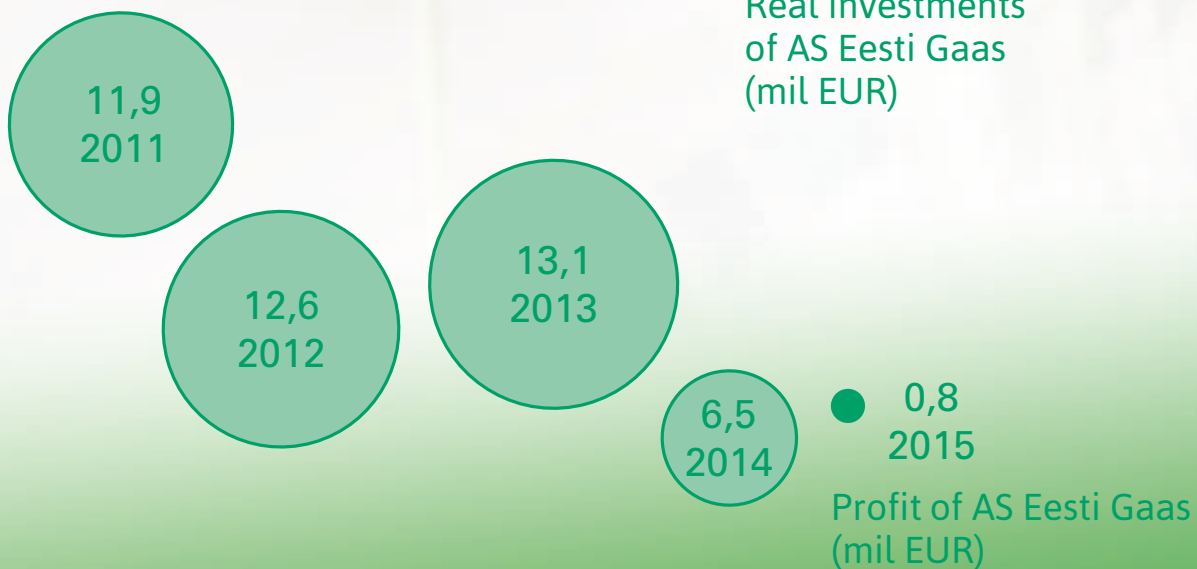
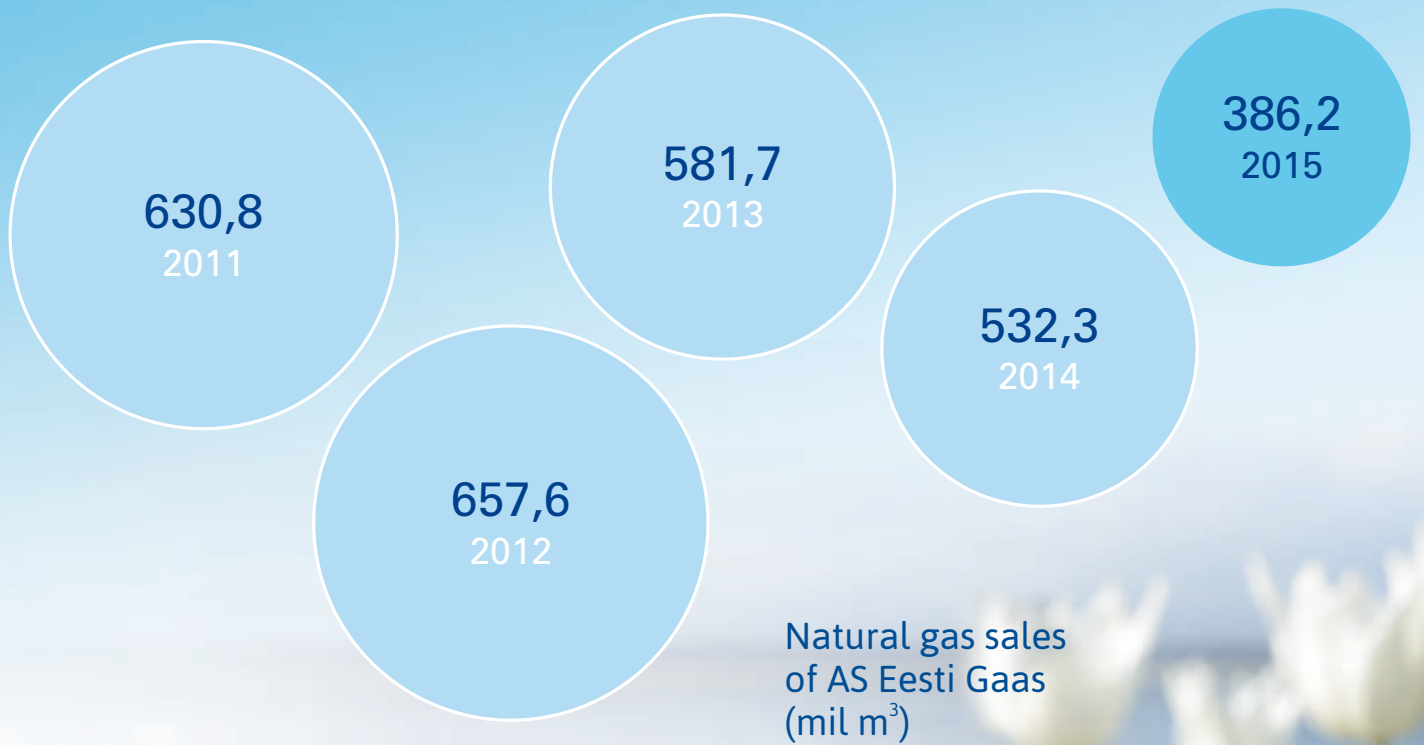


annual report 2015

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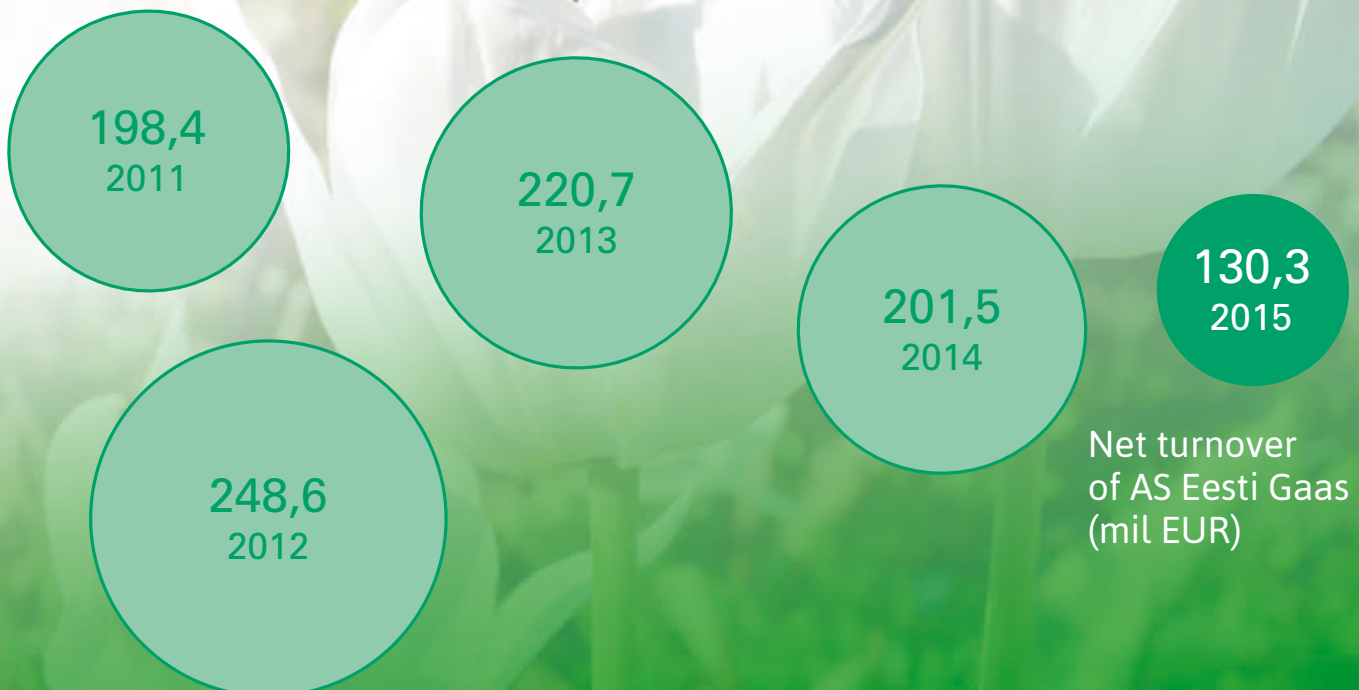




