

28/02/2020

CERTIFICATION STATEMENT

Referring to the provisions of the Article 14 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 Ignitis grupė and, Darius Kašauskas, Finance and Treasury Director of UAB Ignitis grupė, and Giedruolė Guobienė Head of Accounting services Centre of Verslo aptarnavimo centras UAB, hereby confirm that, to the best of our knowledge, UAB Ignitis grupė consolidated and Company's condensed interim financial information for the nine-month period ended 31 December 2019 prepared according to International Accounting Standard 34 'Interim financial reporting' adopted by the European Union, give a true and fair view of UAB Ignitis grupė assets, liabilities, financial position, profit or loss for the period and cash flows, the Interim Report for the twelve-month period includes a fair review of the development and performance of the business.

UAB Ignitis grupė
Chief Executive Officer

A handwritten signature in blue ink, appearing to be 'D. Maikštėnas', written in a cursive style.

Darius Maikštėnas

UAB Ignitis grupė
Finance and Treasury
Director

A handwritten signature in blue ink, appearing to be 'D. Kašauskas', written in a cursive style.

Darius Kašauskas

Verslo aptarnavimo centras UAB,
Head of Accounting services Centre,
acting under Order No. IS-19-102
(signed 2019 08 29)

A handwritten signature in blue ink, appearing to be 'G. Guobienė', written in a cursive style.

Giedruolė Guobienė

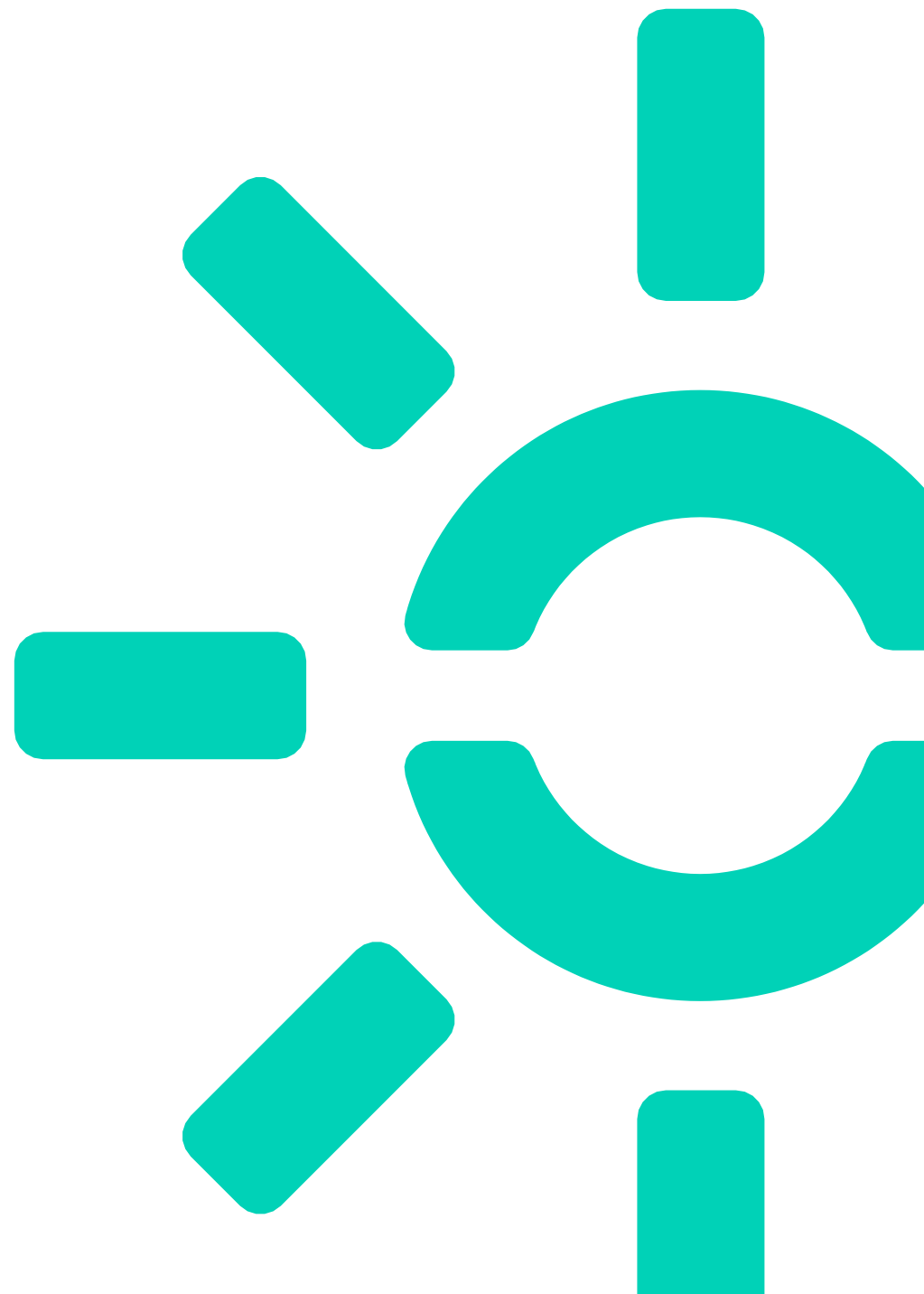
2019

UAB Ignitis Grupė consolidated and Company's condensed interim financial information

Consolidated and Company's condensed interim financial information for the twelve month period ended 31 December 2019, prepared according to international accounting standard 34, 'Interim financial reporting' as adopted by the European Union (unaudited)

www.ignitisgrupe.lt

UAB „Ignitis grupė“
Žveju str. 14, 09310 Vilnius, Lithuania
E-mail grupe@ignitis.lt
Company code 301844044



Contents

Condensed interim statements of financial position	3
Condensed interim statements of comprehensive income	4
Condensed interim statements of changes in equity	5
Condensed interim statements of cash flows	7
Notes to the condensed interim financial information	8

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 Ignitis Grupės Paslaugų Centras UAB (acting under Order No IS-73-20 of 26 February 2020) at 28 February 2020:



Darius Maikštėnas

Chief Executive Officer



Darius Kašauskas

Finance and Treasury Director



Giedruolė Guobienė

Head of Accounting Service
Center of Ignitis Grupės Paslaugų
Centras UAB acting under Order
No IS-73-20 of 26 February 2020

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

All amounts in thousands of euro unless otherwise stated

	Notes	Group			Company	
		2019.12.31	2018.12.31 (restated*)	2018 01 01 (restated*)	2019.12.31	2018.12.31
ASSETS						
Non-current assets						
Intangible assets	4	142,737	106,330	36,360	1,874	1,874
Property, plant and equipment	4	2,347,348	2,090,864	1,771,438	86	427
Right-of-use asset	5	61,044	-	-	838	-
Prepayments for non-current assets		27,809	23,621	21,911	144	816
Investment property		5,530	6,494	14,878	-	-
Investments in subsidiaries	6	-	-	-	1,204,494	1,206,921
Amounts receivable after one year		164,991	160,606	170,488	723,201	679,593
Other financial assets		3,735	2,008	426	3,474	2,008
Other non-current assets		5,087	6,094	3,239	-	-
Deferred income tax asset		10,937	14,468	5,530	763	1,077
Total non-current assets		2,769,218	2,410,485	2,024,270	1,934,874	1,892,716
Current assets						
Inventories		46,970	43,137	56,866	-	-
Prepayments and deferred expenses		50,409	30,655	38,119	32	62
Trade receivables		117,376	143,120	112,563	-	-
Other amounts receivable		30,252	25,436	27,511	380	631
Other current assets		8	2,147	1,093	-	-
Prepaid income tax		2,317	4,192	2,102	-	15
Short-term loans		-	-	-	270,949	189,324
Other financial assets		5,698	656	-	-	-
Cash and cash equivalents	7	131,378	127,835	171,756	144	231
		384,408	377,178	410,010	271,505	190,263
Non-current assets held for sale	8	40,528	65,706	79,301	7,141	7,141
Total current assets		424,936	442,884	489,311	278,646	197,404
TOTAL ASSETS		3,194,154	2,853,369	2,513,581	2,213,520	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		259,652	212,802	99,380	80,720	19,811
Retained earnings (deficit)		(169,565)	(169,431)	(13,555)	36,525	78,231
Equity attributable to owners of the parent		1,302,243	1,255,527	1,297,981	1,329,401	1,310,198
Non-controlling interests		49,068	47,588	45,801	-	-
Total equity		1,351,311	1,303,115	1,343,782	1,329,401	1,310,198
Liabilities						
Non-current liabilities						
Non-current borrowings	10	821,929	735,410	480,068	639,465	671,245
Lease liabilities	11	33,818	14,334	187	563	-
Grants and subsidies		267,949	208,874	200,311	-	-
Deferred income tax liabilities		38,321	36,321	34,528	-	-
Provisions	12	35,123	35,446	6,927	-	-
Deferred revenue		149,900	135,411	64,865	-	-
Other non-current amounts payable and liabilities		1,325	1,803	1,761	-	378
Total non-current liabilities		1,348,365	1,167,599	788,647	640,028	671,623
Current liabilities						
Current portion of long-term debts	10	37,453	61,819	119,599	32,901	57,401
Current borrowings	10	196,737	47,727	14,082	196,737	47,721
Current portion of lease liabilities	11	8,401	5,220	145	277	-
Trade payables		78,040	93,237	98,338	259	947
Contract liabilities		40,724	49,766	27,765	52	51
Income tax liabilities		6,295	4,544	3,728	-	-
Provisions	12	15,157	5,553	2,498	-	806
Deferred revenue		9,750	9,110	5,242	-	-
Other current amounts payable and liabilities		96,685	102,693	109,421	13,865	1,373
		489,242	379,669	380,818	244,091	108,299
Liabilities related to non-current assets held for sale		5,236	2,986	334	-	-
Total current liabilities		494,478	382,655	381,152	244,091	108,299
Total liabilities		1,842,843	1,550,254	1,169,799	884,119	779,922
TOTAL EQUITY AND LIABILITIES		3,194,154	2,853,369	2,513,581	2,213,520	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

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2019	2018 (restated*)	2019	2018
Revenue from contracts with customers	13	1,085,416	1,044,207	3,283	3,188
Other income		9,841	45,782	25	703
Dividend income	15	-	-	25,918	67,378
		1,095,257	1,089,989	29,226	71,269
Operating expenses					
Purchases of electricity, gas for trade, and related services		(497,483)	(510,397)	-	-
Purchases of gas and heavy fuel oil		(238,535)	(304,027)	-	-
Depreciation and amortisation		(113,638)	(87,319)	(273)	(7)
Wages and salaries and related expenses		(86,997)	(79,741)	(5,582)	(5,067)
Repair and maintenance expenses		(29,797)	(21,200)	-	-
Revaluation of property, plant and equipment		(677)	(67,671)	-	-
(Impairment)/reversal of impairment of investments in subsidiaries		-	(2,097)	13,047	(6,815)
Reversal (impairment) of amounts receivable and loans		292	(9,876)	(1,394)	(11,198)
Impairment of property, plant and equipment		(4,591)	(3,726)	-	-
Other expenses	14	(37,973)	(24,048)	(1,891)	(1,357)
Total operating expenses		(1,009,339)	(1,110,100)	3,907	(24,444)
Operating profit (loss)		85,918	(20,111)	33,133	46,825
Finance income		2,193	1,621	15,502	10,069
Finance costs		(18,810)	(14,899)	(17,015)	(12,169)
Results of the revaluation and closing of derivative financial instruments		-	(573)	-	(572)
Profit (loss) before tax		69,301	(33,962)	31,620	44,153
Current year corporate income tax (expense)/benefit		(7,066)	(4,570)	-	7
Deferred corporate income tax (expense)/benefit		(1,376)	16,998	583	528
Net profit		60,859	(21,534)	32,203	44,688
Attributable to:					
Owners of the parent		58,499	(22,028)	32,203	44,688
Non-controlling interest		2,360	493	-	-
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Gain (loss) on revaluation of non-current assets		734	123,140	-	-
Deferred income tax related to gain (loss) on revaluation of non-current assets		(30)	77	-	-
Items that will not be reclassified to profit or loss, total		704	123,217	-	-
Items that will be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		(26)	(26)	-	-
Other income/(expenses) recognised directly in equity during the period		(26)	(26)	-	-
Translation of net investments in foreign operations into the Group's presentation currency		678	123,191	-	-
Items that will be reclassified to profit or loss, total		61,537	101,657	32,203	44,688
Attributable to:					
Owners of the parent		59,167	95,376	32,203	44,688
Non-controlling interests		2,370	6,279	-	-

*Certain amounts presented above do not correspond to the 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

