



Litgrid

LITGRID AB

CONSOLIDATED INTERIM REPORT AND CONDENSED
INTERIM CONSOLIDATED AND THE COMPANY'S
FINANCIAL STATEMENTS, PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION (UNAUDITED), FOR
THE SIX-MONTHS PERIOD ENDED 30 JUNE 2018

CONFIRMATION OF RESPONSIBLE PERSONS

August 16, 2018 Vilnius

Following Article 23 of the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Daivis Virbickas, Chief Executive Officer of LITGRID AB, Vytautas Tauras, Finance Controller, Acting as Director of Finance Department of LITGRID AB and Žydrūnas Augutis, Chief Financier of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited interim consolidated and the Company's financial statements for the six months period ended 30 June 2018 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit and cash flows; Consolidated Interim Report for the six months period ended 30 June 2018 includes a fair review of the development and performance of the business, consolidated group financial position and undertakings in relation to the description of the main risks and contingencies faced thereby.

Daivis Virbickas

Chief Executive Officer

Vytautas Tauras

Finance Controller,
Acting as Director of Finance Department

Žydrūnas Augutis

Chief Financier



Litgrid


TABLE OF CONTENTS

	PAGE
CONSOLIDATED INTERIM REPORT	4
CONDENSED INTERIM FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	27
STATEMENTS OF COMPREHENSIVE INCOME	28
STATEMENTS OF CHANGES IN EQUITY	30
STATEMENTS OF CASH FLOWS	31
NOTES TO THE FINANCIAL STATEMENTS	32

The condensed interim financial statements were signed on 16 August 2018.



Daivis Virbickas
Chief executive officer



Vytautas Tauras
Finance Controller,
Acting as Director of Finance Department



Zydrūnas Abgutis
Chief Financier

CONSOLIDATED INTERIM REPORT OF LITGRID AB AND ITS SUBSIDIARIES

I. GENERAL INFORMATION

The Consolidated Interim Report has been prepared for six months period, ending on June 30, 2018.

I.1. The Issuer and its contact details:

Name	LITGRID AB (hereinafter referred to as 'Litgrid' or the 'Company')
Legal form	AB (public company)
Registration date and place	16/11/2010, Register of Legal Entities of the Republic of Lithuania
Business ID	302564383
Registered office address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone	+370 707 02171
Fax	+370 5 272 3986
E-mail	info@litgrid.eu ; www.litgrid.eu

As of 30 June 2018, Litgrid group of companies consisted of Litgrid AB, daughter companies Tetas UAB, and Litgrid Power Link Service UAB.

Name	UAB „Tetas“	UAB „Litgrid Power Link Service“
Legal form	Private company	Private company
Registration date and place	08/12/2005, Register of Legal Entities of the Republic of Lithuania	24/02/2014, Register of Legal Entities of the Republic of Lithuania
Country of establishment	Republic of Lithuania	Republic of Lithuania
Business ID	300513148	303249180
Registered office address	Senamiesčio g. 102B, LT-35116, Panevėžys	A. Juozapavičiaus g.13, LT-09311, Vilnius
Telephone	+370 45 504 670	+370 707 02094l
Fax	+370 45 504 684	+370 5 272 3986
Type of activities	Specialized services of transformer substations' and distribution stations' installation, maintenance, repair and testing; designing energy facilities.	Control and operation of the power system's links with the Polish and Swedish systems. By the decision of the sole shareholder, company's activities have been stopped since August 1, 2018. Since then maintenance of power links will be organized by Litgrid, AB.
Country of operations	Lithuania	Lithuania
Litgrid shares	100 %	100 %

CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2018

Other shares held by Litgrid Group as of 30 June 2018:

Name	„LitPol Link“ Sp.z.o.o	UAB „Duomenų logistikos centras“	„Nord Pool“ AS (since 2018 04 19 - Start Up 170 Invest AS - holding company).
Country of establishment	Republic of Poland	Republic of Lithuania	Kingdom of Norway
Registered office address	ul. Wojciecha Gorskiego 9, 00-33 Warszawa, Poland	Žvejų g. 14, LT-09310 Vilnius, Lithuania	PO Box 121, NO-1325 Lysaker, Norway
Country of operations	Lithuania and Poland	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia, United Kingdom, Poland, Germany, Netherland
Litgrid shares	50 % of shares and voting rights attached thereto	20.36 % of shares and voting rights attached thereto	2 % of shares and voting rights and a board member on rotation basis

I.2. Activities of Litgrid

Litgrid, Lithuania's electricity transmission system operator (the 'TSO'), maintains the stable operation of the national power system, manages electricity flows, and enables competition in the open market for electricity. Litgrid is responsible for the integration of Lithuania's power system into Europe's electricity infrastructure and the common market for electricity. The Company has implemented the strategic NordBalt (Lithuania-Sweden) and LitPol Link (Lithuania-Poland) power link projects. In our work toward strengthening the country's energy independence, we foster a culture of responsibility, rational creativeness, and dialogue.

