 1 January to 30 June 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)
EPSO-G, UAB	158,693	-	18	-	544
Litgrid, AB	7,106	15,049	1,415	58,488	-
BALTPOOL, UAB	8,265	15,962	6	35,833	-
TETAS, UAB	1,381	4,421	518	754	32
Amber Grid, UAB	3,730	6,019	13,841	14,912	-
LITGRID Power Link Service, UAB	36	-	55	-	-
GET Baltic	724	12	9,553	3,600	-
Associates and other related parties of the Group	279	120	230	159	-
Total	**180,214**	**41,583**	**25,636**	**113,746**	**576**

The Company's transactions with related parties during the period from 1 January to 30 June 2019 and balances arising on these transactions as at 30 June 2019 are presented below:

Related parties	Right-of-use asset 30 Jun 2019	Amounts receivable 30 Jun 2019	Amounts payable 30 Jun 2019	Sales 2019 I-II Q	Purchases 2019 I-II Q	Finance income 2019 I-II Q	Finance expenses 2019 I-II Q
Subsidiaries							
AB Energijos skirstymo operatorius	-	569,846	-	640	-	4,690	-
Lietuvos energijos gamyba, AB	-	50	-	215	-	-	-
UAB Energetikos paslaugų ir rangos organizacija	-	1,101	-	4	-	24	-
UAB Elektroninių mokėjimų agentūra	-	1	-	10	-	-	-
Energijos tiekimas, UAB	-	-	-	96	-	91	-
UAB Duomenų logistikos centras	-	-	1	5	-	-	-
NT valdos, UAB	-	902	-	32	-	-	-
UAB Transporto valdymas	163	28,914	173	-	52	175	-
UAB Technologijų ir inovacijų centras	-	1,288	39	67	166	4	-
UAB Lietuvos energijos tiekimas	-	69,534	-	153	-	273	-
UAB Verslo aptarnavimo centras	-	30	90	101	457	1	-
UAB Vilniaus kogeneracinė jėgainė	-	76	11,314	58	10	168	-
UAB EURAKRAS	-	25,107	-	10	1	351	-
Tuuleenergia	-	19,703	-	1	-	361	-
UAB Kauno kogeneracinė jėgainė	-	124	-	108	-	82	-
Vėjo gūsis UAB	-	8	-	-	-	37	-
Vėjo vatas UAB	-	2,728	-	-	-	65	-
Gamybos optimizavimas, UAB	-	-	-	3	-	-	-
UAB VVP investment	-	405	-	-	-	4	-
Lietuvos energija renewables, UAB	-	44,133	-	7	-	117	-
Other related parties							
UAB "EPSO-G"	-	158,658	-	-	-	541	-
Total	**163**	**922,608**	**11,617**	**1,510**	**686**	**6,984**	**-**

All amounts in thousands of euro unless otherwise stated

The Company's transactions with related parties during the period from 1 January to 30 June 2018 and balances arising on these transactions as at 31 December 2018 are presented below:

Related parties	Amounts receivable 31 Dec 2018	Amounts payable 31 Dec 2018	Sales 2018 I-II Q	Purchases 2018 I-II Q	Finance income 2018 I-II Q	Finance expenses 2018 I-II Q
Subsidiaries						
AB Energijos skirstymo operatorius	586,559	-	645	-	2,531	-
„Lietuvos energijos gamyba", AB	60	-	241	19	-	-
UAB EURAKRAS	24,756	-	4	-	352	-
UAB „Lietuvos energijos tiekimas"	14,130	-	94	-	41	-
NT valdos, UAB	13	-	48	158	157	-
UAB Technologijų ir inovacijų centras	1,684	107	43	144	6	-
UAB Duomenų logistikos centras	1	-	10	-	-	-
UAB „Energetikos paslaugų ir rangos organizacija"	1,250	-	51	-	63	-
Tuuleenergia OU	21,059	-	4	-	382	-
Energijos tiekimas, UAB	36,546	-	74	149	43	-
UAB LITGAS	10	-	55	-	5	-
UAB "Transporto valdymas"	21,608	8	-	-	89	-
UAB Elektroninių mokėjimų agentūra	3	-	16	-	-	-
UAB „Verslo aptarnavimo centras"	29	109	85	31	1	-
UAB „VAE SPB"			3	-	-	-
UAB Vilniaus kogeneracinė jėgainė	29	-	55	255	3	-
UAB Energijos sprendimų centras	-	-	15	-	-	-
UAB Kauno kogeneracinė jėgainė	69	-	88	-	-	-
Vėjo Gūsis UAB	29	-	-	-	-	-
Vėjo Vatas UAB	2,693	-	-	-	-	-
Other related parties						-
UAB "EPSO-G"	158,658	-	-	-	544	-
Total	869,186	224	1,531	756	4,217	-

Company's dividend income from the subsidiaries during the first half-year is disclosed in the Note 15.