All amounts in thousands of euro unless otherwise stated

Group	Notes	Equity attributable to owners of the Company					Subtotal (restated*)	Non-controlling interest	Total (restated*)
		Share capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings (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)	3	-	-	-	-	151	151	5	156
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	(73,202)	1,238,334	42,656	1,280,990
Revaluation of non-current assets, net of deferred income tax effect		-	-	117,357	-	-	117,357	5,783	123,140
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	(26)	-	(26)	-	(26)
Result of change in actuarial assumptions		-	-	-	-	75	75	4	79
Total other comprehensive income (loss)		-	-	117,357	(26)	75	117,406	5,787	123,193
Net profit for the reporting period (restated*)		-	-	-	-	(22,028)	(22,028)	493	(21,535)
Total comprehensive income for the period (restated*)		-	-	117,357	(26)	(21,953)	95,378	6,280	101,658
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(6,746)	-	6,746	-	-	-
Emission allowances utilised		-	-	(473)	-	473	-	-	-
Emission allowances reserve amortisation		-	-	(29)	-	29	-	-	-
Transfer to reserves and movement in reserves		-	3,339	-	-	(3,339)	-	-	-
Dividends	15	-	-	-	-	(78,265)	(78,265)	(2,596)	(80,861)
Increase in share capital of UAB „Kauno kogeneracinė jėgainė“ attributable to minority interest		-	-	-	-	-	-	1,172	1,172
Acquisition of subsidiaries		-	-	-	-	82	82	-	82
Increase in share capital by contribution of property, plant and equipment of AB „Ignitis Gamyba“ attributable to minority interest		-	-	-	-	-	-	76	76
Restated balance as at 31 December 2018 (restated*)		1,212,156	49,851	162,935	16	(169,429)	1,255,529	47,588	1,303,117
Balance at 1 January 2019 (restated*)		1,212,156	49,851	162,935	16	(169,429)	1,255,529	47,588	1,303,117
Revaluation of non-current assets, net of deferred income tax effect		-	-	(2)	-	-	(2)	-	(2)
Revaluation of emission allowances		-	-	723	-	-	723	13	736
Translation of net investments in foreign operations into the Group's presentation currency		-	-	-	(5)	-	(5)	-	(5)
Result of change in actuarial assumptions		-	-	-	-	(27)	(27)	(3)	(30)
Total other comprehensive income (loss)		-	-	721	(5)	(27)	689	10	699
Net profit for the reporting period		-	-	-	-	58,499	58,499	2,360	60,859
Total comprehensive income for the period		-	-	721	(5)	58,472	59,188	2,370	61,558
Transfer of revaluation reserve to retained earnings (transfer of depreciation, net of deferred income tax)		-	-	(15,851)	-	15,851	-	-	-
Emission allowances utilised		-	-	(812)	-	812	-	-	-
Transfer to reserves and movement in reserves		-	62,797	-	-	(62,818)	(21)	-	(21)
Dividends	15	-	-	-	-	(13,000)	(13,000)	(890)	(13,890)
Other adjustments		-	-	-	-	547	547	-	547
Balance at 31 December 2019		1,212,156	112,648	146,993	11	(169,565)	1,302,243	49,068	1,351,311

*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.

UAB Ignitis Grupė, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

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
Net profit for the period		-	-	-	44,688	44,688
Total comprehensive income for the period		-	-	-	44,688	44,688
Transfer to legal reserves		-	5,295	-	(5,295)	-
Dividends	15	-	-	-	(78,265)	(78,265)
Balance at 31 December 2018		1,212,156	19,811	-	78,231	1,310,198
Balance at 1 January 2019		1,212,156	19,811	-	78,231	1,310,198
Net profit for the period		-	-	-	32,203	32,203
Total comprehensive income for the period		-	-	-	32,203	32,203
Dividends		-	60,909	-	(60,909)	-
Transfer to legal reserves		-	-	-	(13,000)	(13,000)
Balance at 31 December 2019		1,212,156	80,720	-	36,525	1,329,401

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

All amounts in thousands of euro unless otherwise stated

	Notes	Group		Company	
		2019	2018 (restated*)	2019	2018
Cash flows from operating activities					
Net profit for the period		60,860	(21,534)	32,203	44,688
Adjustments for non-monetary expenses (income):					
Depreciation and amortisation expenses	4,5,8	122,650	96,589	273	7
Impairment of property, plant and equipment		4,591	3,726	-	-
Revaluation of derivative financial instruments		-	(10,003)	-	-
Impairment of financial assets (reversal of impairment)		(1,422)	(354)	-	-
Result of revaluation of property, plant and equipment		(292)	9,876	1,394	11,198
Result of revaluation of investment property		740	76,617	-	-
Impairment/(reversal of impairment) of investments in subsidiaries		-	(18)	-	-
Income tax expenses		-	-	(13,047)	6,815
(Depreciation) of grants		8,382	(12,428)	(583)	(535)
Increase (decrease) in provisions	4	(9,011)	(9,270)	-	-
Inventory write-down to net realizable value/ (reversal)		9,246	7,560	(806)	(2,097)
Non-current assets (except financial assets) write-off expenses	14	(76)	(718)	-	-
Expenses/(income) of revaluation of emission allowances	4	368	(8,933)	-	-
Emission allowances utilised	14	894	908	-	-
Elimination of results of investing activities:					
- Dividend (income)		-	-	(25,918)	(67,378)
- (Gain)/loss on disposal/write-off of property, plant and equipment		3,087	477	-	-
- Result of derivatives revaluation and closing		-	-	-	572
- Other investment activity expenses (income)		292	82	-	15
Elimination of results of financing activities:					
Interest (income)		(1,548)	(1,427)	(15,500)	(10,040)
Interest expenses		15,290	12,442	14,413	11,217
Other finance (income) expenses		2,875	2,263	2,600	924
Changes in working capital:					
(Increase) decrease in trade receivables and other amounts receivable		12,355	(21,603)	(1,714)	4,393
(Increase) decrease in inventories, prepayments and other current assets		(21,651)	18,896	702	(20)
Increase (decrease) in amounts payable, deferred income and contract liabilities		(17,283)	41,401	(2,127)	(464)
Income tax (paid)		(4,551)	(6,309)	897	-
Net cash flows from (used in) operating activities		185,796	178,240	(7,213)	(705)
Cash flows from investing activities					
(Acquisition) of property, plant and equipment and intangible assets		(437,100)	(415,913)	(45)	(6,454)
Disposal of property, plant and equipment and intangible assets		39,536	48,162	-	-
Loans (granted)		-	-	(191,876)	(351,160)
Loans repaid		-	-	67,579	140,117
(Acquisition) of subsidiaries		(27,965)	(23,509)	(13,300)	(46,254)
Disposal of subsidiaries		-	-	39,748	-
Grants received		64,048	25,523	-	-
Interest received		1,054	1,105	14,017	1,102
Dividends received		-	-	25,918	67,378
Increase (decrease) of cash flows from other from investing activities		4,201	(1,582)	-	(1,582)
Net cash flows from (used in) investing activities		(356,226)	(366,214)	(57,959)	(196,853)
Cash flows from financing activities					
Proceeds from borrowings		130,937	57,810	-	-
Issue of bonds		-	294,346	-	294,346
Repayments of borrowings		(70,394)	(155,421)	(57,401)	(95,052)
Lease payments		(7,605)	(544)	(239)	-
Interest paid		(14,179)	(10,402)	(13,306)	(7,746)
Dividends paid		(13,817)	(80,608)	(13,000)	(78,265)
Increase in share capital of UAB "Kauno Kogeneracinė Jėgainė"		-	7,840	-	-
Derivatives closing result		-	(573)	-	(572)
Other increases (decreases) in cash flows from financing activities		-	-	-	(9,699)
Net cash flows from (used in) financing activities		24,942	112,448	(83,946)	103,012
Increase (decrease) in cash and cash equivalents (including overdraft)		(145,488)	(75,526)	(149,118)	(94,546)
Cash and cash equivalents (including overdraft) at the beginning of the period		85,575	161,101	(42,029)	52,517
Cash and cash equivalents (including overdraft) at the end of the period	7	(59,913)	85,575	(191,147)	(42,029)

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

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

1 General information

UAB Ignitis Grupė (hereinafter “the Company”) is a private limited liability company registered in the Republic of Lithuania. The Company's registered office address is Žvejų str. 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, etc.

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

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

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

As at 31 December 2019, the Group had 3,846 (31 December 2018 – 3,813).

These financial statements were authorised for issue at 28 February 2020.

2 Accounting principles

2.1 Basis of preparation

These financial statements, prepared for the period ended 31 December 2019, cover condensed interim financial statements of a parent company UAB Ignitis Grupė and consolidated Company's and its subsidiaries (collectively “the Group”) condensed interim financial statements. These financial statements 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.

In year 2019 management of a Group have reviewed accounting methods applied for:

- presentation of revenue received from new consumers
- presentation of revenue relating to rendering of public service obligations and electricity transmission services
- presentation of incomes, of securities of Liquefied Natural Gas Terminal's (LNGT) component, collected from customers and gas distribution services

The new methods for the Group's financial statements are applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors therefore the Group presents an additional statement of financial position for the 1 January 2018, when the revised accounting and presentation methods were applied retrospectively by restating items in the financial statements (see Note 3).

Other accounting methods applied in the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements for 2018 except the matters relating to changes in accounting methods used (see Note 3). Financial year of Company and other Group companies coincides with the calendar year.

These financial statements are presented in euros and all values are rounded to the nearest thousands, except when otherwise indicated and include comparative information for the prior period ended 31 December 2018.

a) New and amended standards, and interpretations

• IFRS 16: Lease

During the financial year ended 31 December 2019, the Company and Group has applied IFRS 16 Leases for the first time, which had significant impact on the Company's and Group's financial statements. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

The Company and Group has adopted IFRS 16 Leases using the modified retrospective approach of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognized in retained earnings at the date of initial application and comparative information is not restated.

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

	At 31 December 2018	IFRS 16	At 1 January 2019
ASSETS			
Non-current assets			
Property, plant and equipment	35.969	(35.969)	-
Right-of-use asset	-	50.523	50.523
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities			
Current liabilities	14.334	12.291	26.625
Current portion of lease liabilities			
ASSETS	5.220	2.263	7.483

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

	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			
Current liabilities	-	637	637
Current portion of lease liabilities			
ASSETS	-	211	211

The impact of first-time adoption of IFRS 16 on the Company's and the Group's lease commitments is presented in the table below:

	Group	Company
The future minimum lease payments under irrevocable operating lease agreements as at 31 December 2018 are as follows:	21,443	1,033
Less: Commitments relating to short-term leases	24	-
Less: Commitments relating to leases of low-value assets	6	-
Pakoreguotos būsimosios minimalios įmokos pagal neatšaukiamas veiklos nuomos sutartis 2018 m. gruodžio 31 d.	21,413	1,033
The weighted average interest rate as at 1 January 2019, %	3.44	0.43
The lease liability is recognised on 1 January 2019 by applying the interest rate	14,554	1,024
Lease liabilities as at 1 January 2019	14,554	1,024
Of which:		
Current lease liabilities	2,263	771
Non-current lease liabilities	12,291	253

Applied practical transitional arrangements when the Company and the Group are lessees

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The following specific transition requirements and practical expedients that the standard provides were applied by the Company:

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics,
 - Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application,
 - Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
 - Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.
- **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 Company and the Group.

- **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 Company and the Group.
- **IFRIC INTERPRETATION 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 Company and the Group.
- **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 Company and the Group.
- **The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs:**
 - **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.

Management assessed that adoption of Annual improvements for the first time had no significant effect on financial statements of the Company and the Group.

b) *Standards issued but not yet effective and not early adopted*

- **IFRS 17: Insurance Contracts (New)**
IFRS 17, effective from 1 January 2021, changes IFRS 4, which permits entities to continue to use current practices in accounting for insurance contracts. This made it difficult for investors to compare the financial performance of similar insurance companies. IFRS 17 is a general principle-based standard that sets out accounting requirements for all types of insurance contracts, including reinsurance contracts held by an insurer. The Standard requires the recognition and measurement of classes of insurance contracts: (i) risk-adjusted present value of future cash flows (cash flows from the performance of the contract), which reflects all available information about cash flows from the contract that is consistent with market observable data by adding (if the value is a liability) or subtracting (if the value is an asset); (ii) the amount reflecting unearned profit (contracted service margin) from the group of contracts. Profits from a group of insurance contracts will be recognized by insurers for the duration of the insurance coverage and the moment they transfer the risk. If a group of contracts is or becomes a loss, the entity will recognize the loss immediately. The standard has not yet been approved by the EU. This IFRS will not have any impact on the financial position or performance of the Company and the Group as insurance services are not provided.
- **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 Company and the Group.
- **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 Company and the Group.

- **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. At the moment Management is assessing the effect of new standard amendment on financial statements of the Company and the Group.

- **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. At the moment Management is assessing the effect of new standard amendment on financial statements of the Company and the Group.

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 based on 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 Significant 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.

In preparing these financial statements, the Group has made adjustments to prior periods.