Electricity sales
of AS Eesti Gaas
(GWh)



Sale of compressed natural gas
in car filling stations
of AS Eesti Gaas (th m³)



Net turnover
of AS Eesti Gaas
(mil EUR)

AS Eesti Gaas

Activity Report of 2015

The 2015 fiscal year was marked by competition between AS Eesti Gaas and other importers of gas or, in other words, the year 2015 witnessed an actual gas-gas competition for the first time in Estonia. In 2015, other companies imported from Lithuania to Estonia 20% (95 million m³) of the total volume of gas consumed in Estonia and, consequently, AS Eesti Gaas imported 80%.

The volume of natural gas sales totalled 386.2 million m³, including 261.9 million m³ sold to eligible customers, 54.8 million m³ to residential customers and 66.1 million m³ to natural gas resellers, 2408 metric tons of compressed gas and 9.8 GWh of electricity (0.15% of the market) was sold to our customers in 2015.

AS Eesti Gaas had 42, 736 customers, including 41, 166 residential customers as of the end of 2015.

The sales income of the AS Eesti Gaas Group amounted to EUR 126.4 million in the 2015 fiscal year and the net loss was EUR 0.2 million.

The sales income of the parent company of the AS Eesti Gaas Group amounted to EUR 130.3 million in the 2015 fiscal year. The balance sheet total amounted to EUR 116.1 million as of December 31, 2015. Noncurrent assets amounted to EUR 61.9 million in total assets as of December 31, 2015 and increased by EUR 1.8 million during the financial year. Current assets amounted to EUR 54.2 million at the end of the fiscal year, increasing mainly due to the growth in the inventory by EUR 13.0 million if compared with the amount at the beginning of the year.

Cash at bank amounted to EUR 10.2 million as of December 31, 2015. Liabilities totalled EUR 56.7 million as of December 31, 2015, increasing by EUR 19.0 million in comparison with the amount at the beginning of the year.

The company's net profit of the 2015 fiscal year amounted to EUR 0.8 million, the net profit margin of sales was 0.6% and EBITDA – EUR 6.4 million.

Owners' equity amounted to EUR 59.5 million as of December 31, 2015.

AS Eesti Gaas employed 67 people as of the end of 2015.

Real investments made by the company totalled EUR 5.3 million in 2015, including EUR 2.4 million for the reconstruction and renovation of noncurrent assets and EUR 1.5 million for the construction of gas supply systems for new customers. Financial investments in the amount of EUR 1.5 million were used to increase the share capital of AS EG Ehitus.

In 2015, the AS Eesti Gaas Group had two subsidiaries: AS EG Ehitus and AS Gaasivõrgud.

The main fields of activity of the subsidiary AS Gaasivõrgud are selling natural gas distribution service through natural gas distribution network, maintenance, renovation and development of the distribution network, performing gas work and offering consulting and training services in this field. The company had 96 employees as of the end of 2015 and the sales income amounted to EUR 16.9 million.

The main fields of activity of the subsidiary AS EG Ehitus are the construction and renovation of gas networks, construction of heating systems, construction management and designing, replacement and maintenance of gas appliances. The company had 45 employees in December, 2015 and the sales income amounted to EUR 4.4 million. The analysis of the company's economic activity revealed that the accounts receivable of earlier years had to be written off and, therefore, it was necessary to increase the share capital of AS EG Ehitus by EUR 1.5 million in compliance with the requirement concerning the size of the owners' equity laid down in the Commercial Code.

The consolidated economic indicators of AS Eesti Gaas and its subsidiaries have been presented in the 2015 Annual Accounting Report and the unconsolidated main statements of the parent company have been included in the appendices thereto.

The main goal of AS Eesti Gaas in 2016 is to maintain the company's position as a major importer and seller on the natural gas market. We are planning to increase the compressed gas sales by setting up new filling stations and by increasing the capacity of the existing ones. We are also aimed at increasing our share on the electricity market. In the long term, we expect that most of our customers purchasing natural gas from the company would start buying electricity from AS Eesti Gaas and we are eager to render competitive service to new customers as well.

Consolidated Annual Accounting Report

Consolidated Balance Sheet

thousand EUR

	31.12.2015	31.12.2014	Appendix
ASSETS			
CURRENT ASSETS			
Cash at bank and in hand	11 148	9 641	2
Customer receivables			
Accounts receivable	16 249	32 218	
Allowance for uncollectible receivables (minus)	-1 180	-242	
Total customer receivables	15 069	31 976	3
Miscellaneous receivables	66	13	4
Prepaid expenses	82	119	5
Inventories	29 043	769	6
TOTAL CURRENT ASSETS	55 408	42 518	
NONCURRENT ASSETS			
Long-term receivables	18	0	
Long-term financial investments	58	58	7
Tangible assets			
Land and buildings (at cost)	85 999	82 404	
Machinery and equipment (at cost)	15 327	15 088	
Other tangible assets (at cost)	148	151	
Accumulated depreciation of noncurrent assets (minus)	-42 235	-38 759	
Construction-in-progress	46	208	
Total tangible assets	59 285	59 092	7
Intangible assets	1 361	1 166	7
TOTAL NONCURRENT ASSETS	60 722	60 316	
TOTAL ASSETS	116 130	102 834	

thousand EUR

	31.12.2015	31.12.2014	Appendix
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Loan commitments	45 000	3 000	10
Customer prepayments for goods and services	258	211	
Supplier payables	2 643	22 971	
Customer payables	25	76	
Tax liabilities	3 240	6 605	9
Accrued expenses (unpaid expenses of the fiscal period)			
Salary-related accrued expenses	704	666	
Other accrued expenses	800	0	
Total accrued expenses	1 504	666	
Short-term provisions	3 020	3 037	10
Other deferred income	181	761	
TOTAL CURRENT LIABILITIES	55 871	37 327	
NONCURRENT LIABILITIES			
Long-term provisions	676	765	10
TOTAL NONCURRENT LIABILITIES	676	765	
TOTAL LIABILITIES	56 547	38 092	
OWNERS' EQUITY			11
Share capital (nominal value)	9 919	9 919	
Share premium	4 857	4 857	
Reserves			
Legal reserve	992	992	
Other reserves	58	58	
Retained earnings	34 349	33 001	
Retained earnings from the revaluation of natural gas pipelines	9 607	10 404	
Profit for the fiscal year	-199	5 511	
TOTAL OWNERS' EQUITY	59 583	64 742	
TOTAL LIABILITIES AND OWNERS' EQUITY	116 130	102 834	