As the backbone of the national power sector, Litgrid not only is responsible for the maintenance of the balance of the electricity used and produced in the system and the reliable transmission of electricity, but also implements strategic national electricity projects. Its vision and strategic operating guidelines are based on the long-term goals identified in the National Energy Independence Strategy. The Lithuanian TSO's most important operational areas and responsibilities include the maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a common Baltic and European electricity market; and the integration of the Lithuanian and continental European electricity systems for synchronous operation.

II. STRATEGY

On 28 September 2017 the Board of Litgrid approved the strategy of Litgrid for the years 2018-2027:

The mission of Litgrid is to ensure the reliable transmission of electricity in the European market creating value for the society.

Vision of Litgrid - to become the smartest TSO in Europe.

The values of Litgrid are cooperation, respect, responsibility, professionalism, and initiative.

The strategic goals and priorities for the company for the years 2018-2027 are:

- synchronization with the Continental Europe;
- expansion of the European market;
- innovative and sustainable system and asset management;
- development of the modern organization;
- increase of sustainable value to the society.

Litgrid action plans and projections

Integration of the national power system into European grid

Once Lithuania becomes a full and active participant of the European electricity system, European system management standards will be introduced in the electricity sector, and management of electricity flows will be based on market principles and participation the system's frequency maintenance. The aim is the Baltic countries' synchronous operation within continental European grids.

Common European energy market

The integration of the Lithuanian electricity market into the Baltic and Nordic electricity market, and later into the common European electricity market, will ensure transparent wholesale electricity prices, competition, and freedom of choice for all market participants as well as equitable trade in electricity with neighbouring European states. Being part of a large electricity market will enable the most effective use of networks and generation infrastructure and for ensuring the security of electricity transmission.

Integration of electricity transmission grid into the European infrastructure

Lithuania's electricity transmission grid is well-developed and reliably meets the needs of its customers. Since the end of 2015, the country's electricity transmission grid has been connected to Sweden and Poland via asynchronous power links (LitPol Link is a double-circuit power link) and to the electricity grids of Latvia as well as the neighboring states in the east via 12 synchronous power links. NordBalt (with Sweden) and LitPol Link (with Poland) power links have connected, for the first time, Lithuania's power system to electricity grids of Northern and Western Europe. The electricity transmission grid operated and maintained by Litgrid enables trade in electricity between power systems and provides access to electricity markets rich in diverse energy resources. Optimal investments in the national grid ensure the integration of new electricity generators, the safe transmission of electricity, and the reliability of the system's operation.

Achievements (results)

European Market Development

Baltic TSOs (Litgrid, Augstsprieguma tīkls and Elering) agreed on common Baltic balancing market creation and common Baltic balancing market launching from Jan. 1st 2018..

Litgrid together with the Transmission System Operators and Nominated Electricity Market Operators Nominated Electricity Market Operators from 14 countries on 12th June launched successful intraday trading platform XBID. XBID ensures the measures for market participants to trade electricity from Nordic countries to Pyrénées Peninsula and provides more possibilities to balance consumption and generation. European intraday market coupling is the essential step towards the completion of common European electricity market.

Network codes

Litgrid is responsible for implementation of the European Union Network Codes in Lithuania. Following the provisions of the approved European Union Network Codes, Litgrid together with the other Transmission System Operators either on regional or European level has been preparing methodologies or terms and conditions.

In the first half of 2018, the Fallback procedure was approved, which was prepared following the Commission Regulation (EU) 2015/1222 of 24 July 2015, establishing a guideline on capacity allocation and congestion management. Also, the methodology for coordinated redispatching and countertrading was prepared and submitted to the National Regulatory Authority for approval.