Corrections of errors

i) The Group corrected the identified errors from the previous financial periods during the preparation of these interim financial statement. In 2019, the subsidiary AB „Ignitis 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 „Ignitis 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 „Ignitis 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 „Ignitis 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 „Ignitis 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 „Ignitis 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 IAS 37 “Provision, Contingent Liabilities and Contingent Assets”). See these restatements in columns 1 – 7 presented in table below.

ii) The Group company Ignitis Polska Sp. z. o. o. based in Poland, participates in electricity trading exchange market through forward and futures contracts. The purpose of these deals is to earn profits from short-term fluctuations in electricity prices on the exchange. Ignitis Polska Sp. z. o. o. does not provide supply of electricity to final customers. Settlements are made by settling liabilities between the company and the other party to the exchange transaction, and by making a cash payment for the remaining outstanding debt. Ignitis Polska Sp. z. o. o. account for contract balances in the financial statements at fair value, and income and expenses are presented in the separate items of Profit (loss) and other comprehensive income. After reviewing contracts of Ignitis Polska Sp. z. o. o. the Group has determined that income and expense should be reported in the item of costs in Profit (loss) and other comprehensive income as profit or loss. Management's decision to amend presentation of revenue and costs is based on the fact that, under IFRS 9, transactions made by Ignitis Polska Sp. z. o. o. cannot be classified under the own use' exception, and therefore only the result of those transactions should be recognized in profit or loss. See these restatements in column 8 presented in table below.

Retrospectively corrected condensed interim statements of financial position:

Group	Notes	2018 12 31	1) Restatement of Other amounts receivable due to regulated services income *	2) Restatement of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income *	3) Restatement of deferred income tax liabilities*	4) Restatement 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) Error impact to non-controlling interests	2018 12 31 corrected
ASSETS										
Non-current assets										
Intangible assets	4	106,330	-	-	-	-	-	-	-	106,330
Property, plant and equipment	4	2,091,590	-	-	-	-	-	-	-	2,091,590
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 corporate 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
Non-current assets held for sale	8	65,706	-	-	-	-	-	-	-	65,706
Total current assets		442,884	(289)	-	-	-	289	-	-	442,884
TOTAL 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)	-	-	(6)	(147,404)
FY 2018 result		(9,209)	-	7,168	(1,075)	(1,075)	-	-	(160)	(4,351)
Equity attributable to owners of the parent		1,268,195	(289)	7,679	(1,108)	(1,108)	-	-	(166)	1,273,203
Non-controlling interests		48,356	-	-	-	-	-	-	166	48,522
Total equity		1,316,551	(289)	7,679	(1,108)	(1,108)	-	-	-	1,321,725
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 corporate 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	-	(5,396)	-	-	800	(4,875)	-	1,803
Total non-current liabilities		1,154,412	-	(5,396)	1,108	-	800	-	-	1,150,924
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
Corporate 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	-	(2,283)	-	1,108	(511)	-	-	378,460
Liabilities related to non-current assets held for sale		2,986	-	-	-	-	-	-	-	2,986
Total current liabilities		383,132	-	(2,283)	-	1,108	(511)	-	-	381,446
Total liabilities		1,537,544	-	(7,679)	1,108	1,108	289	-	-	1,532,370
TOTAL EQUITY AND LIABILITIES		2,854,095	(289)	-	-	-	289	-	-	2,854,095

* Amendment for FY 2017 balance

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

Group	Notes	2018.01.01	1) Restatement of Other amounts receivable due to regulated services income *	2) Restatement of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income *	3) Restatement of deferred income tax liabilities*	4) Restatement of income tax liabilities*	6) Reclassificati on of Other non-current amounts payable and liabilities to Provisions	7) Error impact to non- controlling interests	2018.01.01 corrected
ASSETS									
Non-current assets									
Intangible assets	4	36,360	-	-	-	-	-	-	36,360
Property, plant and equipment	4	1,761,082	-	-	-	-	-	-	1,761,082
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 corporate income tax		2,102	-	-	-	-	-	-	2,102
Other financial assets									
Cash and cash equivalents	7	171,756	-	-	-	-	-	-	171,756
		410,299	(289)	-	-	-	-	-	410,010
Non-current assets held for sale	8	79,301	-	-	-	-	-	-	79,301
Total current assets		489,600	(289)	-	-	-	-	-	489,311
TOTAL ASSETS		2,505,068	(289)	-	-	-	-	-	2,504,779
EQUITY AND LIABILITIES									
Equity									
Share capital	9	1,212,156	-	-	-	-	-	-	1,212,156
Reserves		99,380	-	-	-	-	-	-	99,380
Retained earnings (losses)		(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 subsidies		200,311	-	-	-	-	-	-	200,311
Deferred corporate 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
Corporate 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

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

Retrospectively corrected condensed interim statements of comprehensive income:

Group	Notes	2018	2) Restatement of Other non-current amounts payable and liabilities and Contract liabilities due to regulated services income	3) Restatement of deferred income tax liabilities	4) Restatement of income tax liabilities	7) Errors impact to non-controlling interests	8) Netting of income and expenses of electricity transmission in market	2018 corrected
Revenue from contracts with customers	13	1,208,444	7,168	-	-	-	(36,252)	1,179,360
Other income		45,782	-	-	-	-	-	45,782
		1,254,226	7,168	-	-	-	(36,252)	1,225,142
Operating expenses								
Purchases of electricity, gas for trade, and related services		(947,989)	-	-	-	-	36,252	(911,737)
Purchases of gas and heavy fuel oil		(26,545)	-	-	-	-	-	(26,545)
Depreciation and amortisation		(87,460)	-	-	-	-	-	(87,460)
Wages and salaries and related expenses		(79,741)	-	-	-	-	-	(79,741)
Repair and maintenance expenses		(21,200)	-	-	-	-	-	(21,200)
Revaluation of property, plant and equipment		(67,671)	-	-	-	-	-	(67,671)
Reversal (impairment) of amounts receivable and loans		(9,876)	-	-	-	-	-	(9,876)
Impairment of property, plant and equipment		7,205	-	-	-	-	-	7,205
Other expenses	14	(26,143)	-	-	-	-	-	(26,143)
Total operating expenses		(1,259,420)	-	-	-	-	36,252	(1,223,168)
(Loss) profit from operations		(5,194)	7,168	-	-	-	-	1,974
Finance income		1,621	-	-	-	-	-	1,621
Finance costs		(14,899)	-	-	-	-	-	(14,899)
Results of the revaluation and closing of derivative financial instruments		(573)	-	-	-	-	-	(573)
Profit (loss) before tax		(19,045)	7,168	-	-	-	-	(11,877)
Current year corporate income tax (expense)/benefit		(3,495)	-	-	(1,075)	-	-	(4,570)
Deferred corporate income tax (expense)/benefit		14,598	-	(1,075)	-	-	-	13,523
Net profit		(7,942)	7,168	(1,075)	(1,075)	-	-	(2,924)
Attributable to:								
Owners of the parent		(9,209)	-	-	-	4,858	-	(4,351)
Non-controlling interest		1,267	-	-	-	160	-	1,427
Other comprehensive income (loss)								
Items that will not be reclassified to profit or loss								
Gain (loss) on revaluation of non-current assets		123,140	-	-	-	-	-	123,140
Deferred income tax related to gain (loss) on revaluation of non-current assets		77	-	-	-	-	-	77
Items that will not be reclassified to profit or loss, total		123,217	-	-	-	-	-	123,217
Items that will be reclassified to profit or loss								
Translation of net investments in foreign operations into the Group's presentation currency		(26)	-	-	-	-	-	(26)
Items that will be reclassified to profit or loss, total		(26)	-	-	-	-	-	(26)
Total other comprehensive income/(loss)		123,191	-	-	-	-	-	123,191
Total comprehensive income (loss) for the period		115,249	7,168	(1,075)	(1,075)	-	-	120,267
Attributable to:								
Owners of the parent		108,195	-	-	-	4,858	-	113,053
Non-controlling interests		7,053	-	-	-	160	-	7,213

Retrospectively corrected condensed interim statements of cash flows for 2018

Group	Notes	2018	Corrections	2018 corrected
Cash flows from operating activities				
Net profit for the period		(7,942)	5,018	(2,924)
Adjustments for non-monetary expenses (income):				
Depreciation and amortisation expenses		96,730	-	96,730
Impairment of property, plant and equipment		(7,205)	-	(7,205)
Revaluation of property, plant and equipment		76,617	-	76,617
Revaluation of investment assets		(18)	-	(18)
Revaluation of derivative financial instruments		(354)	-	(354)
Grants related to property, plant and equipment, which is revaluated		(10,003)	-	(10,003)
Impairment of financial assets (reversal of impairment)		9,876	-	9,876
Corporate income tax expenses		(11,103)	2,150	(8,953)
(Depreciation) of grants		(9,270)	-	(9,270)
Increase (decrease) in provisions		404	3,681	4,085
Inventory write-down to net realizable value/ (reversal)		(718)	-	(718)
Expenses/(income) of revaluation of emission allowances		(8,933)	-	(8,933)
Emission allowances utilised		908	-	908
Elimination of results of investing activities:				
- (Gain)/loss on disposal/write-off of property, plant and equipment		477	-	477
- (gain)/loss from other investing activities		82	-	82
Elimination of results of financing activities:				
Interest (income)		(1,427)	-	(1,427)
Interest expenses		12,442	-	12,442
Other finance (income) expenses		2,263	-	2,263
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable		(21,603)	-	(21,603)
(Increase) decrease in inventories, prepayments and other current assets		18,896	-	18,896
Increase (decrease) in amounts payable, deferred income and contract liabilities		44,722	(10,849)	33,873
Corporate income tax (paid)		(6,309)	-	(6,309)
Net cash flows from (used in) operating activities		178,532	-	178,532
Cash flows from investing activities				
(Acquisition) of property, plant and equipment and intangible assets		(416,205)	-	(416,205)
Disposal of property, plant and equipment and intangible assets		48,162	-	48,162
(Acquisition)/disposal of subsidiaries		(23,509)	-	(23,509)
Grants received		25,523	-	25,523
Interest received		1,105	-	1,105
Increase (decrease) of cash flows from other from investing activities		(1,582)	-	(1,582)
Net cash flows from (used in) investing activities		(366,506)	-	(366,506)
Cash flows from financing activities				
Received borrowings		57,810	-	57,810
Bonds emission		294,346	-	294,346
Repayments of borrowings		(155,421)	-	(155,421)
Lease payments		(544)	-	(544)
Interest paid		(10,402)	-	(10,402)
Dividends paid		(80,608)	-	(80,608)
Derivatives closing result		(573)	-	(573)
Increase in share capital of UAB "Kauno Kogeneracinė Jėgainė"		7,840	-	7,840
Net cash flows from (used in) financing activities		112,448	-	112,448
Increase (decrease) in cash and cash equivalents (including overdraft)		(75,526)	-	(75,526)
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	85,575	-	85,575

Change in management judgment on applying accounting methodsConnection fees

On 1 January 2018, the Group adopted IFRS 15 Revenue from contracts with customers and its amendments for the first time and they had a significant impact on the Group's financial statements. The Group accounted for the impact of the first-time adoption of IFRS 15 starting from 1 January 2018 using the modified retrospective approach.

Following the initial application of IFRS 15 with respect to revenue from new customer connection the Group assessed the existence of separate performance obligation through the legal point of view, i.e. if electricity distribution company had a new connection contract with the client and the distribution as a service was provided to the end customer through the client's contract with supply company, the new connection contract was treated as separate performance obligation.

Following such judgment starting from 2018 the connection fees in gas segment were recognized when connection service was provided. In electricity segment from 1 January 2018 to 1 October 2018 connection fees were deferred over the period of estimated customer relationship, which is determined based on the useful life of the newly created connection infrastructure.

Following the transfer of electricity public supply activities as of 1 October 2018, new customer connection in electricity segment was reconsidered as a separate performance obligation under IFRS 15, accordingly related revenue from 1 October 2018 was recognized when connection service was fully provided.

Management of the Group has extensively analyzed IFRS 15 accounting methods, which were also reviewed by the Bank of Lithuania as an oversight body of listed entities, also auditors were involved in the discussions. The accounting methods applied upon initial adoption of IFRS 15 were assessed as appropriate after evaluating management judgement made in a number of areas. However, following the

review of relevant industry practice, more authoritative guidance on IFRS 15 application, analysis of relatively newly applied “implied contract” concept (as per IFRS 15 requirements), and consultations with incoming auditor, the Group has reconsidered its accounting treatment.

The Group changed the accounting treatment of new customer connection fees by deferring all gas and electricity fees over the useful lives of the related assets (which represents the best management estimate for customer relationship period). According to the management such accounting treatment would fairer reflect the Group’s financial performance and continuing involvement in securing the connection to the customer, as well as will allow the Group to be better comparable to its peers within the industry. This change in accounting treatment is accounted for retrospectively and comparative information is restated (see in the table below, 5 - 11).