Management compensation:

	Group		Company	
	2019 I-II Q	2018 I-II Q	2019 I-II Q	2018 I-II Q
Salaries and other short-term benefits	2,330	1,873	543	410
Whereof: Termination benefits and benefits to Board Members	249	190	59	73
Number of management staff	55	62	12	11

Management includes heads of administration and their deputies.

17 Commitments and contingencies

Company's issued guarantees:

The Company guarantees that funds borrowed by the Group companies at the cash pool account are timely repaid to the Group companies that have lent funds. As at 31 December 2018, the Company's guarantee amounted to EUR 73,902 thousand. As at 30 June 2018, the Company's guarantee amounted to EUR 101,593 thousand.

On 5 December 2016, the Company and the European Investment Bank (Luxembourg) signed a guarantee and indemnity agreement under which the Company secured fulfilment of all current and future obligations of subsidiary Vilniaus Kogeneracinė Jėgainė UAB in the amount of EUR 190,000 thousand under the credit agreement signed on 5 December 2016 with the European Investment Bank for the term of 17 years. The guarantee cover the repayment of all types of amounts payable related to the usage of the provided loan to the European Investment Bank. The maximum amount of the guarantee has not been established. As at 31 December 2018, the Company's guarantee amounted to EUR 19,796 thousand. As at 30 June 2018, the Company's guarantee amounted to EUR 30,493 thousand.

On 31 May 2017, the Group's subsidiary Kauno Kogeneracinė Jėgainė UAB and Swedbank AB signed the credit agreement for the amount of EUR 120,000,000 (one hundred twenty million). Monetary liabilities of Kauno Kogeneracinė Jėgainė UAB to the bank under the credit agreement are secured by the guarantees issued by the Company and Fortum OYJ in proportion to the number of shares of Kauno Kogeneracinė Jėgainė UAB held, i.e. 51% of shares is held by the Company and 49% is held by FORTUM HEAT LIETUVA UAB. As at 31 December 2018, the Company's guarantee amounted to EUR 5,147 thousand. As at 30 June 2018, the Company's guarantee amounted to EUR 33,194 thousand.

Capital expenditure commitments:

The Group has significant property, plant, and equipment acquisition commitments, which will have to be fulfilled in upcoming years. As at 31 December 2018 the Group's commitments to acquire and build property, plant and equipment amounted to EUR 490,432 thousand. As at 30 June 2019 the Group's commitments to acquire and build property, plant and equipment did not change significantly.

Litigations:

There were no significant changes in legal disputes since 31 December 2018.

Based on the European Commission press release, the Group informs that on 3 June 2019 the European Commission has opened an investigation procedure to assess whether the application of the strategic reserve measure and, consequently, the allocation of funds of the public service obligations to the Company's subsidiary Lietuvos energijos gamyba, UAB, complied with EU State aid rules. The Group's management does not know any circumstances that could affect potential commitments regarding the initiated investigation.

All amounts in thousands of euro unless otherwise stated

Tax audits:

The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year inspect the Company's books and accounting records and impose additional taxes or fines. The Group's management is not aware of any circumstances that might result in a potential material liability in this respect.

18 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 (carried out by Energijos Skirstymo Operatorius AB)
– Strategic generation (carried out by Lietuvos Energijos Gamyba AB);
– Green generation (carried out by Vilniaus Kogeneracinė Jėgainė, Kauno Kogeneracinė Jėgainė, UAB, Eurakras UAB, Tuuleenergia OU, Vėjo Gūsis UAB, Vėjo Vatas UAB, VVP Investment, UAB, UAB Lietuvos Energija Renewables, Pomerania Invall Sp.z.o.o)
– Commercial organisation (carried out by Lietuvos energijos tiekimas, Energijos Tiekimas UAB (until 31 May 2019), Geton Energy OÜ, Geton Energy SIA, Geton Energy sp.z.o.o.).
– 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 Valdos UAB, Technologijų ir Inovacijų Centras UAB, Verslo Aptarnavimo Centras UAB and Transporto Valdymas, UAB);
– non-core activities (Energetikos Paslaugų ir Rangos Organizacija UAB, Duomenų Logistikos Centras 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 EBIDTA, 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-II Q	2018 I-II Q
Distribution		
Recalculation of regulated activity revenue of Energijos Skirstymo Operatorius, AB	19,132	33,329
Compensation received for the previous periods	(2,613)	-
Strategic generation		
Recalculation of regulated activity revenue of Lietuvos Energijos Gamyba, AB	(3,725)	(2,463)
Received compensation related to carried out projects in previous periods	(9,276)	-
Commercial organisation		
Recalculation of regulated activity revenue of LITGAS, UAB	-	(1,601)
Recalculation of regulated activity revenue of Lietuvos Energijos Tiekimas, UAB	4,192	(542)
Revaluation of derivative financial instruments of Lietuvos Energijos Tiekimas, UAB and Energijos Tiekimas, UAB (until 31 May 2019)	14,240	(14,324)
	21,950	**14,399**