Consolidated Income Statement

thousand EUR

	2015	2014	Appendix
REVENUE			
Sales income	126 357	197 356	12
Other revenue	576	187	13
Total revenue	126 933	197 543	
EXPENSES			
Work performed by the undertaking for its own purpose and capitalised	-2 948	-2 493	
Goods, raw materials and services	113 726	178 042	14
Miscellaneous operating expenses	3 640	2 471	15
Staff costs			16
a) wages and salaries	5 048	5 340	
b) social security costs	1 674	1 760	
Depreciation and impairment of noncurrent assets	4 606	4 131	7
Other business expenses	86	94	17
Total expenses	125 832	189 345	
OPERATING PROFIT	1 101	8 198	
FINANCIAL INCOME AND EXPENSES			
a) interest expense	-48	-42	
b) other financial income and expenses	-12	-8	
Total financial income and expenses	-60	-50	
PROFIT FROM ECONOMIC OPERATIONS	1 041	8 148	
PROFIT BEFORE TAXES	1 041	8 148	
Income tax	1 240	2 637	
NET PROFIT FOR THE FINANCIAL YEAR	-199	5 511	

Consolidated Cash Flow Statement

thousand EUR

	2015	2014	Appendix
CASH FLOWS FROM OPERATIONS			
Net profit of the fiscal year	1 101	8 198	
Value adjustments			
Depreciation and impairment of noncurrent assets	4 606	4 131	7
Profit (-), loss from the sale of noncurrent assets	-51	-81	
Loss from the write-off of noncurrent assets	3	1	
Nonmonetary adjustment for EGV demerger	0	-1 752	
Land acquired to compensate for damage	-250	0	13
Discount of inventory	1 472	0	6
Formation and adjustment of provisions	-106	3 031	10
Change in business-related receivables	16 873	-4 919	
Change in inventory	-29 746	35 204	
Change in business-related liabilities	-23 424	-29 483	
Interests received	2	6	
Paid corporate income tax	-1 240	-2 637	
Total cash flows from operations	-30 760	11 699	
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of noncurrent assets	-5 471	-7 950	
Connection fees received	697	675	
Sale of noncurrent assets	52	2 406	
Total cash flows from investing activities	-4 722	-4 869	
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans	71 500	38 500	10
Redeemed loans	-29 500	-35 500	10
Paid interests	-51	-56	
Paid dividends	-4 960	-9 919	
Total cash flows from financing activities	36 989	-6 975	
TOTAL CASH FLOWS			
	1 507	-145	
Cash and its equivalents at the beginning of the fiscal period	9 641	9 786	
Change in cash and its equivalents	1 507	-145	
Cash and its equivalents at the end of the fiscal period	11 148	9 641	

Consolidated Statement of Changes In Owners' Equity

thousand EUR

	Share capital	Share premium	Legal reserve capital	Other reserves	Retained earnings	Retained earnings from the revaluation of noncurrent assets	Total
Balance 31.12.2013	9 919	4 857	992	58	71 752	36 424	124 002
Net profit of the fiscal period	-	-	-	-	5 511	-	5 511
Announced dividends	-	-	-	-	-9 919	-	-9 919
Demerger of AS EG Võrguteenus from AS Eesti Gaas Group	-	-	-	-	-31 081	-23 771	-54 852
Adjustment of the retained earnings from the revaluation of noncurrent assets	-	-	-	-	+2 249	-2 249	-
Balance 31.12.2014	9 919	4 857	992	58	38 512	10 404	64 742
Net profit of the fiscal period	-	-	-	-	-199	-	-199
Announced dividends	-	-	-	-	-4 960	-	-4 960
Adjustment of the retained earnings from the revaluation of noncurrent assets	-	-	-	-	+797	-797	-
Balance 31.12.2015	9 919	4 857	992	58	34 150	9 607	59 583

Reduction of the owners' equity in 2014 due to the demerger of AS EG Võrguteenus from the AS Eesti Gaas Group is recorded in Appendix 21.

Appendix 1. Accounting Methods and Compiling Principles

The 2015 Consolidated Annual Accounting Report of AS Eesti Gaas has been compiled in compliance with the accounting principles generally accepted in the Republic of Estonia, based on internationally accepted accounting and reporting principles. The main requirements for generally accepted accounting principles are laid down in the Accounting Act of the Republic of Estonia and supplemented by the regulations issued by the Estonian Accounting Standards Board.

The Consolidated Income Statement of AS Eesti Gaas has been compiled on the basis of the Income Statement Format 1 in Appendix 2 of the Accounting Act of the Republic of Estonia.

The Consolidated Annual Accounting Report is compiled in euros, using thousand as a unit.

AS Eesti Gaas and its subsidiaries form the AS Eesti Gaas Group. The consolidated performance indicators of AS Eesti Gaas and its subsidiaries have been presented in the Annual Accounting Report in compliance with the provisions of the Accounting Act of the Republic of Estonia. The unconsolidated main statements of the parent company have been included in the appendices to the Report (See Appendix 19).

Change in accounting principles

AS Eesti Gaas changed the accounting principles of connection fees in the present consolidated annual accounting report. In the past, connection fees were recorded as income on the balance sheet immediately after the connection service had been provided (i.e., the construction of the noncurrent assets necessary for the connection had been completed), connection fees had been paid and there was no real risk of repayment of the connection fees. In accordance with the new accounting principles, the acquisition cost of noncurrent assets shall be reduced by the amount of connection fees received. The Board of Directors holds a view that the new accounting principle would reflect the financial situation and economic result of the Group more objectively since the carrying amount of the Group's noncurrent assets used for providing natural gas distribution services is closer to the regulatory asset base value applied when determining the price of the natural gas distribution service.

Due to the write-down of noncurrent assets in the 2014 annual report, which was recorded retroactively, the changed accounting principles shall not affect the carrying amount of noncurrent assets in the current period and in the reference period. The adjustments made in the reference period due to the changed accounting principles are presented in the table below:

	thousand EUR		
Balance Sheet item	31.12.2014	31.12.2014 adjustment	31.12.2014 adjusted
Land and buildings (at cost)	93 153	-10 749	82 404
Accumulated depreciation of noncurrent assets	-49 508	10 749	-38 759

Recording consolidations

All consolidations between independent parties are recorded using the purchase method. The assets and liabilities or the net assets acquired in the course of a consolidation are registered in the accounting documents at their fair value.

Consolidation principles

A subsidiary is a company which is controlled by its parent company. A subsidiary is considered to be controlled in case its parent company owns either directly or through its subsidiary over 50% of the votes or share capital of the subsidiary, in case the parent company controls the financial and operating policies of the subsidiary under a contract or an agreement, or in case the parent company has the right to appoint or to recall a majority of the members of the management or of the highest directing body.

The financial indicators of the companies belonging to the Group have been consolidated using the line-by-line method. Transactions between the companies belonging to the Group, the unrealised profits and losses resulting from these transactions as well as mutual receivables and liabilities have been fully eliminated. These accounting principles were also applied to record the financial indicators of the parent company and subsidiaries in the Consolidated Annual Accounting Report.

Cash and cash equivalents

Cash and cash equivalents include short-term (in general, up to 3 months) investments of high liquidity which can be converted into a definite amount of cash and have no significant risk of a change in their market value (e.g., cash in hand and at banks and bank deposits).