Public Service Obligations and electricity transmission service

Public Service Obligations (PSO) and electricity transmission funds are an integral part of electricity tariff to the customer. The Group collects PSO and electricity transmission funds from business customers and end users, connected to electricity distribution grid. Collected amounts are transferred to Grid transmission operator. PSO funds are used to support and promote local production from renewable energy sources, to secure reserves of the electricity system at designated power plants, which is necessary for ensuring the state’s energy security and to ensure other services related to public interest. The list of services supported by PSO is determined by the Government of the Republic of Lithuania.

Public Service Obligations (PSO) and electricity transmission funds as integral part of Electricity price, was not identified as a separate performance obligation. The distribution service as a whole, including transmission, distribution and PSO was treated as one performance obligation. Public Service Obligations (PSO) and electricity transmission price components generally are treated as a tax collected from customers, however this tax cannot be treated as sales tax, or value-added tax (VAT), since: (1) both components are charged based on production or distributed energy unit, rather than sales amount, as is applied in VAT case; (2) the Group cannot claim a refund of the tax in the event the related customer fails to pay for the services being sold; (3) the Group is charged to price risk - in case of illegal consumption, the Group’s settlement amount will be determined based on current period’s prices, however, the client will be charged based on historical prices. Following the above, the Management treated the Group as Principal in relation to PSO and electricity transmission price components.

During year 2019 the Group elected to change the method of accounting for to PSO and electricity transmission price components by treating the Group as an Agent. Such decision has been taken after extensive analysis of relevant industry practice and taking into consideration the facts, that the Group is not responsible for PSO projects / initiatives and the development of the transmission grid and accordingly not responsible that the funds are used for their intended purpose. The Group is not charged to any inventory risk, as well as the Group has no legal power to establish pricing of this component.

The change in accounting methods does not mean the prior management’s judgment is erroneous, however allows the Group to be better comparable to its peers within the industry. This change in accounting treatment is accounted for retrospectively and comparative information is restated (see in the table below, 1).

Liquefied natural gas terminal security component fee and gas distribution service

Pursuant to Article 5.2 of the Law on the LNG Terminal, all users of the natural gas transmission system, including end-users, have to pay an additional security component along with other payments for natural gas transmission services. Payments shall be collected directly from customers, or natural gas suppliers, if the customers don’t have a direct contract with the Transmission System Operator. The Group company UAB Ignitis acts as a natural gas supplier that collects LNG security component from the users.

As part of its gas trading activities in Latvia, the Group collects funds from end users for the gas distribution service and transfers them to the Latvian gas distribution network operator.

LNG Fee and gas distribution service as integral part of natural gas price, was not identified as a separate performance obligation. Following the above, the Management treated the Group as Principal in relation to LNG Fee and gas distribution service price components.

During year 2019 the Group elected to change the method of accounting for to LNG Fee and gas distribution service price components by treating the Group as an Agent. Such decision has been taken after extensive analysis of relevant industry practice and taking into consideration the facts, that the Group is not responsible for LNG projects / initiatives and the development of the distribution grid in Latvia and accordingly not responsible that the funds are used for their intended purpose. The Group is not charged to any inventory risk, as well as the Group has no legal power to establish pricing of this component.

The change in accounting methods does not mean the prior management’s judgment is erroneous, however allows the Group to be better comparable to its peers within the industry. This change in accounting treatment is accounted for retrospectively and comparative information is restated (see below).

Security component revenues from TSO, following the activity of the designated supplier, are recognized as revenue in accordance with IAS 20 “Grants”, and the principles of this revenue accounting are not changed.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

Retrospectively restated condensed interim statements of financial position:

Restatement for the year 2018

Group	Notes	2018.12.31	5) New electricity consumers connection fees deferral	6) New gas consumers connection fees deferral	7) Accounting for revenue from connection fee over-the-time	8) Amend-ments of true value of gas pipelines	9) Deferred corporate income tax amendments related to amendments of true value of gas pipelines	10) Changes impact to non-controlling interests	11) Reclassifi-cation of short term portion of deferred revenue	2018.12.31 restated
ASSETS										
Non-current assets										
Intangible assets	4	106,330	-	-	-	-	-	-	-	106,330
Property, plant and equipment	4	2,091,590	-	-	-	(726)	-	-	-	2,090,864
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	-	-	-	(726)	-	-	-	2,410,485
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	-	-	-	-	-	-	-	25,436
Other current assets		2,147	-	-	-	-	-	-	-	2,147
Prepaid corporate income tax		4,192	-	-	-	-	-	-	-	4,192
Other financial assets		656	-	-	-	-	-	-	-	656
Cash and cash equivalents	7	127,835	-	-	-	-	-	-	-	127,835
		377,178	-	-	-	-	-	-	-	377,178
Non-current assets held for sale	8	65,706	-	-	-	-	-	-	-	65,706
Total current assets		442,884	-	-	-	-	-	-	-	442,884
TOTAL ASSETS		2,854,095	-	-	-	(726)	-	-	-	2,853,369
EQUITY AND LIABILITIES										
Equity										
Share capital	9	1,212,156	-	-	-	-	-	-	-	1,212,156
Reserves		212,802	-	-	-	-	-	-	-	212,802
Retained earnings (losses)		(147,404)	-	-	-	-	-	-	-	(147,404)
Result of financial year 2018		(4,351,00)	(4,933,00)	(7,371,00)	1,009,00	(10,790,00)	3,475,00	934,00	-	(22,027,00)
Equity attributable to owners of the parent		1,273,203	(4,933)	(7,371)	1,009	(10,790)	3,475	934	-	1,255,527
Non-controlling interests		48,522	-	-	-	-	-	(934)	-	47,588
Total equity		1,321,725	(4,933)	(7,371)	1,009	(10,790)	3,475	-	-	1,303,115
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 corporate income tax liabilities		39,796	-	-	-	-	(3,475)	-	-	36,321
Provisions	12	35,446	-	-	-	-	-	-	-	35,446
Deferred revenue		115,261	4,933	7,371	(1,009)	9,189	-	-	(334)	135,411
Other non-current amounts payable and liabilities		1,803	-	-	-	-	-	-	-	1,803
Total non-current liabilities		1,150,924	4,933	7,371	(1,009)	9,189	(3,475)	-	(334)	1,167,599
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		49,766	-	-	-	-	-	-	-	49,766
Corporate income tax liabilities		4,544	-	-	-	-	-	-	-	4,544
Provisions	12	5,553	-	-	-	-	-	-	-	5,553
Deferred revenue		7,912	-	-	-	875	-	-	323	9,110
Other current amounts payable and liabilities		102,682	-	-	-	-	-	-	11	102,693
		378,460	-	-	-	875	-	-	334	379,669
Liabilities related to non-current assets held for sale		2,986	-	-	-	-	-	-	-	2,986
Total current liabilities		381,446	-	-	-	875	-	-	334	382,655
Total liabilities		1,532,370	4,933	7,371	(1,009)	10,064	(3,475)	-	-	1,550,254
TOTAL EQUITY AND LIABILITIES		2,854,095	-	-	-	(726)	-	-	-	2,853,369

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

Retrospectively restated condensed interim statements of financial position (continue):

1 January 2018 restatement

Group	Notes	2018.01.01	6) New gas consumers connection fees deferral	9) Deferred corporate income tax amendments related to amendments of true value of gas pipelines	2018.01.01 restated
ASSETS					
Non-current assets					
Intangible assets	4	36,360	-	-	36,360
Property, plant and equipment	4	1,761,082	10,356	-	1,771,438
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	-	(1,554)	5,530
Total non-current assets		2,015,468	10,356	(1,554)	2,024,270
Current assets					
Inventories		56,866	-	-	56,866
Prepayments and deferred expenses		38,119	-	-	38,119
Trade receivables		112,563	-	-	112,563
Other amounts receivable		27,511	-	-	27,511
Other current assets		1,093	-	-	1,093
Prepaid corporate income tax		2,102	-	-	2,102
Other financial assets		-	-	-	-
Cash and cash equivalents	7	171,756	-	-	171,756
		410,010	-	-	410,010
Non-current assets held for sale	8	79,301	-	-	79,301
Total current assets		489,311	-	-	489,311
TOTAL ASSETS		2,504,779	10,356	(1,554)	2,513,581
EQUITY AND LIABILITIES					
Equity					
Share capital	9	1,212,156	-	-	1,212,156
Reserves		99,380	-	-	99,380
Retained earnings (losses)		(13,555)	-	-	(13,555)
		1,297,981	-	-	1,297,981
Equity attributable to owners of the parent		45,801	-	-	45,801
Non-controlling interests		1,343,782	-	-	1,343,782
Total equity					
Liabilities					
Non-current liabilities					
Non-current borrowings	11	187	-	-	187
Lease liabilities		200,311	-	-	200,311
Grants and subsidies		36,082	-	(1,554)	34,528
Deferred corporate income tax liabilities	12	6,927	-	-	6,927
Provisions		54,509	10,356	-	64,865
Deferred revenue		1,761	-	-	1,761
Other non-current amounts payable and		779,845	10,356	(1,554)	788,647
Total non-current liabilities					
Current liabilities					
Current portion of long-term debts	10	119,599	-	-	119,599
Current borrowings	11	145	-	-	145
Current portion of lease liabilities		98,338	-	-	98,338
Trade payables		27,765	-	-	27,765
Contract liabilities		3,728	-	-	3,728
Corporate income tax liabilities	12	2,498	-	-	2,498
Provisions		5,242	-	-	5,242
Deferred revenue		109,421	-	-	109,421
Other current amounts payable and liabilities		380,818	-	-	380,818
Liabilities related to non-current assets held for sale		334	-	-	334
		381,152	-	-	381,152
Total current liabilities		1,160,997	10,356	(1,554)	1,169,799
Total liabilities		2,504,779	10,356	(1,554)	2,513,581

Retrospectively restated condensed interim statements of comprehensive income:

Restatement of 2018

Group	Notes	2018	1) Netting of PSO income and expenses	2) Netting of electricity transmission income and expenses	3) Netting of gas distribution income and expenses	4) Netting of LNGT security component	5) New electricity consumers connection fees deferral	6) New gas consumers connection fees deferral	7) Accounting for revenue from connection fee over-the-time	8) Amendments of true value of gas pipelines	9) Deferred corporate income tax amendments related to amendments of true value of gas pipelines	10) Changes impact to non-controlling interests	2018 restated
Revenue from contracts with customers	13	1,179,360	(103,395)	(224)	(335)	(19,904)	(4,933)	(7,371)	1,009	-	-	-	1,044,207
Other income		45,782	-	-	-	-	-	-	-	-	-	-	45,782
		1,225,142	(103,395)	(224)	(335)	(19,904)	(4,933)	(7,371)	1,009	-	-	-	1,089,989
Operating expenses													
Purchases of electricity, gas for trade, and related services		(911,737)	103,395	224	335	19,904	-	-	-	-	-	-	(787,879)
Purchases of gas and heavy fuel oil		(26,545)	-	-	-	-	-	-	-	-	-	-	(26,545)
Depreciation and amortisation		(87,460)	-	-	-	-	-	-	-	141	-	-	(87,319)
Wages and salaries and related expenses		(79,741)	-	-	-	-	-	-	-	-	-	-	(79,741)
Repair and maintenance expenses		(21,200)	-	-	-	-	-	-	-	-	-	-	(21,200)
Revaluation of property, plant and equipment		(67,671)	-	-	-	-	-	-	-	-	-	-	(67,671)
Reversal (impairment) of amounts receivable and loans		(9,876)	-	-	-	-	-	-	-	-	-	-	(9,876)
Impairment of property, plant and equipment		7,205	-	-	-	-	-	-	-	(10,931)	-	-	(3,726)
Other expenses	14	(26,143)	-	-	-	-	-	-	-	-	-	-	(26,143)
Total operating expenses		(1,223,168)	103,395	224	335	19,904	-	-	-	(10,790)	-	-	(1,110,100)
(Loss) profit from operations		1,974	-	-	-	-	(4,933)	(7,371)	1,009	(10,790)	-	-	(20,111)
Finance income		1,621	-	-	-	-	-	-	-	-	-	-	1,621
Finance costs		(14,899)	-	-	-	-	-	-	-	-	-	-	(14,899)
Results of the revaluation and closing of derivative financial instruments		(573)	-	-	-	-	-	-	-	-	-	-	(573)
Profit (loss) before tax		(11,877)	-	-	-	-	(4,933)	(7,371)	1,009	(10,790)	-	-	(33,962)
Current year corporate income tax (expense)/benefit		(4,570)	-	-	-	-	-	-	-	-	-	-	(4,570)
Deferred corporate income tax (expense)/benefit		13,523	-	-	-	-	-	-	-	-	3,475	-	16,998
Net profit		(2,924)	-	-	-	-	(4,933)	(7,371)	1,009	(10,790)	3,475	-	(21,534)
Attributable to:													
Owners of the parent		(4,351)	-	-	-	-	-	-	-	-	-	(17,677)	(22,028)
Non-controlling interest		1,427	-	-	-	-	-	-	-	-	-	(934)	493