Membership in international organizations

International visibility of and support for projects implemented by Litgrid is ensured through participation in international associations. On 30th June 2018 the company was a member of these organizations and associations:

ENTSO-E (European Network of Transmission System Operators for Electricity) ENTSO-E represents 42 electricity transmission system operators from 35 countries across Europe. It's main functions include: resolving European-level issues concerning transmission grid management and development and the electricity market; promoting regional collaboration among TSOs; making proposals for draft legal acts of the European Commission; and preparing the Ten-Year Network Development Plan (TYNDP) and network codes. Litgrid's representatives sit on the organization's System Operations, System Development, Market, and R&D committees as well as the related working groups. Participation in ENTSO-E activities is aimed at representing national interests and those of Litgrid in the making of European and regional decisions related to system management, the planning and implementation of projects to develop Lithuania's electricity infrastructure, electricity market connections and electricity transmission systems' integration.

At the end of June 2018, Litgrid became a member of AIB (Association of Issuing Bodies, AIB). Litgrid signed the cooperation agreement and became a member of the association. Lithuania received a status of partner using AIB HUB.

Innovative and sustainable development of the system and assets

In 2018 Litgrid finished the process of development and implementation of Asset Management Information System (AMIS) system. Since July 2018 the company plans to use a single asset management system. The main objective of the AMIS implementation is to improve and standardise asset management processes by covering technological assets of the entire

Company. The AMIS will be used to accumulate digital operating data, evaluate equipment based on their condition and respectively control risks related to asset management. A widely used hierarchical data model will be applied to describe the assets ensuring a more effective and precise accounting for the assets, management of relevant technical information relating to the assets. To list the assets the hierarchical data storage method will be used, which will be a more efficient and precise method to manage the actual asset data.

ITC competence in the company

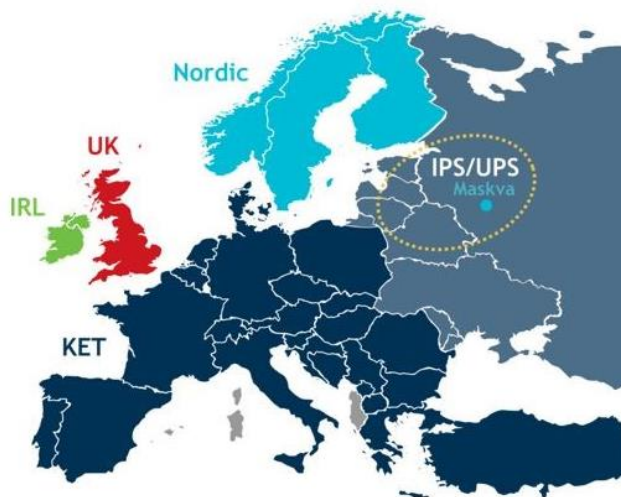
Efficient information technology and communications (ITC) solutions are critically important in ensuring smooth and uninterrupted operations and form an integral part of the electricity system's planning and management as well as equipment control and servicing. Know-how in the automation of the power system control, pooled at Litgrid ITC Centre, ensure the continuity of the company's IT solutions, security control, and transparency of operations. Litgrid has implemented IT recovery solutions to ensure continuity of operation of its information systems. In the light of synchronization of the Continental Europe, the renewed energy transmission management system successfully employs the modern virtualization technologies.

Development of the modern organization

In 2017, the Company started to implement the LEAN principles in its activities, including employee and management staff trainings and exercises for the application of the LEAN principles and methods. The LEAN programme comprises exercises for the improvement, standardisation of separate selected processes, standardisation of problem solving, strategy for the implementation of the LEAN practices in strategic management and daily business operations. Lean program is about help people to improve the daily processes, standardization of processes and teaches new problem solving skills. It is a big cultural and organizational development process. In the first half of the year Litgrid team was successfully employing the new methodology. Every day 42 Lean morning meetings take place, a vast number of KPI's are followed on Lean boards and a number of Kaizen (improvements of processes) ideas are being implemented.

The preparation of energy system for the synchronous operations with the Continental Europe grid

The strategic goal set by the Parliament of Lithuania in 2012 was to prepare the national grid for the Synchronous operations with the Continental Europe.



28th June 2018 The President of the European Commission Jean-Claude Juncker together with the Heads of State or Government of Lithuania, Latvia, Estonia and Poland agreed on the Political Roadmap on synchronisation of the Baltic States' electricity networks with the Continental European Network via Poland.