The cash flow statement records cash flows from business by indirect method, i.e. while determining the cash flows from business, the operating profit has been adjusted by eliminating the influence of non-monetary transactions as well as the balance changes in business-related receivables and liabilities.

Cash flows from investment and financing activity are recorded by direct method.

Customer receivables

Customer receivables are recorded on the balance sheet at adjusted acquisition cost. Accounts receivable are evaluated on the balance sheet on the basis of the sums likely to be received. Liability discount is based on the failure to meet the deadlines, bankruptcy of the debtor or significant solvency problems. Each case is viewed separately while evaluating the accounts receivable, considering the available information on the customer's solvency. Doubtful customer receivables are included in the expenses of the fiscal period and are recorded on the balance sheet with a minus sign under "Allowance for uncollectible receivables".

Liabilities, which have earlier been recorded as expenses, but are collected during the fiscal period, are recorded as an adjusted sum of doubtful receivables and as a reduction of expenses in the income statement of the fiscal period. Uncollectible accounts receivable have been recorded off the balance sheet.

Inventories

Inventories are recorded at acquisition cost, which consists of the purchase price, other irredeemable taxes and acquisition-related direct expenses.

The average acquisition cost method is used upon recording the materials, goods and spare parts under expenses and upon calculation of their book value.

The gas reserve is recorded as expenses using the FIFO method both in case of gas purchased into and sold from storage.

Inventories are evaluated on the balance sheet on the basis of the lower cost, either the acquisition cost or the net realisation value. The discount amount is recorded under "Goods, raw materials and services" in the income statement.

Long-term financial investments

Securities purchased for a longer period than one year are recorded as long-term financial investments. Long-term financial investments are recorded on the balance sheet using the acquisition cost method. Loss from depreciation is recorded in the income statement of the fiscal period.

Investments in subsidiaries are also recorded in the unconsolidated main statements of the parent company using the acquisition cost method (see Appendix 19).

Noncurrent assets

Noncurrent assets are the assets with a useful life exceeding one year and the value exceeding EUR 700, except for gas meters and correctors, which are considered to be noncurrent assets regardless of their cost. Assets of lower acquisition cost or shorter useful life shall be recorded as expense at the time of their operation and off-balance accounting is kept over them.

Noncurrent assets are recorded on the balance sheet so that accumulated depreciation and discounts related to depreciation are deducted from the acquisition cost. The acquisition cost of noncurrent assets, primarily those used for providing a distribution service, shall be reduced by the amount of connection fees after receiving the connection fees and after the noncurrent asset is ready for operation. The connection fees from new customers received after the completion of the construction of the noncurrent asset are recorded as reduction of the acquisition cost.

The acquisition cost of noncurrent assets consists of the assets' value and the expenditure on their operation. Expenses on capitalized production shall be capitalized at acquisition cost, which consists of actual manufacturing expenses entered into expenditure.

In case the noncurrent asset facility consists of different important components, which have different useful lives, those components shall be registered in accounting documents as separate asset facilities. Separate depreciation rates shall be fixed to them according to the useful life of the components.

Noncurrent assets are amortized on a straight-line basis, considering their useful life. The following useful life rates have been fixed to the noncurrent asset groups:

Noncurrent asset group	Useful life
Land	not depreciated
Buildings and constructions	120 - 600 months
Machinery and equipment	40 - 180 months
Transportation vehicles	48 - 60 months
Inventory	40 - 60 months
Intangible assets	60 months

The depreciation rates of noncurrent assets are reviewed upon circumstances, which may significantly change the useful life of the noncurrent asset or noncurrent asset group. The influence of the assessment amendments shall be recorded in the fiscal period and the following periods.

Later improvement costs of noncurrent asset facilities shall be added to the facility's acquisition cost in case they correspond to the notion of noncurrent assets and satisfy the criteria for recording these on the balance sheet. Routine maintenance and repair expenses shall be recorded in the expenses of the fiscal period.

Income or loss from the sale of noncurrent assets shall be recorded in the income statement under "Other revenue" or "Other business expenses", respectively.

Income or loss from the sale of noncurrent assets shall be recorded in the income statement under "Other revenue" or "Other business expenses", respectively.

The value of noncurrent asset facilities is critically assessed by the management of the company on each balance day to detect any sign of depreciation. In case of doubts indicating the depreciation of a noncurrent asset facility below its carrying amount, a test of the recoverable amount of the asset facility is performed. The recoverable value equals the higher of the two indicators, i.e. either the fair value of the noncurrent asset facility (minus sales-related expenses) or the use value calculated on the basis of discounted cash flows. Noncurrent asset facilities are depreciated to their recoverable amount if the testing results reveal that their recoverable amount is less than their carrying amount. In case the value of a definite noncurrent asset facility cannot be tested, the recoverable amount is calculated for the smallest group of assets (money-generating unit) to which this particular noncurrent asset facility belongs. Devaluations of assets are recorded as expense of the fiscal period.

If the results of the recoverable amount test of an earlier discounted asset facility reveal that the recoverable amount has exceeded the carrying amount, the earlier discount shall be cancelled and the carrying amount of the asset facility shall be increased. The upper limit is the carrying amount of the asset facility, which would have been formed considering normal depreciation in these years.

Rent accounting

Financial lease is a rental relationship, upon which all significant ownership-related risks and benefits are carried over to the lessee. Other rental transactions are recorded as operating lease.

Company as a lessor

Assets, rented under financial lease conditions, are recorded on the balance sheet as receivables in the amount of the net investment in financial lease. Financial lease instalments receivable are divided into financial lease main instalments and financial income. Financial income is recorded during the rental period.

Assets, rented out under operating lease conditions, are recorded on the balance sheet analogously to the recording of other assets of the company. Operating lease instalments are recorded as income during the rental period.

Company as a lessee

Noncurrent assets, rented under financial lease conditions, are recorded on the balance sheet when the lease enters into force in the sum of noncurrent asset and commitment asset fair value. Rental instalments paid to the lessor are divided into reimbursements of the main part and financial expense. Financial expenses are recorded during the rental period. According to the conditions of financial lease, rented noncurrent assets are depreciated using the same depreciation principles as valid for the same type of assets procured by the company.

Operating lease instalments are recorded linearly as expense during the rental period.

Financial liabilities

All financial liabilities, such as supplier payables, loans, accrued expenses and other current and noncurrent liabilities, are recorded on the balance sheet using the acquisition cost method, which also includes all acquisition-related direct expenses. Later recordings are based on adjusted acquisition cost method.

Liabilities are divided into current and noncurrent liabilities. The adjusted acquisition cost of current financial liabilities is, in general, equal to their nominal value and, therefore, current liabilities are recorded on the balance sheet as amounts payable. Calculation of the noncurrent financial liabilities starts with registration of these liabilities on the balance sheet at fair value of the payment received minus transaction costs and in subsequent periods interest expense on liabilities is calculated using the internal interest rate method. Liabilities with a maturity date of more than one year are regarded as noncurrent liabilities. All the remaining liabilities are current liabilities.

Provisions and conditional liabilities

The company shall form provisions in case it has a legal or operation-related liability before the balance day, the realisation of the provision is likely and the amount of the liability can be reliably assessed. The amount of the provision and determination of its realisation time shall be based on the management's evaluations. Long-term provisions are recorded on the balance sheet in the sum of the present value of provision-related discounted disbursements in case of significant discounting influence. Discounting is based on the interest rate of similar liabilities in the market.