Continued in other page

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

Retrospectively restated condensed interim statements of comprehensive income (continue):

Restatement of 2018

Continue

Group	Notes	2018	1) Netting of PSO income and expenses	2) Netting of electricity transmission income and expenses	3) Netting of gas distribution income and expenses	4) Netting of LNGT security component	5) New electricity consumers connection fees deferral	6) New gas consumers connection fees deferral	7) Accounting for revenue from connection fee over-the-time	8) Amendments of true value of gas pipelines	9) Deferred corporate income tax amendments related to amendments of true value of gas pipelines	10) Changes impact to non-controlling interests	2018 restated
Other comprehensive income (loss)													
Items that will not be reclassified to profit or loss													
Gain (loss) on revaluation of non-current assets		123,140	-	-	-	-	-	-	-	-	-	-	123,140
Deferred income tax related to gain (loss) on revaluation of non-current assets		77	-	-	-	-	-	-	-	-	-	-	77
Items that will not be reclassified to profit or loss, total		123,217	-	-	-	-	-	-	-	-	-	-	123,217
Items that will be reclassified to profit or loss													
Translation of net investments in foreign operations into the Group's presentation currency		(26)	-	-	-	-	-	-	-	-	-	-	(26)
Items that will be reclassified to profit or loss, total		(26)	-	-	-	-	-	-	-	-	-	-	(26)
Total other comprehensive income/(loss)		123,191	-	-	-	-	-	-	-	-	-	-	123,191
Total comprehensive income (loss) for the period		120,267	-	-	-	-	(4,933)	(7,371)	1,009	(10,790)	3,475	-	101,657
Attributable to:													
Owners of the parent		113,053	-	-	-	-	-	-	-	-	-	(17,677)	95,376
Non-controlling interests		7,213	-	-	-	-	-	-	-	-	-	(934)	6,279

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

Retrospectively restated condensed interim statements of cash flows for 2018

Group	Notes	2018	Restatement	2018 restated
Cash flows from operating activities				
Net profit for the period		(2,924)	(18,610)	(21,534)
Adjustments for non-monetary expenses (income):				
Depreciation and amortisation expenses		96,730	(141)	96,589
Impairment of property, plant and equipment		(7,205)	10,931	3,726
Revaluation of property, plant and equipment		76,617	-	76,617
Revaluation of investment assets		(18)	-	(18)
Revaluation of derivative financial instruments		(354)	-	(354)
Grants related to property, plant and equipment, which is revaluated		(10,003)	-	(10,003)
Impairment of financial assets (reversal of impairment)		9,876	-	9,876
Corporate income tax expenses		(8,953)	(3,475)	(12,428)
(Depreciation) of grants		(9,270)	-	(9,270)
Increase (decrease) in provisions		4,085	3,475	7,560
Inventory write-down to net realizable value/ (reversal)		(718)	-	(718)
Expenses/(income) of revaluation of emission allowances		(8,933)	-	(8,933)
Emission allowances utilised		908	-	908
Elimination of results of investing activities:				
- (Gain)/loss on disposal/write-off of property, plant and equipment		477	-	477
- (gain)/loss from other investing activities		82	-	82
Elimination of results of financing activities:				
Interest (income)		(1,427)	-	(1,427)
Interest expenses		12,442	-	12,442
Other finance (income) expenses		2,263	-	2,263
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable		(21,603)	-	(21,603)
(Increase) decrease in inventories, prepayments and other current assets		18,896	-	18,896
Increase (decrease) in amounts payable, deferred income and contract liabilities		33,873	7,528	41,401
Corporate income tax (paid)		(6,309)	-	(6,309)
Net cash flows from (used in) operating activities		178,532	(292)	178,240
Cash flows from investing activities				
(Acquisition) of property, plant and equipment and intangible assets		(416,205)	292	(415,913)
Disposal of property, plant and equipment and intangible assets		48,162	-	48,162
(Acquisition)/disposal of subsidiaries		(23,509)	-	(23,509)
Grants received		25,523	-	25,523
Interest received		1,105	-	1,105
Increase (decrease) of cash flows from other from investing activities		(1,582)	-	(1,582)
Net cash flows from (used in) investing activities		(366,506)	292	(366,214)
Cash flows from financing activities				
Received borrowings		57,810	-	57,810
Bonds emission		294,346	-	294,346
Repayments of borrowings		(155,421)	-	(155,421)
Lease payments		(544)	-	(544)
Interest paid		(10,402)	-	(10,402)
Dividends paid		(80,608)	-	(80,608)
Derivatives closing result		(573)	-	(573)
Increase in share capital of UAB "Kauno Kogeneracinė Jėgainė"		7,840	-	7,840
Net cash flows from (used in) financing activities		112,448	-	112,448
Increase (decrease) in cash and cash equivalents (including overdraft)				
		(75,526)	-	(75,526)
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	85,575	-	85,575

4 Intangible assets and property, plant and equipment

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

Group	Intangible asset	Property, plant and equipment
Net book value at 31 December 2018	106,330	2,090,864
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	2,054,895
Acquisitions	40,645	413,818
Sales	-	(1,411)
Write-offs	-	(4,216)
Revaluation	368	94
Impairment	(35)	(4,063)
Reversal of impairment	-	45
Emission allowances utilised	(987)	-
Emission allowances grants received	4,131	-
Reclassification to/from Property, plant and equipment and Intangible assets	169	(169)
Reclassification to/from Assets held for sale	(15)	(1,062)
Reclassification to/from Investments asset	-	(339)
Reclassification to/from Right of use asset	-	(1,196)
Reclassification to/from Inventories	-	57
Reclassification to Financial lease	-	(10,531)
Asset identified by acquisition of subsidiaries	-	5,672
Depreciation/amortisation	(7,869)	(104,245)
Net book value at 31 December 2019	142,737	2,347,348

During 2019 The Group acquired Pomerania Invall Sp. z. o. o. and in the item of Intangible assets booked EUR 24,430 thousand other intangible asset related to Pomerania Invall Sp. z. o. o.'s right to sell the generated electricity applying the promotional rate.

Property, plant and equipment, which amounts to EUR 7,317 thousand, was taken over after the acquisition of indirectly controlled (100%) company Pomerania Invall Sp. z. o. o. during the 1st half of year 2019 (Note 18).

During the year of 2019 EUR 64,048 thousand of Property, plant and equipment acquisition were paid up utilising grants received (2018: EUR 25,523 thousand). Depreciation/amortisation attributable to grants received during the year 2019 amounts to EUR 9,011 thousand (2018: EUR 9,271 thousand).

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 change significantly as at 31 December 2019.

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

Company	Intangible asset	Property, plant and equipment
Net book value at 31 December 2018	1,874	427
Acquisition	-	36
Assets paid up by the authorized capital	-	(364)
Depreciation/amortisation	-	(13)
Net book value at 31 December 2019	1,874	86

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

5 Right-of-use asset

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

Group	Land	Buildings	Structures and machinery	Wind power plants and their installations	Vehicles	Group	Equipment's of information technologies and telecommunications	Other tangible assets	Total Right-of-use asset
Net book value at 1 January 2019	-	-	-	-	-	-	-	-	-
Acquisitions:									
<i>from which is recognized as Right-of-use asset 2019-01-01</i>		5,719	5,790	123	-	303	2,390	229	14,554
<i>from which is recognized when reclassifying from Tangible assets 2019-01-01 – 2019-12-31</i>		1,196	-	8,233	27,290	446	-	-	37,165
<i>from which is signed lease agreements 2019-01-01 – 2019-12-31</i>		9,248	10,829	157	-	162	1,976	88	22,460
Write-offs		-	(1,448)	(140)	-	(7)	(2,098)	-	(3,693)
Reclassification to/from Assets held for sale		-	(909)	(96)	-	-	(1,967)	-	(2,972)
Depreciation		(143)	(2,744)	(805)	(2,246)	(150)	(301)	(81)	(6,469)
Net book value at 31 December 2019	16,020	11,518	7,472	25,044	754	-	236	61,044	

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 1 January 2019	-	-	-
Acquisition			
<i>from which is recognized as Right-of-use asset 2019-01-01</i>	847	177	1,024
<i>from which is recognized when reclassifying from Assets held for sale</i>	-	-	-
<i>from which is signed lease agreements 2019-01-01 – 2019-12-31</i>	53	21	74
Write-offs	-	-	-
Reclassification to/from Assets held for sale	-	-	-
Depreciation	(215)	(45)	(260)
Net book value at 31 December 2019	685	153	838

6 Investments in subsidiaries and other investments

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

Company	2019	2018
Net book amount at 1 January	1,206,921	1,148,917
Increase in share capital of subsidiaries	15,960	41,038
Decrease in share capital of subsidiaries	(36,386)	-
Establishment of new subsidiaries	44,700	-
Acquisition of companies	-	21,016
Disposal of investments	(39,747)	-
Coverage of losses	-	5,142
Liquidation of subsidiaries	-	(17)
Reclassification to assets held for sale	-	(2,359)
(Impairment) of investments in subsidiaries	13,046	(6,815)
Net book amount at 31 December	1,204,494	1,206,921

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

On 1 June 2019, the reorganisation of the Group companies UAB "Ignitis" and UAB "Energijos Tiekimas" was finalised. The companies were reorganised by way of merger – UAB "Energijos Tiekimas", which ceased its activities after the reorganisation, was merged with UAB "Ignitis", which continues its activities. All assets, rights and obligations of UAB "Energijos Tiekimas" were taken over by UAB "Ignitis". Company's carrying amount of investment to UAB "Ignitis" increased by EUR 26,126 thousand and the investment to UAB "Energijos Tiekimas" was written off by the same carrying amount.

During the 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 outstanding	Date of articles amendment
UAB „Vilniaus kogeneracinė jėgainė“	2019-01-22	54,137,931	0.29	15,700	15,700	-	2019-01-30
UAB „Ignitis grupės paslaugų centras“	2019-06-13	847,149	0.29	260	260	-	2019-06-28
Total				15,960	15,960	-	

* 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 UAB „Vilniaus Kogeneracinė Jėgainė“ up to EUR 52,300 thousand. The initial contribution of EUR 15,314 thousand was paid by the Company in cash and was 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). On 30 January 2019, the new version of the Articles of Association of the Group's company UAB „Vilniaus Kogeneracinė Jėgainė“ related to increase in share capital was registered with the Register of Legal Entities.

On 28 February 2019, a decision of general meeting of shareholders was passed to increase the share capital of the Group's company UAB „Ignitis grupės paslaugų centras“ (earlier name UAB „Technologijų ir inovacijų centras“) from EUR 6,440 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 UAB „Ignitis gamyba“ (earlier name AB „Lietuvos energijos gamyba“). On 28 June 2019, the new version of the Articles of Association of the Group's company UAB „Ignitis grupės paslaugų centras“ related to increase in share capital was registered with the Register of Legal Entities.

On 15 April 2019 the Company decided to reduce the authorized capital of the subsidiary UAB NT Valdos from EUR 41,385 thousand up to EUR 5,000 thousand. Eur, cancelling 1,256,400 shares with the nominal value of each of EUR 28.96, total nominal value of cancelled shares is EUR 36,385 thousand. The purpose of the reduction of the authorized capital is to pay out the funds to the shareholders. The subsidiary disbursed the share capital reduction to the Company during July – September of 2019 and the Company accounted for EUR 213 thousand reversal of investments in subsidiaries impairment. On 5 July 2019 a new version of the Articles of Association of the Subsidiary Company related to the reduction of the authorized capital was registered with the Register of Legal Entities.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

During the year 2019 authorized capital of the Group's companies reduced and reversed impairment of investments:

Subsidiary	Book value 31 December 2018	Authorized capital	Appropriation of loss	Reversal of impairment	Book value 31 December 2019
UAB „NT valdos“	36,173	(36,385)	-	9,035	8,823
UAB „Ignitis“	43,125	-	-	4,010	47,136
Total:	79,298	(36,385)	-	13,045	55,959

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 UAB „Ignitis renewables“ (earlier name UAB „Lietuvos energija renewables“), 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 UAB „Ignitis renewables“ were registered with the Register of Legal Entities on 14 January 2019.

During the year of 2019 new Group's companies were 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 „Ignitis renewables“	2019-01-14	3,000	1	3	44,697	44,700	-	2019-01-14
Total:				3	44,697	44,700	-	

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 UAB „Ignitis renewables“. 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.