All amounts in thousands of euro unless otherwise stated

Group information about operating segments during the first half-year of 2019 is provided below:

2019 I-II Q	Distribution	Strategic generation	Green generation	Commercial organisation	Other segments		Elimination of intercompany transactions and consolidation eliminations	General adjustments	Management's adjustments	Total
					Parent Company	Other segments				
Sales revenue from contracts with customers	278,981	56,979	9,111	538,569	1,478	9,513	(101,104)	793,527	(31,226)	762,301
Other income	769	6,401	1,870	(12,847)	7,748	13,533	(21,741)	(4,266)	9,276	5,010
- *from which is dividend income*	-	-	*1,870*	-	*7,724*	*4*	*(9,598)*	-	-	-
Total revenue	**279,750**	**63,380**	**10,981**	**525,722**	**9,226**	**23,046**	**(122,844)**	**789,261**	**(21,950)**	**767,311**
Purchases of electricity, gas for trade, and related services, gas and heavy fuel oil	(135,163)	(24,059)	(50)	(513,132)	-	(593)	91,026	(581,971)	-	(581,971)
Wages and salaries and related expenses	(22,122)	(4,427)	(655)	(2,204)	(2,710)	(9,783)	-	(41,900)	-	(41,900)
Repair and maintenance expenses	(11,489)	(2,625)	(822)	-	-	(479)	66	(15,349)	-	(15,349)
Other expenses	(15,675)	(3,100)	(889)	(6,827)	(1,328)	(6,481)	19,933	(14,367)	(337)	(14,704)
Adjusted EBITDA*	**95,301**	**29,169**	**6,695**	**3,559**	**(2,536)**	**5,706**	**(2,221)**	**135,673**	**(22,287)**	**113,386**
from which:										
Depreciation and amortisation	(38,560)	(9,121)	(3,001)	(670)	(133)	(3,852)	765	(54,572)	-	*(54,572)*
Impairment and write-offs of property, plant and equipment	(2,137)	(297)	-	-	-	(1)	-	(2,435)	-	*(2,435)*
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(173)	1,113	-	(1,436)	-	159	-	(337)	337	-
Revaluation of emission allowances	-	(247)	-	-	-	-	-	(247)	-	*(247)*
Operating profit (loss)	**54,431**	**20,617**	**5,564**	**1,453**	**5,055**	**2,016**	**(11,054)**	**78,082**	**(21,950)**	**56,132**
Finance income	13	140	13	310	7,010	76	(6,268)	1,294		1,294
Finance costs	(4,482)	(182)	(1,053)	(653)	(8,919)	(267)	5,683	(9,873)		(9,873)
Profit (loss) before tax	**49,962**	**20,575**	**4,524**	**1,110**	**3,146**	**1,825**	**(11,639)**	**69,503**	**(21,950)**	**47,553**
Income tax expense	(7,377)	(3,461)	(689)	(14,022)	402	(633)	319	(25,460)	15,396	(10,064)
Net profit (loss)	**42,585**	**17,114**	**3,835**	**(12,912)**	**3,548**	**1,192**	**(11,320)**	**44,044**	**(6,555)**	**37,489**
Property, plant and equipment, intangible and right-of-use asset	**1,542,314**	**523,854**	**278,569**	**43,194**	**2,854**	**26,145**	**(51,295)**	**2,365,635**		
Investments	**95,881**	**281**	**77,108**	**451**	**33**	**12,846**	**-**	**186,599**		
Net debt	**640,255**	**(32,301)**	**175,957**	**78,987**	**849,489**	**28,294**	**(898,699)**	**841,982**		
Adjusted EBITDA*	**95,301**	**29,169**	**6,695**	**3,559**	**(2,536)**	**5,706**	**(2,221)**	**135,673**		
Management adjustments	16,519	(13,001)	-	18,432	-	-	-	21,950		
Impairment and write-offs of current and long-term amounts receivables, loans, goods and others	173	(1,113)	-	1,436	-	(159)	-	337		
Total EBITDA adjustments	**16,692**	**(14,114)**	**-**	**19,868**	**-**	**-**	**-**	**22,287**		
EBITDA**	**78,609**	**43,283**	**6,695**	**(16,309)**	**(2,536)**	**5,865**	**(2,221)**	**113,386**		