Expenses of provision realisation are evaluated as of every balance day.

Conditional liabilities are the liabilities, the realisation probability of which is under 50% or the amount of which cannot be reliably evaluated. Records of conditional liabilities are kept off-balance.

Corporate income tax

According to the present income tax law, a tax is imposed on the dividends at the rate of 20/80 from the sum paid out as net-dividend. The corporate income tax, accompanying the dividend payment, is recorded as a liability and income tax expense at the time of the dividend announcement.

The possible income tax liability amount related to dividend payment is included in Appendix 11.

Income calculation

Income from the sale of goods shall be recorded in case all significant ownership-related risks have been transferred to the purchaser and the sales income as well as the transaction-related expenses can be reliably determined.

Income from the sale of services is recorded on the basis of the rate-of-completion method, i.e. the income and profit from the service rendering shall be recorded proportionally in the same periods as the expenses related to the service. In case of building contracts, rate of completion is determined by dividing the actual costs related to providing the service by total budgetary costs. In case of projects in which by the balance day the amounts of invoices issued to the customer for contractual work exceed the income share corresponding to the expenses of the project the difference is recorded as a liability on the balance sheet under "Customer payables". On the other hand, in case the amounts of invoices issued to the customer for contractual work are smaller than the income share corresponding to the expenses of the project, the difference is recorded as a receivable on the balance sheet under "Amounts due from customers". In case the total expenses arising from the rendering of services exceed the income from the rendering of services, the anticipated loss shall be recorded in full and immediately in the income statement of the financial period.

Interest earned on the residual funds is recorded as interest income upon receipt.

Income and expense accounting is based on the accrual accounting principle and the matching principle of income and expenses. Interest on arrears is recorded on cash basis as an exception, as their receipts are uncertain.

Transactions based on foreign currency

Transactions in foreign currency shall be recorded in bookkeeping in euros at the exchange rate of the European Central Bank on the transaction day. The monetary assets and liabilities, recorded in foreign currency as of 31.12.2015, have been re-evaluated into euros at the exchange rates fixed by the European Central Bank on the balance day. Profits and losses from the transactions in foreign currency are recorded in the income statement as the income and expense of the period.

Related parties

AS Eesti Gaas treats enterprises or persons or close family members of such persons as related parties provided that one or several of the following conditions are fulfilled:

- the enterprise and AS Eesti Gaas are jointly controlled, the enterprise has control over or significant influence on AS Eesti Gaas, the enterprise is controlled by or is under significant influence of AS Eesti Gaas;
- the enterprises over which a member of the management of AS Eesti Gaas (or their close family members) has control or significant influence;
- the enterprises in the management of which are persons (or their close family members) who have control over or significant influence on AS Eesti Gaas;
- the persons (or their close family members) who are either members of the management of AS Eesti Gaas Group or of the parent company or have control over or significant influence on AS Eesti Gaas.

Events following the balance day

The Annual Accounting Report includes important circumstances influencing the assessment of assets and liabilities, which occurred in the period between the balance date of December 31, 2015 and the date of compiling the report, but which are related to the transactions taken place in the accounting period or earlier periods. The reflection of the events after the balance day, but before the adoption of the report depends on whether it is a corrective or non-corrective event.

Corrective event following the balance day confirms the circumstances existing on the balance day and its influence shall be reflected on the balance sheet and in the income statement of the fiscal year.

Non-corrective event following the balance day does not provide evidence of the circumstances existing on the balance day and in case of the occurrence of non-corrective events, they shall be included in the appendices to the annual report.

Appendix 2. Cash and Bank

	thousand EUR	
	31.12.2015	31.12.2014
Cash in hand	8	11
Clearing accounts	4 790	697
Deposits	6 350	8 933
TOTAL CASH AND BANK	11 148	9 641

Appendix 3. Customer Receivables

	thousand EUR	
	31.12.2015	31.12.2014
Accounts receivable for natural gas	14 777	30 599
Other accounts receivable	1 364	1 320
Amounts due from customers	108	299
Doubtful receivables	-1 180	-242
TOTAL CUSTOMER RECEIVABLES	15 069	31 976
DOUBTFUL RECEIVABLES AS OF 31.12.2013		-450
In the period of 01.01.2014 – 31.12.2014:		
Doubtful receivables		223
Doubtful receivables written off additionally		-74
Collected earlier doubtful accounts		59
DOUBTFUL RECEIVABLES AS OF 31.12.2014		-242
In the period of 01.01.2015 – 31.12.2015:		
Doubtful receivables		36
Doubtful receivables written off additionally		1 017
Collected earlier doubtful accounts		43
DOUBTFUL RECEIVABLES AS OF 31.12.2015		-1 180

Appendix 4. Other Receivables

	thousand EUR	
	31.12.2015	31.12.2014
Short-term receivables (guarantees)	62	1
Loans to employees	4	12
TOTAL OTHER RECEIVABLES	66	13

Appendix 5. Prepaid Expenses

	thousand EUR	
	31.12.2015	31.12.2014
Rent prepayment	0	54
Prepayment for IT services	48	38
Prepaid insurance expenses	18	23
Other prepaid expenses	16	4
TOTAL PREPAID EXPENSES	82	119

Appendix 6. Inventories

	thousand EUR	
	31.12.2015	31.12.2014
Natural gas reserve at the storage in Latvia	28 134	0
Materials and spare parts of the gas network	496	154
Other goods and materials	413	615
TOTAL INVENTORIES	29 043	769

The total natural gas reserve, which is recorded on the balance sheet under "Inventories", is stored in the Latvian natural gas storage and deposited into the storage with liability to AS Latvijas Gaze. The write-down of the natural gas reserve to the forecasted net realisable value in the amount of EUR 1,400 thousand was made in the financial year. Illiquid and physically and morally depreciated materials were written down in the amount of EUR 72 thousand in the financial year. No write-downs or write-offs were made in 2014.

Appendix 7. Noncurrent Assets

thousand EUR

TANGIBLE ASSETS

	Land and buildings	Facilities	Machinery and equipment	Other	Total
ACQUISITION COST					
Acquisition cost as of 31.12.2014	4 925	77 479	15 088	151	97 643
Acquisitions and improvements	289	3 331	975	1	4 596
Reclassifications	0	-25	25	0	0
Sales and write-offs	0	0	-761	-4	-765
Acquisition cost as of 31.12.2015	5 214	80 785	15 327	148	101 474
ACCUMULATED DEPRECIATION					
Accumulated depreciation as of 31.12.2014	1 878	25 386	11 344	151	38 759
Depreciation in the fiscal period	126	3 208	902	1	4 237
Reclassifications	0	-8	8	0	0
Sales and write-offs	0	0	-757	-4	-761
Accumulated depreciation as of 31.12.2015	2 004	28 586	11 497	148	42 235
CONSTRUCTION AND RECONSTRUCTION IN PROGRESS					
Balance as of 31.12.2014	21	162	25	0	208
Construction and repairs	48	3 866	816	0	4 730
Completed construction and repairs	-39	-4 027	-826	0	-4 892
Balance as of 31.12.2015	30	1	15	0	46
RESIDUAL VALUE					
Residual value as of 31.12.2014	3 068	52 255	3 769	0	59 092
Residual value as of 31.12.2015	3 240	52 200	3 845	0	59 285

Appendix 8. Financial and Operating Lease

Company as a lessee

The company has rented under the operating lease conditions transportation vehicles and equipment. Rent expenses amounted to EUR 318 thousand in 2015 (EUR 394 thousand in 2014). Rental payments are paid monthly.