During the year of 2019 the Company disposed these investments to its subsidiary UAB „Ignitis renewables“:

Subsidiary	Disposal date	Disposed shares, pcs	Investment value, EUR	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	1,962	-
Total:			39,748	39,748	-

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

UAB Ignitis Grupė, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

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

At 31 December 2019	Acquisition cost	Impairment	Contributions against losses	Carrying amount	Company's ownership interest, %	Group's effective ownership interest, %
Subsidiaries:						
AB „Energijos skirstymo operatorius“	710,921	-	-	710,921	94.98	94.98
AB „Ignitis gamyba“	307,997	-	-	307,997	96.82	96.82
UAB „NT Valdosa“	8,823	-	-	8,823	100.00	100.00
UAB „Vilniaus kogeneracinė jėgainė“	52,300	-	-	52,300	100.00	100.00
UAB „Kauno kogeneracinė jėgainė“	20,400	-	-	20,400	100.00	100.00
UAB „Ignitis“	47,136	-	-	47,136	51.00	51.00
Tuuleenergia OÜ	6,659	-	-	6,659	100.00	100.00
UAB „Ignitis grupės paslaugų centras“	3,479	-	-	3,479	50.00	97.94
UAB „Elektroninių mokėjimų agentūra“	1,428	-	-	1,428	100.00	100.00
UAB „Verslo aptarnavimo centras“	298	-	-	298	100.00	100.00
UAB „Energetikos paslaugų ir rangos organizacija“	10,638	(22,711)	12,073	-	51.00	98.41
Ignitis paramos fondas	3	-	-	3	100.00	100.00
UAB „Gamybos optimizavimas“	350	-	-	350	100.00	100.00
UAB „Ignitis renewables“	44,700	-	-	44,700	100.00	100.00
	1,215,132	(22,711)	12,073	1,204,494		

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:						
AB „Energijos skirstymo operatorius“	710,921	-	-	710,921	94.98	94.98
AB „Ignitis gamyba“	307,997	-	-	307,997	96.82	96.82
UAB „NT Valdosa“	45,209	(9,036)	-	36,173	100.00	100.00
UAB „Energijos tiekimas“	26,126	-	-	26,126	100.00	100.00
UAB „Vilniaus kogeneracinė jėgainė“	36,600	-	-	36,600	100.00	100.00
UAB „Kauno kogeneracinė jėgainė“	20,400	-	-	20,400	51.00	51.00
UAB „LITGAS“	12,641	(4,010)	-	8,631	100.00	100.00
UAB „Ignitis“	8,369	-	-	8,369	100.00	100.00
Tuuleenergia OÜ	6,659	-	-	6,659	100.00	100.00
UAB „Ignitis grupės paslaugų centras“	3,219	-	-	3,219	50.00	97.91
UAB „Elektroninių mokėjimų agentūra“	1,428	-	-	1,428	100.00	100.00
UAB „Verslo aptarnavimo centras“	298	-	-	298	51.00	98.41
UAB „Energetikos paslaugų ir rangos organizacija“	10,637	(22,710)	12,073	-	100.00	100.00
Ignitis paramos fondas	3	-	-	3	100.00	100.00
UAB „Gamybos optimizavimas“	350	-	-	350	100.00	100.00
UAB „Vėjo vatas“	12,919	-	-	12,919	100.00	100.00
UAB „Vėjo gūsis“	6,132	-	-	6,132	100.00	100.00
UAB „VVP investment“	1,962	-	-	1,962	100.00	100.00
UAB „Eurakras“	18,734	-	-	18,734	100.00	100.00
	1,230,604	(35,756)	12,073	1,206,921		

7 Cash and cash equivalents

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Cash at bank	131,378	127,835	144	231
	131,378	127,835	144	231

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

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Cash and cash equivalents	131,378	127,835	144	231
Bank overdraft	(191,291)	(42,260)	(191,291)	(42,260)
Carrying amount	(59,913)	85,575	(191,147)	(42,029)

8 Non-current assets held for sale

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

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Property, plant and equipment and investment property	4,753	35,589	77	77
Disposal group	35,775	30,117	-	-
Investments in subsidiaries	-	-	7,064	7,064
	40,528	65,706	7,141	7,141

Within the Company's line item of the 'Disposal group' the Company recognized investment of subsidiary UAB "Transporto Valdymas" of EUR 2,359 thousand and investment of subsidiary UAB "Duomenų Logistikos Centras" of EUR 4,705 thousand.

The Group's line item of the 'Disposal group' also includes assets of subsidiaries UAB "Transporto Valdymas" and UAB "Duomenų Logistikos Centras" amounting to EUR 35,775 thousand, which is intended to be disposed by the Group. Liabilities of EUR 5,236 thousand being disposed along with these assets were reported under the line item 'Liabilities related to non-current assets held for sale'. Depreciation charge for the year 2019 is included in the Group's line item of the 'Disposal group' amounted to EUR 4,067 thousand.

9 Share capital

As at 31 December 2019 and 31 December 2018 the Company's share capital comprised EUR 1,212,156,294. As at 31 December 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 31 December 2019 and 31 December 2018 share capital was fully paid.

10 Borrowings

Borrowings of the Group and the Company as at 31 December 2019 and 31 December 2018 consist of as follows:

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Non-current				
Bonds issued	590,120	588,999	590,120	588,999
Bank borrowings	231,809	146,411	49,345	82,246
Current				
Current portion of non-current borrowings	37,453	61,819	32,901	57,401
Bank overdrafts	191,291	42,260	191,291	42,260
Accrued interest	5,446	5,467	5,446	5,461
Total borrowings	1,056,119	844,956	869,103	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 AB "SEB bankas", based on which the Company is able to borrow EUR 100 million. The repayment term is in 2021.

On 16 September 2019 the Company signed a new credit agreement with AB "SEB bankas", which provides an opportunity to borrow EUR 70 million with a maturity date of 16 September 2021.

As at 31 December 2019 Company's and Group's used bank overdraft part comprise EUR 191,291 thousand (Note 7).

11 Lease liabilities

The Group's and the Company's future lease payments under non-cancellable leases at 31 December 2019 and 31 December 2018:

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Minimum payments				
Within one year	8,928	5,421	280	-
From one to five years	19,466	5,011	565	-
After five years	29,497	9,477	-	-
Total	57,890	19,909	845	-
Future finance costs				
Within one year	(527)	(201)	(3)	-
From one to five years	(1,348)	(129)	(2)	-
After five years	(13,796)	(25)	-	-
Total	(15,671)	(355)	(5)	-
Carrying amount	42,219	19,554	840	-

Lease payments during 2019 amounted to EUR 7,605 thousand (2018: EUR 239 thousand). Payments for less than 12 months leases and leases of low value assets are recognized in the statement of cash flows in operating cash flow section as working capital items.

12 Provisions

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

	Group		Company	
	31 December 2019	31 December 2018 (restated*)	31 December 2019	31 December 2018
Non-current	35,123	35,446	-	-
Current	15,157	5,553	-	806
Carrying amount	50,280	40,999	-	806

* Some of the amounts shown do not match the 2018 figures and 2017 financial statements and reflects the adjustments disclosed in Note 3.

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	(416)	31	9,347	8,962
Utilised during the period	-	79	(8,571)	(8,492)
Revaluation of utilised emission allowances	-	(988)	-	(988)
Result of change in actuarial assumptions	-	877	5,918	6,795
Provisions for disassembly	-	-	3,004	3,004
At 31 December 2019	479	2,867	46,934	50,280

* Some of the amounts shown do not match the 2018 figures and 2017 financial statements and reflects the adjustments disclosed in Note 3.

As at 31 December 2018 the Company's provisions consist of the guarantee issued to the subsidiary for the loans granted to UAB "Energetikos Paslaugų ir Rangos Organizacija" under cash-pool agreements. During period of 2019 the Company wrote-off this provision (note 14).

13 Revenue from contracts with customers

The Group's sales revenue from contracts with customers during 2019 and 2018 consist of as follows:

	Group		Company	
	2019	2018	2019	2018
Revenue from sale of electricity and related services	790,493	703,803	-	-
Revenue from sale of gas and related services	274,425	321,342	-	-
Other sales revenue	20,498	19,062	3,283	3,188
Total	1,085,416	1,044,207	3,283	3,188

The Company's sales revenue from contracts with customer during 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 2019 and 2018 comprise:

	Group		Company	
	2019	2018	2019	2018
Taxes	6,181	6,329	27	246
Customer service	4,562	4,367	-	-
Telecommunication and IT services	4,241	4,041	409	401
Write-offs of property, plant and equipment	4,235	3,065	112	155
Motor vehicles	4,033	2,351	104	770
Utilities	2,682	2,012	-	-
Expenses of low-value inventory items	1,672	1,159	-	193
Write-offs of long term and short-term receivables	1,507	1,538	444	720
Consultation expenses	1,448	1,179	-	-
Personnel development	903	1,003	120	189
Business trips	620	408	44	59
Revaluation and provisions of emission allowances	368	-	717	318
Rent	188	(8,933)	-	-
Business support services	-	(718)	-	-
Provision for guarantees for the fulfilment of obligations of the subsidiaries	-	-	(806)	(2,097)
Impairment of inventories (reversal)	(236)	1,242	720	403
Other expenses	5,569	5,005	-	-
Carrying amount	37,973	24,048	1,891	1,375

15 Dividends

Group's companies declared dividends during 2019:

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	UAB „Duomenų logistikos centras“	the year of 2018	0,0290	405	324	81
30 Apr 2019	UAB „Ignitis grupės paslaugų centras“	the year of 2018	0,0150	327	164	4
30 Apr 2019	UAB „Verslo aptarnavimo centras“	the year of 2018	0,2100	123	63	1
30 Apr 2019	Tuuleenergia OÜ	the year of 2018	1,8000	899	899	-
29 Apr 2019	UAB „EURAKRAS“	the year of 2018	11,7200	1.870	-	-
12 Apr 2019	AB „Ignitis gamyba“	the 2 nd half-year of 2018	0,0100	6.480	6.274	206
27 Sep 2019	AB „Ignitis gamyba“	the 1 st half-year of 2019	0,0290	18.792	18.194	598
				28.896	25.918	890

Group's companies declared dividends during 2018:

Announcement Date	Dividends declared by	Dividends distributed for the period	Dividends per share, Eur	Amount of dividends declared	The Company's dividend revenue	Dividends allocated to the non – controlling interest
13 Mar 2018	UAB „EURAKRAS“	the year of 2017	10.59000	1,690	1,690	-
20 Mar 2018	UAB „Energijos tiekimas“	the year of 2017	0.17401	3,000	3,000	-
26 Mar 2018	AB „Ignitis gamyba“	the 2 nd half-year of 2017	0.01400	8,891	8,602	283
30 Mar 2018	AB „Energijos skirstymo operatorius“	the 2 nd half-year of 2017	0.02535	22,679	21,541	1,138
4 Apr 2018	UAB „Lietuvos dujų tiekimas“	the year of 2017	0.15837	4,571	4,571	-
5 Apr 2018	UAB „Verslo aptarnavimo centras“	the year of 2017	0.00026	268	137	3
11 April 2018	UAB „Ignitis grupės paslaugų centras“	the year of 2017	0.00666	148	74	2
17 Apr 2018	UAB „LITGAS“	the year of 2017	0.02654	1,194	1,194	-
27 Apr 2018	UAB „Duomenų logistikos centras“	the year of 2017	0.02200	306	243	62
28 Sep 2018	AB „Energijos skirstymo operatorius“	the 1 st half-year of 2018	0.01400	12,525	11,896	628
27 Sep 2018	AB „Ignitis gamyba“	the 1 st half-year of 2018	0.02300	14,904	14,430	474
				70,176	67,378	2,590

Company's declared dividends

Company's declared dividends during 2018 and 2019:

	2019		2018	
	(EUR '000)	Dividends per share	(EUR '000)	Dividends per share
UAB „Ignitis grupė“	13,000	0.0031	78,265	0.0187

16 Transactions with related parties

As at 31 December 2019 and 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 of 2019 and balances arising on these transactions as at 31 December 2019 are presented below:

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
UAB „EPSO-G“	158,943	-	32	-	1,017
AB „Litgrid AB“	10,297	14,749	70,976	130,335	-
UAB „BALTPOOL“	4,203	6,329	32,575	61,409	(1)
UAB "TETAS"	11,682	10,190	39,262	36,942	-
AB „Amber Grid“	84	869	555	6,115	6
UAB „LITGRID Power Link Service“	-	-	-	-	-
UAB „GET Baltic“	754	-	26,050	2,110	-
Grupės asocijuotos įmonės ir kitos susijusios šalys	116	217	62	1,217	-
Total	186,079	32,355	169,512	239,128	1,022

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

Related party	Amounts receivable	Amount payable	Sales	Purchases	Finance incomes (expenses)
UAB „EPSO-G“	158,693	-	35	-	1,102
AB „Litgrid AB“	7,106	15,049	63,838	129,627	-
UAB „BALTPOOL“	8,265	15,962	59,654	54,324	-
UAB "TETAS"	1,381	4,421	1,387	91,711	-
AB „Amber Grid“	3,730	6,019	38,153	1,811	-
UAB „LITGRID Power Link Service“	36	-	60	-	-
UAB „GET Baltic“	724	12	11,436	6,103	-
Grupės asocijuotos įmonės ir kitos susijusios šalys	279	120	380	394	-
Total	180,214	41,583	174,943	283,970	1,102