All amounts in thousands of euro unless otherwise stated

Group information about operating segments during the first half-year of 2018 is provided below:

2018 I-II Q	Distribution	Strategic generation	Green generation	Commercial organisation	Other segments		Elimination of intercompany transactions and consolidation eliminations	General adjustments	Management's adjustments	Total
					Parent Company	Other segments				
Sales revenue from contracts with customers	277,872	60,015	4,076	328,485	1,512	22,418	(80,986)	613,393	(14,399)	598,994
Other income	1,983	1,139	3	22,815	41,733	17,430	(55,639)	29,463	-	29,463
- *from which is dividend income*	-	-	-	20	41,052	10	(41,082)	-	-	-
Total revenue	**279,855**	**61,154**	**4,079**	**351,300**	**43,245**	**39,848**	**(136,625)**	**642,856**	**(14,399)**	**628,457**
Purchases of electricity, gas for trade, and related services, gas and heavy fuel oil	(152,802)	(25,489)	(57)	(339,133)	-	(8,812)	68,614	(457,679)	-	(457,679)
Wages and salaries and related expenses	(21,474)	(4,375)	(180)	(1,646)	(2,428)	(13,368)	2,476	(40,995)	-	(40,995)
Repair and maintenance expenses	(5,657)	(1,263)	(443)	-	-	(1,023)	829	(7,557)	-	(7,557)
Other expenses	(15,675)	(2,900)	(398)	(4,631)	(4,630)	(11,371)	26,523	(13,083)	(763)	(13,846)
Adjusted EBITDA*	**84,247**	**27,127**	**3,001**	**5,871**	**(4,865)**	**5,263**	**2,899**	**123,543**	**(15,162)**	**108,381**
from which:										
Depreciation and amortisation	(27,296)	(9,337)	(1,467)	(798)	(3)	(3,034)	(776)	(42,711)	-	(42,711)
Impairment and write-offs of property, plant and equipment	(2,353)	4	-	(6)	-	64	-	(2,291)	-	(2,291)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(249)	(125)	-	(298)	(1,570)	(91)	1,570	(763)	763	-
Revaluation of emission allowances	-	8,357	-	-	-	-	-	8,357	-	8,357
Operating profit (loss)	**54,349**	**26,026**	**1,534**	**4,789**	**34,614**	**2,212**	**(37,388)**	**86,136**	**(14,399)**	**71,737**
Finance income	47	60	3	170	4,232	26	(3,774)	764	-	764
Finance costs	(2,570)	(208)	(743)	(404)	(4,239)	(478)	3,581	(5,061)	-	(5,061)
Results of the revaluation and closing of derivative financial instruments	-	-	-	-	(244)	-		(244)	-	(244)
Profit (loss) before tax	**51,826**	**25,878**	**794**	**4,555**	**34,363**	**1,760**	**(37,581)**	**81,595**	**(14,399)**	**67,196**
Income tax expense	(3,875)	(4,461)	(68)	(12,133)	406	(812)	(458)	(2,866)	(10,016)	(7,150)
Net profit (loss)	**47,951**	**21,417**	**726**	**16,688**	**34,769**	**948**	**(38,039)**	**84,461**	**(24,415)**	**60,046**
Property, plant and equipment, intangible and right-of-use asset	**1,262,597**	**519,889**	**99,385**	**18,763**	**2,291**	**23,678**	**(13,756)**	**1,912,847**		
Investments	**113,738**	**3,346**	**28,641**	**226**	**-**	**3,281**	**-**	**149,232**		
Net debt	**453,073**	**(23,106)**	**28,232**	**27,194**	**628,067**	**50,818**	**(606,543)**	**557,735**		
Adjusted EBITDA*	**84,247**	**27,127**	**3,001**	**5,871**	**(4,865)**	**5,263**	**2,899**	**123,543**		
Management adjustments	21,349	(2,463)	-	(4,487)	-	-	-	14,399		
Impairment and write-offs of current and long-term amounts receivables, loans, goods and others	249	125	-	298	1,570	91	(1,570)	763		
Total EBITDA adjustments	21,598	(2,338)	-	(4,189)	1,570	91	(1,570)	15,162		
EBITDA**	**62,649**	**29,465**	**3,001**	**10,060**	**(6,435)**	**5,172**	**4,469**	**108,381**		