Company as a lessor

Rental income from the partial lease of the buildings belonging to AS Eesti Gaas under the operating lease conditions amounted to EUR 128 thousand in the 2015 fiscal year (EUR 151 thousand in 2014). According to the management's assessments, the rental income in future years is anticipated to remain in the same limits as in 2015.

thousand EUR

INTANGIBLE ASSETS

IT systems, PC software, development expenses

ACQUISITION COST

Acquisition cost as of 31.12.2014	3 795
Acquisitions	564
Sales and write-offs	-41
Acquisition cost as of 31.12.2015	4 318

ACCUMULATED DEPRECIATION

Accumulated depreciation as of 31.12.2014	2 629
Depreciation in the fiscal period	369
Sales and write-offs	-41
Accumulated depreciation as of 31.12.2015	2 957

RESIDUAL VALUE

Residual value as of 31.12.2014	1 166
Residual value as of 31.12.2015	1 361

Other shares and securities

Twelve shares of the Rocca al Mare Suurhall AS for the value of EUR 58 thousand are recorded on the balance sheet of the financial year and of earlier years under "Long-time financial investments".

Appendix 9. Debt Obligations

thousand EUR

	31.12.2015	31.12.2014
Value added tax	1 963	5 279
Natural gas excise duty	945	1 062
Personal income tax	112	89
Social tax	199	155
Unemployment insurance premium	10	10
Funded pension premium	7	7
Income tax on fringe benefits	4	3
TOTAL DEBT OBLIGATIONS	3 240	6 605

Appendix 10. Loan Commitments and Provisions

thousand EUR

BANK LOANS

Underlying currency	Due date of payment	Balance 31.12.2013	Loan received	Loan repaid	Balance 31.12.2014
SEB Bank, revolving credit line loan, financing of current assets					
EUR	06.12.16	0	8 500	5 500	3 000
SEB Bank, storing natural gas into the Latvian storage					
EUR	30.09.14	0	30 000	30 000	0
TOTAL 2014		0	38 500	35 500	3 000
		Balance 31.12.2014			Balance 31.12.2015
SEB Bank, revolving credit line loan, financing of current assets					
EUR	06.12.16	3 000	3 000	6 000	0
SEB Bank, storing natural gas into the Latvian storage					
EUR	27.12.15	0	23 500	23 500	0
EUR	28.09.16	0	45 000	0	45 000
TOTAL 2015		3 000	71 500	29 500	45 000

The annual interest rate of loans is equal to 0.29-0.47%.

In the 2015 financial year two loan agreements were concluded with AS SEB Bank to finance the purchasing of natural gas into the Latvian storage and one of the loans was repaid on time.

thousand EUR

SHORT-TERM AND LONG-TERM PROVISIONS

	Balance 31.12.2014	Increasing the provision	Using the provision	Balance 31.12.2015
Short-term provisions				
Provision for pension	31	30	-31	30
Provision for guarantee	6	0	-1	5
Provision to cover the loss on gas sales	3 000	2 985	-3 000	2 985
TOTAL SHORT-TERM PROVISIONS	3 037	3 015	-3 032	3 020
Long-term provisions				
Provision for pension	122	0	0	122
Provision for guarantee	0	50	0	50
Provision for dismissal of members of the Board of Directors	643	-132	-7	504
TOTAL LONG-TERM PROVISIONS	765	-82	-7	676
TOTAL PROVISIONS	3 802	2 933	-3 039	3 696

Short-term provisions related to provision for pension recorded on the balance sheet as of December 31, 2015 and December 31, 2014 are formed of pension liabilities payable in 2016 and paid in 2015. Provision for guarantee is formed to cover potential guarantee expenses arising from construction contracts. A short-term provision formed in 2014 to cover the potential loss on gas sales was realized as of the end of 2015 and taken into use to diminish the natural gas purchase expenses.

AS Eesti Gaas did not purchase 91 million m³ of natural gas due to be purchased under the gas import agreement valid until 31.12.2015. Since the purchase price of such volume of natural gas would have been higher than the selling price of the same volume of natural gas when reselling it, AS Eesti Gaas formed a provision in the amount of EUR 2, 985 thousand as of 31.12.2015 to cover the loss arising from the terms of the agreement. The size of the provision was determined proceeding from the anticipated natural gas purchase and selling prices on the basis of the futures prices on the liquid fuels market. On January 29, 2016, AS Eesti Gaas concluded a new gas import agreement with PAO Gazprom (see Appendix 22) as a result of which the obligation of purchasing 91 million m³ of natural gas was annulled. As the provision had been formed to cover the loss when reselling the given volume of natural gas, AS Eesti Gaas annulled the provision in January, 2016.

Long-term provisions include pension liabilities and dismissal compensations for members of the Board of Directors pursuant to the valid terms and conditions of the contracts. Long-term provisions are recorded at undiscounted value due to a negligible influence of discounting.

Appendix 11. Owners' Equity

Share capital

In compliance with its Articles of Association the share capital of AS Eesti Gaas amounts to EUR 9, 919 thousand, divided into 4, 338, 544 nominal shares, which have been issued. The company has two types of shares: A- and B-type registered shares, whereas the total sum of the nominal values of B-type shares shall not exceed 28% of the share capital.

The number of A-type shares is 721, 843 and the nominal value of each share is EUR 10. Each share grants one hundred votes to its owner at the general meeting of shareholders. In case of the dispossession of shares, other A-type shareholders have the preemptive purchase right.

The number of B-type shares is 27, 006, 565 and the nominal value of each share is EUR 0.1. Each share grants one vote to its owner at the general meeting of shareholders. B-type shares are freely tradable.

The share registry is kept electronically at the Central Depository of Securities.

The total amount of the share capital of EUR 9, 919 thousand includes, both, as of the beginning of the year and the end of the year:

- A-type shares in the amount of EUR 7, 218 thousand, which totals 72.77% of the company's share capital;
- B-type shares in the amount of EUR 2, 701 thousand, which totals 27.23% of the company's share capital.

Legal reserve capital

A legal reserve capital is formed in compliance with the requirements specified in the Commercial Code of the Republic of Estonia. The size of the reserve capital is foreseen in the Articles of Association and it cannot be smaller than 1/10 of the share capital.

The legal reserve capital amounts to EUR 992 thousand, both, at the beginning of the fiscal year and as of 31.12.2015, i.e. 1/10 of the share capital. No provisions from net profit were transferred into the legal reserve capital in the fiscal year.

Profit distribution

Disregarding the amount on the balance sheet under "Retained earnings from the revaluation of noncurrent assets", the owners would have a tax liability of EUR 6, 830 thousand upon announcing the maximum amount of dividends to be paid.

Retained earnings from the revaluation of noncurrent assets

A revaluation of the natural gas pipelines, acquired in 1995 or earlier, was performed as of 31.12.2004, and the results of the revaluation were recorded on the balance sheet under "Retained earnings from the revaluation of noncurrent assets". Due to the complete removal of the transmission and transit network from the balance sheet of AS Eesti Gaas in 2014 the entry for the retained earnings from the revaluation of noncurrent assets was recorded under "Retained earnings" in the amount of EUR 1, 451 thousand for all revaluated assets of the transmission network and in the amount of EUR 798 thousand for the assets of the distribution network, a total of EUR 2, 249 thousand. An entry related to the assets of the distribution network in the amount of EUR 797 thousand was recorded in compliance with the profit distribution proposal in 2015. These amounts reflect the difference between the depreciation based on the carrying cost of the revaluated natural gas pipelines as of 31.12.2004 and the depreciation based on their initial acquisition cost before the revaluation was performed.