The Company's transactions with related parties during the period of 2019 and balances arising on these transactions as at 31 December 2019 are presented below:

Related parties	Amounts receivable 31 Dec 2019	Loans receivable 31 Dec 2019	Amounts payable 31 Dec 2019	Sales 2019	Purchases 2019	Finance income 2019	Finance expenses 2019
Subsidiaries							
AB „Energijos skirstymo operatorius“	159	608,690	-	1,466	20	9,708	-
AB „Ignitis gamyba“	42	-	-	482	4	-	-
UAB "Energetikos paslaugų ir rangos organizacija"	-	1,484	-	4	-	45	-
UAB „Elektroninių mokėjimų agentūra“	4	-	-	21	-	-	-
UAB „Energijos tiekimas“	-	-	-	96	-	91	-
UAB „Duomenų logistikos centras“	-	-	1	5	-	-	-
UAB „NT valdos“	-	-	-	31	1	3	-
UAB "Transporto valdymas"	-	25,539	10	-	(100)	358	1
UAB „Ignitis grupės paslaugų centras“	8	1,474	41	126	(407)	10	-
UAB „Ignitis“	51	90,913	-	428	4	911	-
UAB "Verslo aptarnavimo centras"	49	-	166	228	(971)	2	-
UAB „Vilniaus kogeneracinė jėgainė“	11	3,473	11,314	125	(20)	683	-
UAB „EURAKRAS“	-	24,754	-	10	-	709	-
Tuuleenergia OÜ	-	19,403	-	1	-	655	-
UAB „Kauno kogeneracinė jėgainė“	21	104	-	183	17	236	-
UAB „Vėjo gūsis“	-	7	-	-	-	75	-
UAB „Vėjo vatas“	-	2,766	-	-	(1)	133	-
UAB „Gamybos optimizavimas“	1	-	-	7	-	-	-
UAB „VVP investment“	-	403	-	-	-	14	-
UAB „Ignitis renewables“	9	57,087	-	70	11	805	-
Other related parties							
UAB "EPSO-G"	158,940	-	-	-	-	1,017	-
Total	159,094	836,298	11,532	3,283	(1,442)	15,455	1

The Company's transactions with related parties during the period of 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	Amounts payable 31 Dec 2018	Sales 2018	Purchases 2018	Finance income 2018	Finance expenses 2018
Subsidiaries							
AB „Energijos skirstymo operatorius“	4,304	582,255	-	1,405	(17)	6,655	-
AB „Ignitis gamyba“	60	-	-	542	8,086	-	-
UAB „EURAKRAS“	401	24,355	-	11	-	709	-
UAB „Ignitis“	32	14,098	-	198	(11)	75	-
UAB „NT valdos“	13	-	-	93	184	186	-
UAB „Ignitis grupės paslaugų centras“	16	1,668	107	99	390	10	-
UAB „Duomenų logistikos centras“	1	-	-	17	-	-	-
UAB „Energetikos paslaugų ir rangos organizacija“	29	1,221	-	74	6,448	151	-
Tuuleenergia OÜ	313	20,746	-	4	-	760	-
UAB „Energijos tiekimas“	48	36,498	-	180	149	110	-
UAB „LITGAS“	10	-	-	102	-	11	-
UAB „Transporto valdymas“	272	21,336	8	-	79	225	-
UAB „Elektroninių mokėjimų agentūra“	3	-	-	33	-	-	-
UAB „Verslo aptarnavimo centras“	29	-	109	157	593	1	-
UAB „VAE SPB“	-	-	-	3	-	-	-
UAB „Vilniaus kogeneracinė jėgainė“	29	-	-	98	-	23	-
UAB „Energijos sprendimų centras“	-	-	-	31	-	-	-
UAB „Kauno kogeneracinė jėgainė“	69	-	-	155	-	5	-
UAB „Vėjo gūsis“	29	-	-	-	-	-	-
UAB „Vėjo vatas“	146	2,547	-	-	-	8	-
Other related parties							
UAB "EPSO-G"	158,658	-	-	-	-	1,102	-
Total	164,462	704,724	224	3,202	15,901	10,031	-

Company's dividend income from the subsidiaries during 2019 and 2018 is disclosed in the Note 15.

Management's benefits:

	Group		Company	
	2019	2018	2019	2018
Salaries and other short-term benefits	4,578	3,681	1,170	815
Whereof: Termination benefits and benefits to Board Members	433	402	118	118
Number of management staff	54	55	12	10

Management includes heads of administration and their deputies.

17 Segment reporting

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

In year 2018 a new strategy of the Group was approved. This strategy sets out four main lines of business for the Group - strategic generation, green generation, commercial organization and distribution grid operator. Following the adoption of the new strategy, steps have been taken to refine the actions due. Following the changes in the Group's structure, which were completed in 2019 2nd quarter, management follows its performance by operating segments that are consistent with the line of business specified in the Group's strategy.

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

- Distribution (carried out by AB "Energijos Skirstymo Operatorius")
- Strategic generation (carried out by UAB "Ignitis Gamyba" (except Kaunas Algirdas' Brazauskas Hydroelectric Power Plant));
- Green generation (carried out by AB "Ignitis gamyba" Kaunas Algirdas' Brazauskas Hydroelectric Power Plant, UAB "Vilniaus Kogeneracinė Jėgainė", UAB "Kauno Kogeneracinė Jėgainė", UAB "Eurakras", Tuuleenergia OU, UAB "Vėjo Gūsis", UAB "Vėjo Vatas", UAB "VVP Investment", UAB "Ignitis Renewables", Pomerania Invall Sp.z.o.o)
- Commercial organization (carried out by UAB "Ignitis", UAB "Energijos Tiekimas" (until 31 May 2019), Ignitis Eesti OÜ, Ignitis Latvija SIA, Ignitis Polska Sp.z o.o).

The following services and entities comprise the other segments:

- support services (UAB "NT Valdosa", UAB "Ignitis Grupės Paslaugų Centras", UAB "Verslo Aptarnavimo Centras" and UAB "Transporto Valdymas");
- non-core activities (UAB "Energetikos Paslaugų ir Rangos Organizacija", UAB "Duomenų Logistikos Centras");
- service entities (UAB "Elektroninių Mokėjimų Agentūra");
- as well as parent company UAB "Ignitis grupė", 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 recognized under IFRS. The Group's Board does not analyze assets and liabilities of the segments.

UAB Ignitis Grupė, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

Group information about operating segments for 2019 is provided below:

2019	Distribution	Strategic generation	Green generation	Commercial organisation	Other segments		Elimination of inter-company transactions and consolidation eliminations	General adjustments	Management's adjustments	Total
					Parent Company	Other segments				
Sales revenue from external customers	467,894	116,309	31,764	515,493	25	9,522	-	1,141,007	(45,750)	1,095,257
Sales revenue from contracts with customers	466,992	108,845	31,764	528,594	2	5,448	-	1,141,645	(56,229)	1,085,416
Other income	902	7,464	-	(13,101)	23	4,074	-	(638)	10,479	9,841
<i>from which is dividend income</i>	-	-	-	-	-	-	-	-	-	-
Inter-segment revenue	(1,595)	689	1,953	6,383	29,201	37,018	(73,649)	-	-	-
Sales revenue from contracts with customers	(1,955)	563	81	5,691	3,281	16,618	(24,279)	-	-	-
Other income	360	126	1,872	692	25,920	20,400	(49,370)	-	-	-
<i>from which is dividend income</i>	-	-	1,870	12	25,918	4	(27,804)	-	-	-
Total revenue	466,299	116,998	33,717	521,876	29,226	46,540	(73,649)	1,141,007	(45,750)	1,095,257
Purchases of electricity, gas for trade, and related services, gas and heavy fuel oil	(183,335)	(55,925)	(168)	(493,042)	-	(4,024)	477	(736,017)	-	(736,017)
Wages and salaries and related expenses	(46,000)	(8,361)	(2,346)	(4,925)	(5,582)	(19,783)	-	(86,997)	-	(86,997)
Repair and maintenance expenses	(21,745)	(5,415)	(1,837)	(3)	-	(834)	37	(29,797)	-	(29,797)
Other expenses	(34,732)	(6,163)	(3,164)	(11,391)	(1,890)	(11,710)	39,895	(29,155)	(3,822)	(32,977)
Adjusted EBITDA*	180,487	41,134	24,332	12,503	(4,164)	10,185	(5,436)	259,041	(49,572)	209,469
from which:										
Depreciation and amortization	(81,620)	(16,331)	(7,953)	(6,560)	(273)	(7,441)	6,583	(113,595)	-	(113,595)
Impairment and write-offs of property, plant and equipment	(8,210)	(276)	-	-	-	(1,039)	-	(9,525)	-	(9,525)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(502)	1,059	3	(3,894)	11,653	100	(12,241)	(3,822)	3,822	-
Revaluation of emission allowances	-	(431)	-	-	-	-	-	(431)	-	(431)
Operating profit (loss)	90,155	25,155	18,252	2,061	33,134	1,809	(38,898)	131,668	(45,750)	85,918
Finance income	27	373	590	824	15,502	99	(15,222)	2,193	-	2,193
Finance costs	(9,973)	(428)	(2,859)	(1,657)	(17,015)	(499)	13,621	(18,810)	-	(18,810)
Profit (loss) before tax	80,209	25,100	15,983	1,228	31,621	1,409	(40,499)	115,051	(45,750)	69,301
Income tax expense	23	(4,392)	(2,802)	(1,886)	(314)	140	789	(8,442)	-	(8,442)
Net profit (loss)	80,232	20,708	13,181	(658)	31,307	1,549	(39,710)	106,609	(45,750)	60,859
Property, plant and equipment, intangible and right-of-use asset	1,628,771	483,963	454,753	39,139	2,798	22,709	(81,004)	2,551,129	-	2,551,129
Investments	181,171	702	230,732	2,088	36	15,215	-	429,944	-	429,944
Net debt	657,710	(27,022)	262,350	91,682	869,799	27,215	(914,774)	966,960	-	966,960
Adjusted EBITDA*	180,487	41,134	24,332	12,503	(4,164)	10,185	(5,436)	259,041	-	-
Management adjustments	(45,919)	14,581	(1)	(15,005)	-	594	-	(45,750)	-	-
Management adjustments for impairment and write-offs of current and non-current amounts receivables, loans, goods and others	(502)	1,059	3	(3,894)	11,653	100	(12,241)	(3,822)	-	-
Total EBITDA adjustments	(46,421)	15,640	2	(18,899)	11,653	694	(12,241)	(49,572)	-	-
EBITDA**	134,066	56,774	24,334	(6,396)	7,489	10,879	(17,677)	209,469	-	-

**EBITDA – Operating profit (loss) - Dividend + Depreciation and amortization (including depreciation related to 16 IFRS) + Revaluation of emission allowances + Impairment and write-offs of property, plant and equipment + Impairment and write-offs of current and non-current amounts receivables, loans, goods and others

*Adjusted EBITDA - EBITDA + management adjustments

UAB Ignitis Grupė, Company code 301844044, Žvejų g. 14, LT-09310 Vilnius, Lithuania

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

Group information about operating segments for 2018 is provided below:

2018					Other segments		Elimination of inter-company transactions and consolidation eliminations	General adjustments	Management's adjustments	Total
	Distribution	Strategic generation	Green generation	Commercial organisation	Parent Company	Other segments				
Sales revenue from external customers	435,509	112,317	26,654	568,519	703	11,909	-	1,155,611	(65,622)	1,089,989
Sales revenue from contracts with customers	435,456	107,639	26,651	539,656	-	4,965	-	1,114,367	(70,160)	1,044,207
Other income	53	4,678	3	28,863	703	6,944	-	41,244	4,538	45,782
from which is dividend income	-	-	-	-	-	-	-	-	-	-
Inter-segment revenue	(2,929)	(424)	946	67,371	70,566	53,087	(188,617)	-	-	-
Sales revenue from contracts with customers	(10,146)	8	946	62,207	3,188	29,830	(86,033)	-	-	-
Other income	7,217	(432)	-	5,164	67,378	23,257	(102,584)	-	-	-
from which is dividend income	-	-	-	20	67,378	10	(67,408)	-	-	-
Total revenue	432,580	111,893	27,600	635,890	71,269	64,996	(188,617)	1,155,611	(65,622)	1,089,989
Purchases of electricity, gas for trade, and related services, gas and heavy fuel oil	(184,564)	(64,206)	(189)	(614,819)	-	(13,715)	63,069	(814,424)	-	(814,424)
Wages and salaries and related expenses	(41,542)	(8,363)	(989)	(3,587)	(5,067)	(22,970)	2,777	(79,741)	-	(79,741)
Repair and maintenance expenses	(13,810)	(5,428)	(1,157)	-	-	(1,744)	941	(21,198)	-	(21,198)
Other expenses	(31,378)	(6,236)	(1,542)	(11,328)	(3,454)	(22,728)	49,239	(27,427)	(1,407)	(28,834)
Adjusted EBITDA*	161,286	27,660	23,723	6,136	(4,630)	3,829	(5,183)	212,821	(67,029)	145,792
from which:										
Depreciation and amortisation	(57,352)	(16,594)	(5,872)	(1,122)	(7)	(6,515)	143	(87,319)	-	(87,319)
Impairment and write-offs of property, plant and equipment	(54,330)	(501)	-	(5)	(11,198)	(2,591)	(18,891)	(87,516)	-	(87,516)
Impairment and write-offs of current and non-current amounts receivables, loans, goods and others	15	(382)	(3)	(869)	(4,718)	(76)	4,625	(1,408)	1,407	(1)
Revaluation of emission allowances	-	8,933	-	-	-	-	-	8,933	-	8,933
Operating profit (loss)	49,619	19,116	17,848	4,160	46,825	(5,343)	(86,714)	45,511	(65,622)	(20,111)
Finance income	89	168	12	380	10,069	42	(9,139)	1,621	-	1,621
Finance costs	(6,448)	(1,445)	(1,452)	(880)	(12,169)	(999)	8,494	(14,899)	-	(14,899)
Results of the revaluation and closing of derivative financial instruments	-	-	-	-	(572)	(1)	-	(573)	-	(573)
Profit (loss) before tax	43,260	17,839	16,408	3,660	44,153	(6,301)	(87,359)	31,660	(65,622)	(33,962)
Income tax expense	12,061	(5,402)	(2,478)	4,393	535	(1,654)	4,973	12,428	-	12,428
Net profit (loss)	55,321	12,437	13,930	8,053	44,688	(7,955)	(82,386)	44,088	(65,622)	(21,534)
Property, plant and equipment, intangible and right-of-use asset Investments	1,506,852	498,749	223,984	42,651	2,301	22,369	(99,713)	2,197,193	-	2,197,193
Net debt	271,283	4,956	92,220	354	1,887	10,892	-	381,592	-	381,592
Adjusted EBITDA*	161,286	27,660	23,723	6,136	(4,630)	3,829	(5,183)	212,821	-	736,019
Management adjustments	(40,306)	7,170	-	(37,023)	-	4,538	-	(65,621)	-	-
Management adjustments for impairment and write-offs of current and non-current amounts receivables, loans, goods and others	15	(382)	(3)	(869)	(4,718)	(76)	4,625	(1,408)	-	-
Total EBITDA adjustments	(40,291)	6,788	(3)	(37,892)	(4,718)	4,462	4,625	(67,029)	-	-
EBITDA**	120,995	34,448	23,720	(31,756)	(9,348)	8,291	(558)	145,792	-	-

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

**EBITDA – Operating profit (loss) - Dividend + Depreciation and amortization + Revaluation of emission allowances + Impairment and write-offs of property, plant and equipment + Impairment and write-offs of current and non-current amounts receivables, loans, goods and others

*Adjusted EBITDA - EBITDA + management adjustments

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	2018
Distribution		
Recalculation of regulated activity revenue of AB „Energijos Skirstymo Operatorius“	36,905	36,782
Cash effect restatement new consumers connection of AB „Energijos skirstymo operatorius“ naujų vartotojų prijungimo piniginio efekto atstatymas	12,236	3,524
Compensation received for the previous periods	(2,613)	-
Result of disposal of non-current assets	(609)	-
Strategic generation		
Recalculation of regulated activity revenue of AB „Ignitis gamyba“	(5,736)	(7,170)
Received compensation related to carried out projects in previous periods	(9,276)	-
Commercial organisation		
Recalculation of regulated activity revenue of UAB „Ignitis“	(32)	47,396
Revaluation of derivative financial instruments of UAB „Ignitis“ and UAB „Energijos tiekimas“ (before 2019-05-31)	15,468	(14,869)
Recalculation of regulated activity revenue of UAB „LITGAS“	-	4,496
Other segments		
Result of disposal of non-current assets	(594)	(4,538)
	<u>45,749</u>	<u>65,621</u>

18 Business combinations

In accordance with Company's Board of Directors and Company's subsidiary UAB "Ignitis Renewables" decisions, UAB "Ignitis 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 UAB "Ignitis Renewables" owns 100% of shares in Pomerania Invall Sp. z. o. o., and the Company owns 100% of shares in UAB "Ignitis Renewables". As at 30 September 2019, the ownership property right was fully owned by the Company's subsidiary UAB "Ignitis 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 31 December 2019.

As at 31 December 2019 all rights to the shares ownership are fully controlled Company's subsidiary UAB "Ignitis Renewables" and overall investment in Pomerania Invall Sp. z. o. o. comprised EUR 20,737 thousand. As at 31 December 2019 the investment is fully paid.

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 finalized the assessment of the initial accounting for business combinations as at 31 December 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 31 December 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 recognize 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, amortization or other income that were recognized 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	7,314
Amount receivable within one year	92
Cash and cash equivalents	6
Borrowings, non-current liabilities	(7,385)
Current liabilities	(83)
Net assets	(56)
Unrecognised goodwill in Group's financial statement	36
Identified other intangible assets	24,390
Deferred corporate income tax liability	(3,900)
Purchase consideration paid	20,470
Net cash outflow on acquisition of subsidiaries:	
Cash paid to sellers of shares	(20,470)
Cash paid for loans of the sellers of shares	(7,209)
Cash and cash equivalents at acquired company	6
Cash paid for expenses related to purchase	(292)
Net cash flow	<u>(27,965)</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

As at 10 October 2018 Competition Council of the Republic of Lithuania issued the permission to execute the concentration by acquiring 100% shares in UAB „Vėjo vatas“ and 100% shares in UAB „Vėjo gūsis“ and taking the control of the mentioned companies in accordance with the application of the concentration. As at 5 November 2018 the Company entered into share purchase agreement for acquisition of 100% of shares in UAB „Vėjo vatas“ and UAB „Vėjo gūsis“ and shareholder claim rights. Company's investment in UAB „Vėjo vatas“ comprised EUR 6,132 thousand, and investment in UAB „Vėjo gūsis“ comprised EUR 12,919 thousand. Both investments were fully paid as at 31 December 2018.

The Group had 12 month period after purchase of UAB „Vėjo vatas“, UAB „Vėjo gūsis“ ir UAB „VVP investment“ for review and recognition the fair value of assets and liabilities. The fair value of assets and liabilities were recognized during the business combination and disclosed below:

	UAB "Vėjo vatas"	UAB "Vėjo gūsis"	UAB "VVP Investment"	Total
Property, plant and equipment	16,488	20,117	7	36,612
Other non-current assets	267	389	2	658
Inventories and prepayments	53	22	48	123
Amounts receivable within one year	259	373	-	632
Cash and cash equivalents	172	357	-	529
Non-current liabilities	(10,130)	(9,258)	(157)	(19,545)
Current liabilities	(2,744)	(589)	(88)	(3,421)
Net assets	4,365	11,411	(188)	15,588
Recognised goodwill in Group's financial statement	-	-	2,150	2,150
Unrecognised goodwill in Group's financial statement	42	244	-	286
Identified other intangible assets	1,990	1,490	-	3,480
Deferred corporate income tax liability	(265)	(226)	-	(491)
Liabilities for shares purchase	-	-	(725)	(725)
Purchase consideration paid	6,132	12,919	1,237	20,288
Net cash outflow on acquisition of subsidiaries:				
Cash paid to sellers of shares	(6,132)	(12,919)	(1,237)	(20,288)
Cash paid for loans of the sellers of shares	(2,547)	-	-	(2,547)
Cash and cash equivalents at acquired company	172	357	-	734
Net cash flow	(8,507)	(12,562)	(1,237)	(22,101)

UAB „Vėjo vatas“, UAB „Vėjo gūsis“ ir UAB „VVP investment“ net result and income less inter-company transactions with Group companies are accounted in Group's financial statement in 2019:

	UAB "Vėjo vatas"	UAB "Vėjo gūsis"	UAB "VVP Investment"	Total
Revenue from contracts with customers	1	-	-	1
Net profit (loss)	(2,097)	(2,658)	-	(4,755)

19 Events after the reporting period

On 31 December 2020, was completed the reorganisation of the Group companies UAB Verslo aptarnavimo centras and UAB „Ignitis grupės paslaugų centras“- UAB Verslo aptarnavimo centras was merged with UAB „Ignitis grupės paslaugų centras“. On 2 January 2020 UAB Verslo aptarnavimo centras was de-registered from the Register of Legal Entities. Along with the reorganization, a part of UAB Verslo aptarnavimo centras customer service activities was transferred to AB "Energijos skirstymo operatorius" and UAB "Ignitis".

On 16 January 2020 UAB „Ignitis grupė“ paid the remaining EUR 11,313,819 of the unpaid share capital of UAB Vilnius kogeneracinė jėgainė.

On 23 January 2020 occurred the real estate auction of UAB NT Valdos, a subsidiary of the Company, during which the last three properties were sold for a total of 180 thousand EUR, price excluding VAT. It was the 21st and the last auction completing the public sale of real estate since 2016 beginning, during which more than 100 real estate objects not used in the company's main activities were sold for 86 million EUR excluding VAT.

On 28 of January 2020 the National Energy Regulatory Council has approved the Company's 2019 investment projects in the electricity sector submitted for a commonly agreed list of investments, with a total value of up to EUR 91.3 million. In 2019 most of the investments in the electricity sector were for the renovation and / or modernization of the 35-6 kV power grid and 0.4 kV power grid, communication and control systems, software.

On 6 of February 2020 was extended the term of implementation of the project of UAB Vilnius kogeneracinė jėgainė with the Environmental Project Management Agency of the Ministry of Environment of the Republic of Lithuania until the 20 of April 2021. It was combined contract with VšĮ Lietuvos verslo paramos agentūra for the implementation of project activities as well as to extend the deadline to 20 April 2021.

On 19 February 2020 the guarantee agreement of UAB Vilnius kogeneracinė jėgainė, a subsidiary of the Company, with Swedbank AB was extended till 22 February 2021. The guarantee agreement is intended to ensure the fulfillment of UAB Vilnius kogeneracinė jėgainė's obligations related to AB Vilnius šilumos tinklai.

On 25 February 2020 the Company announced, that Pomerania Wind Farm Sp. z.o.o, which is part of the Group, intends to make a deal with the European Investment Bank (hereinafter "EIB") for the loan of PLN 258 million (approx. EUR 60 million) for the implementation of

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts in thousands of euro unless otherwise stated

the Pomerania wind farm project which is being developed in Poland. On 24 February 2020, the Board of Group approved the first-call guarantee agreement for this loan between Pomerania Wind Farm Sp. z. o. o and EIB. Accordingly, the Company's subsidiary UAB Ignitis Renewables, which owns all shares of Pomerania Wind Farm Sp. z. o. o. is planning to sign an agreement with EIB regarding the pledge of 100 percent shares of Pomerania Wind Farm Sp. z. o. o. in favour of EIB. Loan that is provided for the developing of the Wind Farm project is planned to be repaid by December 31, 2035.

Events regarding delisting of shares of AB „Energijos skirstymo operatorius“ and AB „Ignitis gamyba“

On 31 December 2019 District Court of Vilnius City announced that it received a claim from the few minority shareholders of AB „Energijos skirstymo operatorius“ asking to invalidate resolutions which were adopted at the Extraordinary General Meeting of Shareholders of AB „Energijos skirstymo operatorius“ on 4 December 2019. The Court applied the temporary protection measures and suspended the resolutions of the Extraordinary General Meeting of Shareholders of AB „Energijos skirstymo operatorius“ until final decision in this civil case becomes effective. It is noteworthy that further legal proceedings are ongoing.

On 3 January 2020 District Court of Vilnius City announced that it received the claim of the few minority shareholders of AB „Ignitis gamyba“ asking to invalidate resolutions which were adopted at the Extraordinary General Meeting of Shareholders of AB „Ignitis gamyba“ on 4 December 2019. The Court applied the temporary protection measures and suspended the resolutions of the Extraordinary General Meeting of Shareholders of AB „Ignitis gamyba“ until final decision in this civil case becomes effective. It is noteworthy that further legal proceedings are ongoing.

On 10 January 2020 The Company announced that after consultation with the Bank of Lithuania, it discloses information that official tender circulars of AB „Energijos skirstymo operatorius“ and AB „Ignitis gamyba“, both the subsidiaries of Ignitis Group, were submitted to Bank of Lithuania (these circulars and the specified prices in these circulars are not approved by the Bank of Lithuania yet). It is specified that the price to be paid for one share of AB „Energijos skirstymo operatorius“ amounts to EUR 0.880, for one share of AB „Ignitis gamyba“ amounts to EUR 0.640. In the official tender circulars it is also specified that corporate shareholders who will sell their shares to the offeror, Ignitis Group, in the Offering will be paid an additional bonus equal to the amount of the dividend if a decision is made to pay such dividend, if he had been a shareholder of AB „Energijos skirstymo operatorius“ and / or AB „Ignitis gamyba“ on the date of the rights accounting.