This agreement after BEMIP High level Group positive decision expected by September 2018 will allow the Polish TSO in its capacity as a supporting party together with Baltic States' TSOs as requesting parties - submit an application to the Regional Group Continental Europe of ENTSO-E, thus launching the formal procedure for the extension of the continental European networks to the Baltic States. After the development of the necessary measures and investments the Baltic States should gain the full independence in operating their electricity networks by synchronising them in an economically and technically viable way with the continental European network aiming for by 2025 as the target date.

Baltic States Synchronisation is Project of common interest (PCI) in the third list of European Commission. The value of the project under various estimations is between EUR 435 to 1,071 million.

During the first six months of 2018 there were 2 main grid preparation for the synchronization projects carried on - one for Vilnius, another for north-east Lithuania, reconstruction of overhead lines:

On 9th February 2018 Litgrid started 330 kV overhead line reconstruction from Lietuvos Elektrine to Vilnius. There will be a new line built; it is one of the main projects in preparation for synchronization with the Continental Europe. The main contractor, winning tenderer, UAB „Žilinkis ir Co.“. The project value is EUR 17.99 million (VAT excluded). 50% of the Project value is funded by the EU structural funds.

On 10 April 2018 Lithuanian electricity transmission system operator Litgrid signed the agreement with the winning tenderer, the group of entities (AB Kauno tiltai, ABB OY ABB AS) on optimization of the electricity transmission grid in the Northern

Lithuania and preparation for synchronous operation with the energy system of the Continental Europe. Two 330 kV transformer substations in Ignalina and Utena will be reconstructed. Variable Shunt Reactor will be transferred from Ignalina NPP substation to 330 kV distribution facility in Elektrėnai and 750 kV overhead line that connects Ignalina NPP substation with Belarus will be dismantled. It is one of the largest reconstruction projects during the last decade, focused on the synchronization of the existing infrastructure with the Continental European Network. The implementation of this project will also increase reliability of electricity supply in the region and reduce network maintenance costs. Project value is 23.9 million EUR excl. VAT (28.9 million EUR incl. VAT), 45% of the project value is funded by the EU structural funds. Works are planned to be finished by spring 2021.

III. BUSINESS ENVIRONMENT AND OVERVIEW OF ACTIVITIES

III. 1. Services, provided by Litgrid group of companies

Litgrid, the electricity transmission system operator, provides the following services:

- electricity transmission.
- System services (capacity reserve).
- Trading in balancing and regulating electricity.
- Public interest services (PIS).
- Maintenance and repairs of the electricity grid.
- Maintenance, operation and control of HVDC links.
-

Transmission of electricity

The electricity transmission service is the transmission of electricity over the high voltage (330 and 110 kV) electric installations. The transmission system operator transmits electricity from producers to customers that are connected to the transmission grid, and to distribution network operators. Electricity transmission is a regulated activity.

The main operations of the TSO consist in the management of the high voltage electricity transmission grid and ensuring a reliable, effective, high-quality, transparent and safe transmission of electricity.

System services

In order to maintain reliable system operations, Litgrid purchases the services for the capacity reserve assurance at power generation facilities, reactive capacity and voltage management, and emergency and disruption prevention and response from energy generating companies, and provides customers with system (capacity reserve) services. The capacity reserve is needed when electricity production suddenly and unexpectedly falls or its consumption increases.

Trade in balancing and regulating electricity

Litgrid secures the country's electricity production and consumption balance. Balancing electricity is electricity that is consumed or produced outside of established electricity consumption and production schedules. Litgrid organises trading in balancing electricity, buying and selling balancing electricity that is necessary to ensure the country's electricity production and consumption balance.

Regulating electricity is electricity that is bought and/or sold on instruction of the TSO as electricity necessary for performing the function of balancing the country's electricity consumption and production. Litgrid organises trading in regulating electricity by auction. The auction participants are suppliers of regulating energy and TSOs of other countries possessing technical facilities for quickly changing the electricity generation and consumption conditions and having concluded a relevant agreement with Litgrid.

Public service obligations

Public service obligations (PSO) in the electricity sector are services that ensure and enhance the national energy security and the integration and use of electricity produced from renewable resources. The list of PSO, their providers, and procedures for the provision of PSO are approved by the Government of the Republic of Lithuania, or an institution authorised by it, having regard to the public interest in the power sector. PIS funds are funds that are paid to the PSO providers.