Appendix 12. Sales Income

	thousand EUR	
	2015	2014
Gas sales	105 795	175 085
Sale of gas network service	15 725	16 303
Sale of construction service	2 060	2 443
Sale of compressed gas	1 540	858
Sale of electricity	339	402
Sale of gas appliances and other goods	211	217
Other services	687	2 048
TOTAL	126 357	197 356

100% of the sales income was earned in the Republic of Estonia (99.46% in 2014).

Appendix 13. Other Revenue

	thousand EUR	
	2015	2014
Fines and penalties	5	11
Income from the sale of noncurrent assets	51	81
Other revenue	520	95
TOTAL	576	187

Appendix 14. Goods, Raw Materials and Services

	thousand EUR	
	2015	2014
Natural gas	100 948	165 444
Other goods, materials and services	11 761	11 767
Fuels and energy	1 017	831
TOTAL	113 726	178 042

Appendix 15. Other Operating Expenses

	thousand EUR	
	2015	2014
Advertising expenses	119	118
Office and communication expenses	309	337
Taxes and fees	116	108
Business-related travel and training expenses	100	171
Repair, security and maintenance expenses of the buildings	529	530
Transport maintenance and transportation service expenses	63	78
Insurance expenses	61	61
Loan expenses and bank transaction fees	92	51
IT-related services	398	366
Audit, legal and counselling services	378	234
Expenses of doubtful receivables	977	16
Other expenses	498	401
TOTAL	3 640	2 471

Appendix 16. Staff Costs

	thousand EUR	
	2015	2014
Wages and salaries	5 048	5 340
Social security costs	1 674	1 760
TOTAL STAFF COSTS	6 722	7 100
Average number of employees	222	233

Appendix 17. Other Business Expenses

	thousand EUR	
	2015	2014
Loss from the sale and liquidation of noncurrent assets	3	0
Paid membership fees and donations	56	68
Other expenses	27	26
TOTAL	86	94

Appendix 18. Transactions with Related Parties

Although AS EG Võrguteenus demerged from the AS Eesti Gaas Group on January 02, 2014, it could still be regarded as a related party since it was under the control of the owners of AS Eesti Gaas in 2014. Therefore, the present appendix includes transactions of AS Eesti Gaas and its subsidiaries with AS EG Võrguteenus in 2014. On January 02, 2015 AS EG Võrguteenus emerged from the control of the owners of AS Eesti Gaas and therefore it is not considered a related party by AS Eesti Gaas anymore.

E.ON Ruhrgas International GmbH transferred all its shares to Fortum Heat and Gas OY in 2014. AS Eesti Gaas did not regard E.ON Ruhrgas International GmbH as a related party in the 2015 fiscal year and, as a result, transactions between these companies are not included in the present appendix.

The following transactions were performed with the related parties in the fiscal year:

thousand EUR					
Purchase transactions	Content	2015	2014	Balance 31.12.2015	Balance 31.12.2014
OAo Gazprom	Natural gas	120 636	126 651	794	21 362
AS EG Võrguteenus	Service	0	7 937	0	1 237
	Material	0	13	0	0
TOTAL		120 636	134 601	794	22 599
Sales transactions	Content	2015	2014	Balance 31.12.2015	Balance 31.12.2014
OAo Gazprom	Service	890	1 052	0	41
E.ON Ruhrgas International AG	Service	0	9	0	1
AS EG Võrguteenus	Noncurrent assets	0	2 300	0	-
	Service	0	1 105	0	13
	Natural gas	0	196	0	21
TOTAL		890	4 662	0	76

Transactions related to purchasing natural gas from OAo Gazprom are recorded under "Inventories" (Appendix 6) on the consolidated balance sheet and under "Goods, Raw Materials and Services" (Appendix 14) in the income statement. Services and material purchased from EG Võrguteenus are recorded under "Goods, Raw Materials and Services" (Appendix 14) and under "Other Operating Expenses" (Appendix 15) in the income statement.

Sales transactions rendered to OAo Gazprom constitute natural gas transit service mediation and are recorded in the net amount in the income statement.

The calculated remunerations of the members of the Board of Directors and the Supervisory Board amounted to EUR 710 thousand in the fiscal year (EUR 916 thousand in 2014) and the balance totalled EUR 34 thousand as of 31.12.2015 (EUR 45 thousand as of 31.12.2014).

Appendix 19. Unconsolidated Main Statement of the Parent Company

Unconsolidated Balance Sheet of the Parent Company

thousand EUR

ASSETS	31.12.2015	31.12.2014
CURRENT ASSETS		
Cash at bank and in hand	10 176	8 990
Customer receivables	14 690	30 498
Receivables from companies belonging to the consolidation group	1 230	1 633
Other short-terms receivables	1	7
Prepaid/refundable deferred expenses	10	45
Inventories	28 134	0
TOTAL CURRENT ASSETS	54 241	41 173
NONCURRENT ASSETS		
Long-term financial investments	2 222	723
Tangible assets	58 327	58 202
Intangible assets	1 346	1 146
TOTAL NONCURRENT ASSETS	61 895	60 071
TOTAL ASSETS	116 136	101 244
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Debt obligations	45 000	3 000
Customer prepayments for goods and services	234	208
Supplier payables	1 311	21 624
Payables to companies belonging to the consolidation group	3 546	3 269
Tax liabilities	1 908	4 853
Accrued expenses	1 058	362
Short-term provisions	3 015	3 031
Other deferred income	181	761
TOTAL CURRENT LIABILITIES	56 253	37 108
NONCURRENT LIABILITIES		
Long-term provisions	426	553
TOTAL NONCURRENT LIABILITIES	426	553
TOTAL LIABILITIES	56 679	37 661
OWNERS' EQUITY		
Share capital (nominal value)	9 919	9 919
Share premium	4 857	4 857
Reserves	1 050	1 050
Retained earnings	33 190	30 838
Retained earnings from the revaluation of noncurrent assets	9 607	10 404
Net profit for the financial year	834	6 515
TOTAL OWNERS' EQUITY	59 457	63 583
TOTAL LIABILITIES AND OWNERS' EQUITY	116 136	101 244

Unconsolidated Income Statement of the Parent Company

thousand EUR

	2015	2014
REVENUE		
Sales income	130 338	201 519
Other revenue	57	179
Total revenue	130 395	201 698
EXPENSES		
Goods, raw materials and services	118 730	183 138
Miscellaneous operating expenses	2 026	1 962
Staff costs		
a) wages and salaries	2 395	2 711
b) social security taxes	789	883
Depreciation and impairment of noncurrent assets	4 289	3 765
Other business expenses	78	87
Total expenses	128 307	192 546
OPERATING PROFIT	2 088	9 152
FINANCIAL INCOME AND EXPENSES		
a) interest expense	48	42
b) other financial income and expenses	34	42
Total financial income and expenses	-14	0
PROFIT FROM ECONOMIC OPERATIONS	2 074	9 152
PROFIT BEFORE TAXES	2 074	9 152
Income tax	1 240	2 637
NET PROFIT FOR THE FINANCIAL YEAR	834	6 515