All amounts in thousands of euro unless otherwise stated

19 Business combinations

In accordance with Company's Board of Directors and Company's subsidiary Lietuvos Energija Renewables, UAB (hereinafter – Renewables) decisions, Renewables entered into share purchase agreement for 100% shares and shareholder's claim rights in Pomerania Invall Sp. z o. o. on 2 May 2019. Thereafter, the Company acquired indirect 100% shareholding in Pomerania Invall Sp. z o. o. because Company's subsidiary Renewables owns 100% of shares in Pomerania Invall Sp. z o. o., and the Company owns 100% of shares in Renewables. As at 30 June 2019, the ownership property right was fully owned by the Company's subsidiary Renewables. The total amount of the investment to Pomerania Invall Sp. z o. o. is EUR 20,737 thousand. The investment was fully paid as at 30 June 2019.

The Group applied the purchase method to account for these business combinations according to the provisions of IFRS 3. Under the latter method, the acquisition cost is measured as the sum of the fair values, at the date of exchange, of assets given, liabilities incurred and equity instruments issued in exchange for control of the business being acquired.

During business combination the Group established that the difference between the acquisition cost of the businesses and the fair value of the net assets acquired represents goodwill and/or one and/or several items of assets have probably been acquired.
The Group's management had not finalised the assessment of the initial accounting for business combinations as at 30 June 2019 as the period for the assessment of the business combination has not expired yet which will end when the necessary information about facts and circumstances that existed at the acquisition date will be obtained and which cannot be longer than one year after the acquisition date.

As at 30 June 2019, temporary values of assets and liabilities, the assessment of which was not completed, included as follows: fair value of net assets and value of assets and goodwill identified on business combination. During the assessment period the Group will recognise adjustments to the temporary values as if the accounting for business combination was completed at the acquisition date. Accordingly, the Group will review, if appropriate, comparative figures presented in the financial statements and also, if appropriate, will perform any changes in the impact of depreciation, amortisation or other income that were recognised in nearing the completion of the initial accounting.

On business combination, assets and liabilities of Pomerania Invall Sp. z o. o. were identified with the following fair values at the date of acquisition:

	Pomerania Invall Sp.z.o.o
Property, plant and equipment	5,672
Other non-current amounts receivable	1,461
Amount receivable within one year	84
Cash and cash equivalents	6
Borrowings, non-current liabilities	(7,202)
Current liabilities	(81)
Net assets	(60)
Goodwill arising on business combination	20,797
Purchase consideration paid	20,470
Expenses related to purchase	267
Net cash outflow on acquisition of subsidiaries:	
Cash paid to sellers of shares	(20,470)
Cash paid for expenses related to purchase	(267)
Cash paid for loans of the sellers of shares	(7,209)
Cash and cash equivalents at acquired company	6
Net cash flow	**(27,940)**

20 Events after the reporting period

The Company, according to Companies Green Bond Framework, is reporting the Investor's Letter. The Company is committed to report to its Green Bonds investors annually. These reports are audited by an independent auditor.

The Company hereby notifies that, with regard to the plans to change the trademarks, the Board of the Company has decided to amend the Articles of Association of Lietuvos Energija, UAB by changing therein the legal name to UAB Ignitis grupė. On 5 August, the Ministry of Finance of the Republic of Lithuania, which is the body implementing the rights of the shareholder of the Company, favoured the amendment to the Articles of Association.

There are also plans to make the following changes to the names of companies belonging to Lietuvos Energija, UAB group of companies (hereinafter – the Group): to change the name of Lietuvos Energijos Gamyba, AB to AB Ignitis gamyba, the name of UAB Lietuvos energija renewables to UAB Ignitis renewables and to change the name of UAB Lietuvos Energijos Tiekimas to UAB Ignitis.

UAB Geoterma, was declared bankrupted and was liquidated due to bankruptcy according to Bankruptcy Court of Klaipėda District Court on the 23 of August 2019 (hereinafter - the Order). The ruling came into effect on the 31 of August 2019. Klaipėda Regional Court approved the financial claim for an amount 124 750 Eur of Lietuvos Energijos Gamyba, AB (subsidiary of the Company) on the 17 of May 2019 by this resolution. The Group holds 23.44 percent. UAB Geoterma shares.

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