Litgrid provides the following PSO services:

- Preparation and implementation of strategic projects related to increasing energy security (the Lithuania-Sweden and Lithuania-Poland power links and integration of the Lithuanian power system into continental European grids);

CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2018

- Connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission grid as well as the transmission grid's optimisation, development, and/or renovation related to the acceptance and transmission of electricity generated by producers that use renewable energy sources;
- Balancing of electricity produced from renewable energy sources.

Electricity grid maintenance and repairs

Tetas, Litgrid's daughter company, offers the following maintenance and repair services for electricity grid equipment:

- Maintenance and repairs of electric equipment of the grids;
- Construction of new energy facilities and reconstruction of existing energy facilities;
- Electrical equipment design services.

HVDC power links' maintenance, operation and control

On 24 February 2014, Litgrid's subsidiary Tinklo priežiūros centras UAB (renamed into Litgrid Power Link Service UAB from 29 April 2016) was established as a centre of competences for high qualification and specialised engineering areas in the management and operation of high voltage direct current (HVDC) power links.

Since the beginning of 2016, Litgrid Power Link Service has taken over the operation of LitPol Link, and since June 2016 - the operation of NordBalt as well. By the decision of the sole shareholder Litgrid, since 1 August 2018 UAB „Litgrid Power Link Service“ activities were stopped and all employees signed job agreements with Litgrid. Starting from that moment all power link maintenance work will be organized by Litgrid.

Customers of the transmission system operator

Litgrid's direct customers are electricity transmission grid users and suppliers of balancing and regulating electricity.

Transmission grid users include:

- ESO, a distribution network operator.
- Customers whose electrical equipment is connected to the electricity transmission grid and who purchase electricity for use.
- Electricity producers connected to the electricity transmission grid.

Suppliers of balancing and regulating electricity include electricity producers and suppliers.

III.2. Operating indicators of transmission services

TSO's operating indicators	2018 m. January - June	2017 m. January - June	2016 m. January - June
Energy transmission volume, m kWh	5,153	4,939	4,784
Costs of compensating process losses in transmission network, %	3.08	2.82	2.89
ENS (Energy Not Supplied due to interruptions), MWh**	2.17	1.19	1.03
AIT (Average Interruption Time), min. **	0.08	0.05	0.04

** Only due to the operator's fault or due to undetermined causes.

In the first half year of 2018, Litgrid volumes of electricity transmission via high-voltage networks for national needs amounted to 5,153 million kilowatt-hours (kWh), which is 4.3 % more than in the same period of 2017. The volumes of transmission to customers of the electricity distribution operator amounted to 4,695 million kWh (+5% compared to the same period of 2017), and to other customers 458 million kWh (less -2.3 % compared to the same period of 2017).

CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2018

From 1st January 2018 due to the increasing transmission volumes and effective management of the company, the electricity price for the end users are provided for smaller price - average tariff is by 7.9% smaller (up to 0.619 ct for kilowatt-hour), compared to the tariff for the same period in 2017.

The average Nord Pool market price for Lithuania in the first half year was 43.67 EUR/MWh - 27 % bigger than the same period in 2017.

Capacity reserves

In 2017, Litgrid successfully organised an auction for the tertiary electric capacity reserve for 2018 and signed agreements with the suppliers of the reserve. The tertiary electric capacity reserve is necessary to ensure uninterrupted electricity supply for Lithuanian households and businesses.

Electricity interconnections

LitPol Link is a double-circuit transmission line from Alytus in Lithuania to Elk in Poland and the Alytus back-to-back converter. LitPol Link interconnection was available to the market 96% of the time throughout first half of 2018.

NordBalt electricity interconnection is one of the longest sea cables in the world, the operation of which significantly increases safety of energy supply to Lithuania and the Baltic countries. NordBalt interconnection was available to the market 96% of the time throughout the first half of 2018. In order to increase NordBalt's availability to the market, the replacement of the underground cable joints is planned from 16 August to 28 October 2018.

Reliability of the transmission network

Based on the requirements for the electricity transmission reliability and service quality approved by the National Commission for Prices and Energy Control, two indicators are used to measure the electricity transmission reliability level: ENS (Energy not Supplied due to interruptions) and AIT (Average Interruption Time).