Unconsolidated Cash Flow Statement of the Parent Company

thousand EUR

	2015	2014	Appendix
CASH FLOWS FROM OPERATIONS			
Net profit for the financial year	2 088	9 152	
Value adjustments			
Depreciation and impairment of noncurrent assets	4 289	3 765	
Profit(-), loss from the sale of noncurrent assets	-33	-73	
Loss from the write-off of noncurrent assets	2	1	
Discount of inventories	1 400	0	6
Formation and adjustment of provisions	-112	3 031	
Change in business-related receivables	16 253	-5 133	
Change in inventory	-29 534	34 874	
Change in business-related liabilities	-22 892	-30 462	
Interests received	47	56	
Calculatory corporate income tax	-1 240	-2 637	
Total cash flows from operations	-29 732	12 574	
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of long-term financial investments	-1 500	0	20
Acquisition of noncurrent assets	-5 303	-6 075	
Connection fees received	697	675	
Sale of noncurrent assets	35	2 371	
Total cash flows from investing activities	-6 071	-3 029	
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans	71 500	38 500	10
Redeemed loans	-29 500	-35 500	10
Paid interests	-51	-55	
Paid dividends	-4 960	-9 919	
Total cash flows from financing activities	36 989	-6 974	
TOTAL CASH FLOWS			
Cash and its equivalents at the beginning of the fiscal period	8 990	6 419	
Change in cash and its equivalents	1 186	2 571	
Cash and its equivalents at the end of the fiscal period	10 176	8 990	

Unconsolidated Statement of Changes In Owners' Equity of the Parent Company

thousand EUR

	Share capital	Share premium	Legal reserve capital	Other reserves	Retained earnings	Retained earnings from the revaluation of noncurrent assets	Total
Balance 31.12.2013	9 919	4 857	992	58	67 837	36 424	120 087
Net profit of the fiscal period	-	-	-	-	6 515	-	6 515
Announced dividends	-	-	-	-	-9 919	-	-9 919
Subsidiary demerger	-	-	-	-	-29 329	-23 771	-53 100
Adjustment of the retained earnings from the revaluation of noncurrent assets	-	-	-	-	+2 249	-2 249	-
Balance 31.12.2014	9 919	4 857	992	58	37 353	10 404	63 583
Net profit of the fiscal period	-	-	-	-	834	-	834
Announced dividends	-	-	-	-	-4 960	-	-4 960
Adjustment of the retained earnings from the revaluation of noncurrent assets	-	-	-	-	+797	-797	-
Balance 31.12.2015	9 919	4 857	992	58	34 024	9 607	59 457

The adjusted unconsolidated owners' equity of AS Eesti Gaas totalled EUR 59,583 thousand as of December 31, 2015 (EUR 64,742 thousand as of December 31, 2014). The adjusted unconsolidated owners' equity is equal to the unconsolidated owners' equity of AS Eesti Gaas minus the carrying amount of the subsidiaries recorded on the balance sheet of AS Eesti Gaas in the amount of EUR 2,165 thousand as of December 31, 2015 and in the amount of EUR 665 thousand as of December 31, 2014 (See Appendix 20) and plus the value of the holdings in the subsidiaries calculated using the equity method in the amount of EUR 2,291 thousand as of December 31, 2015 and in the amount of EUR 1,824 thousand as of December 31, 2014.

Appendix 20. Subsidiaries

thousand EUR

	AS EG Ehitus		AS Gaasivõrgud	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Shares and holdings of the subsidiaries				
Main field of activity	Construction of gas, water and sewage pipelines		Sale of distribution services through natural gas distribution network	
Accounting value	2 165	665	0	0
Number of shares	216 468	66 468	200 000	200 000
Holding	100 %	100 %	100 %	100 %
The owners' equity of the subsidiaries				
Share capital	2 165	665	2 000	2 000
Share premium	2	2	-	-
Legal reserve capital	47	47	-	-
Retained earnings	1	262	-891	-147
Net profit for the financial year	-1 049	-261	16	-744
Total owners' equity	1 166	715	1 125	1 109
Holding of the parent company in owners' equity	100 %	100 %	100 %	100 %

AS Eesti Gaas had two 100% subsidiaries in the Republic of Estonia in the fiscal year, viz. AS EG Ehitus and AS Gaasivõrgud. The nominal value of each share of the subsidiaries was EUR 10.

In compliance with the resolution of the Supervisory Board of AS Eesti Gaas a financial investment in the form of a monetary contribution in the amount of EUR 1, 500 thousand was made in the fiscal year in order to increase the share capital of AS EG Ehitus.

Appendix 21. Demerger Transactions

The balance sheet total of AS Eesti Gaas Group decreased by EUR 55, 343 thousand due to the demerger of AS EG Võrguteenus from the Group on January 02, 2014. The table below illustrates the decrease by balance sheet item groups:

thousand EUR

Current assets	Noncurrent assets	Total assets	Liabilities	Owners' equity	Total liabilities and owners' equity
3 505	51 838	55 343	491	54 852	55 343

Appendix 22. Events After the Balance Day

The natural gas purchase agreement concluded between OAO Gazprom and AS Eesti Gaas expired on December 31, 2015 and a new agreement for the years 2016-2018 was concluded on January 29, 2016.

Shareholders of AS Eesti Gaas

Type of shares	number of shares	share in share capital
A-type shares (nominal value 10 EUR)	721 843	72,77 %
B-type shares (nominal value 0.10 EUR)	27 006 565	27,23 %

The share capital of AS Eesti Gaas amounts to EUR 9,919 million.

The shareholders of AS Eesti Gaas as of 31.05.2016

	A-type shares	B-type shares	
Trilini Energy OÜ	721 153		88,41 %
Itera Latvija	-	9 939 035	10,02 %
Other shareholders	690	1 487 500	1,57 %
			100,00 %

Supervisory Board of AS Eesti Gaas

31.05.2016

Ain Hanschmidt (Chairman), Aarne Saar, Aleksander Mikheev, Boris Posyagin, Juris Savickis, Eve Pant, Jelena Fedossejeva, Martti Talgre, Viktor Golinskii, Georgy Fokin, Yury Bezzubov

Board of Directors of AS Eesti Gaas

31.05.2016

Ants Noot (Chairman), Raul Kotov, Sergey Zagrebaylov



KPMG Baltics OÜ
Narva mnt 5
Tallinn 10117
Estonia

Telephone +372 6 268 700
Fax +372 6 268 777
Internet www.kpmg.ee

Independent Auditors' Report *(Translation from the Estonian original)*

To the shareholders of AS Eesti Gaas

We have audited the accompanying consolidated financial statements of AS Eesti Gaas ("the Company"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Audited consolidated financial statements are presented on pages from 5 to 31.

Management's Responsibility for consolidated the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Estonia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of AS Eesti Gaas as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting principles generally accepted in Estonia.

Tallinn, 15 March 2016

Signed

Andris Jegers
Authorized Public Accountant no 171

KPMG Baltics OÜ
Licence No 17
Narva mnt. 5, Tallinn 10117

Natural gas cars
save our nature!





We thank all our
customers and
cooperation partners!

Eesti Gaas Group



AS Eesti Gaas
Liivalaia 9, 10118 Tallinn
Tel +372 630 3004, Fax +372 631 3884
E-mail: info@gaas.ee, www.gaas.ee



AS Gaasivõrgud
Gaasi 5, 11415 Tallinn
Tel +372 605 6801, Fax +372 601 2925
E-mail: gaasivorgud@gaas.ee, www.gaasivorgud.ee



AS EG Ehitus
Radisti tee 7, 75322 Rae vald, Harju maakond
Tel +372 658 0240, Fax +372 658 0241
E-mail: info@ege.ee, www.ege.ee