On 3rd January 2018 ENTSO-E published Nordic and Baltic region (countries; Denmark, Estonia, Island, Latvia, Lithuania, Finland and Sweden) ENS (energy not supplied) data for 2016. The indicators from Lithuania were higher than the average of the European electricity transmission networks; Litgrid is among the best in the region.

The ENS and AIT for the first half of 2018 are provided in the section for transmission performance indicators.

Reconstruction of the electricity grid

The electricity transmission grid of Lithuania is well-developed and reliable in meeting the needs of electricity users. Optimal investments in the national grid ensure the integration of new electricity producers, safe transmission of electricity, and the reliable operation of the system.

Litgrid operates high-voltage (400-330-110 kV) transmission lines with the length of 7,029 km and 236 transformer substations and switchyards.

In the first half of 2018, 167 reconstruction works of the transmission network (replacements of supports), and 7 switchyards were carried out.

On 8th February Litgrid started a Project to increase the power in Vilnius and Alytus transformer substations. The aim of the Project is to ensure reliable energy supply for Vilnius city and the east of Lithuania.

III. 3. Research and development activities of the Litgrid group

Every year Litgrid prepares the electric power system long-term development plans aimed at ensuring the reliable operation of the transmission grid and increasing the safety of electricity supply. The reconstruction of energy facilities involves the replacement of old equipment by installing modern equipment and the implementation of modern systems for relay protection, system automation, management, data collection and accounting. Plans for the construction and reconstruction of facilities are made for a 10-year period and being updated every year. These plans are publicly available and can be found on the corporate company website www.litgrid.eu.

In fourth quarter of 2017 Baltic TSO's together with ENTSO-E initiated a study for frequency stability for synchronous connection of Baltic grids with Continental Europe. The study was implemented by ENTSO-E in cooperation with the partner from Germany, Consentec during the period of January-May, 2018.

On 22 June 2018 4 Transmission System Operators (TSOs) from Poland and Baltic States (PSE, Litgrid, AST and Elering) and contractor - IEN Gdansk (Institute of Power Engineering, Gdansk Division) have approved the Final Report of the 'Dynamic study identifying technical conditions of the Baltic States' synchronization with the system of the Continental Europe' by signing Certificate of Acceptance.

Completion of the study is a step closer in submitting application to Regional Group Continental Europe of European Network of Transmission System Operators for Electricity (RGCE ENTSO-E) for extension of the Continental Europe Synchronous Area. The aim of the study was to perform dynamic analyses investigating, in terms of dynamic phenomena (so called transient and small signal stability), power systems operating conditions and potential threats resulting from the extension of the system of Continental Europe for the Baltic States' system. The outcomes of the study have shown feasibility of extension for all analysed scenarios under certain conditions. EU fund CEF allocated EUR 125 thousand for the study (total cost of the study was EUR 250 thousand).

The results of the two latter studies had significant influence for the results of the BEMIP (Baltic Energy Market Interconnection Plan) negotiations on the ways to synchronization of the Baltic states with the Continental Europe in June 2018.

In the parallel Baltic TSO's are preparing to take a test for isolated work. In order to evaluate the technical details how the TSO can work in isolated mode and also to measure the costs. In 2017 the study was implemented and for further steps - in 2019 Baltic TSO's will make an isolation test, for a short period of timecutting the ties with neighbouring countries' networks and working in isolation mode.

In the light of the synchronization with the Continental Europe, on 18th January Litgrid signed the agreement with ESO ("Energijos skirstymo operatorius" - electricity distribution operator) to make a joint project to ensure the stable energy supply for the Eastern Lithuania. This will allow to save 19 million euro for our clients.

Jointly with ESO, Litgrid conducts the study of consumer loads management. The objective of the study is to define the potential for the management of electricity demand in Lithuania. By conducting this study the electricity transmission system and distribution operators aim to assess a potential, positive role of electricity consumers in balancing the system and identify possible measures that may affect such a role. Jointly with the transmission system operators of Latvia and Estonia a study on a possible market model of consumer load management in the Baltic countries is carried out.

At the beginning of the year 2018 Litgrid started a study which aim is define the ways which will enable Litgrid to execute it's vision to become the smartest TSO in Europe. On 5th June Company signed the agreement with the Consortium of ENERGIANALYSE (DK), Ecofys (DE) and KPMG (DK), represented by Glimstedt (LT) legal office. The partners obliged to make a survey of the development areas and tendencies of European TSO's (technical innovation of energy sector, innovations, new management methods), strategy analyses and evaluations, which innovative measures Litgrid may adopt and that would lead Litgrid to ensure meeting strategic vision. After thorough examination of proposed opportunities Litgrid will adopt the most appropriate measures and guidelines to it's new Strategy (in term of 2019-2028) and Action plan for 2019.

IV. FINANCIAL INFORMATION

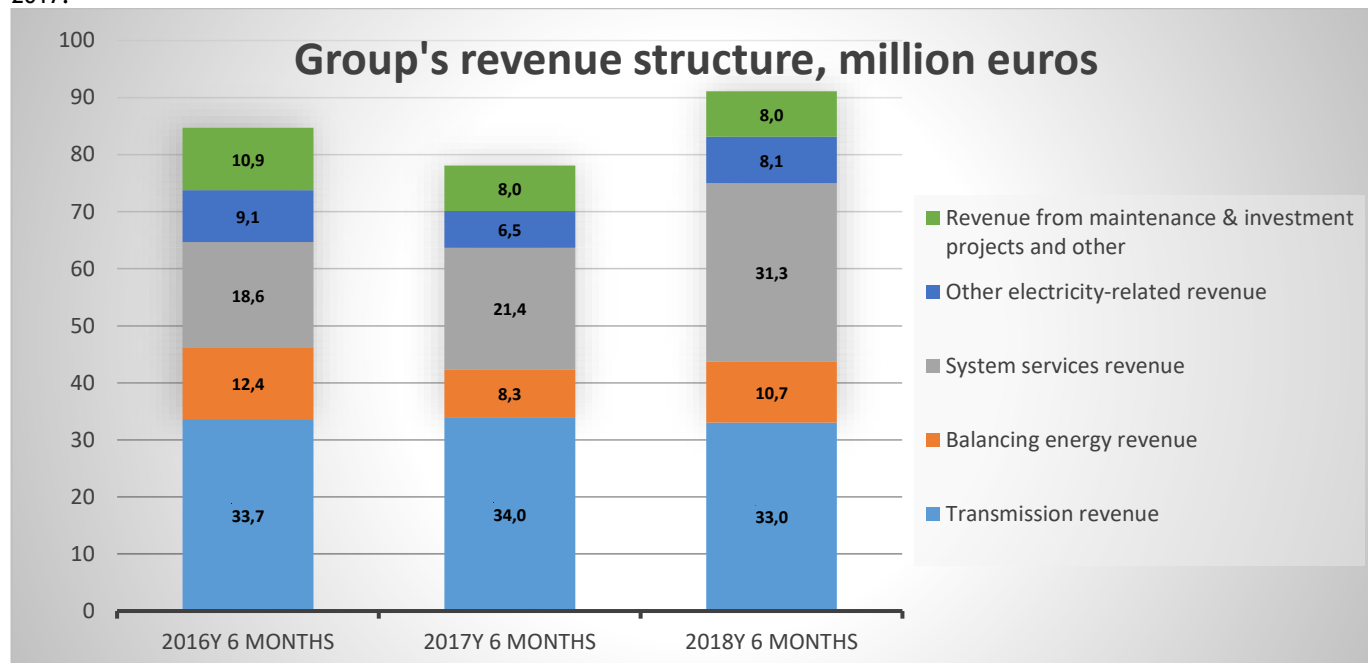
The main financial and operating indicators of the Group and the Company

	January - June 2018		January - June 2017		January - June 2016	
	Group	Company	Group	Company	Group	Company
Financial indicators, EUR '000						
Revenue from electricity sales	83,159	83,159	70,141	70,141	73,756	73,756
Other operating income	7,963	368	7,967	660	10,932	5,193
EBITDA*	17,297	17,278	20,410	21,723	24,484	24,492
Profit (loss) before tax	3,648	3,912	6,616	8,117	9,621	9,837
Net profit (loss)	3,241	3,469	5,202	6,751	8,638	8,882
Cash flows from operations	13,360	12,218	21,010	22,726	5,586	5,187
Ratios						
EBITDA margin, %	19.0	20.7	26.1	30.7	28.9	31.0
Operating profit margin, %	4.6	5.3	9.1	12.1	12.3	13.3
Return on equity, %	3.2	1.8	5.9	6.0	3.1	4.0
Return on assets, %	1.8	1.0	3.1	3.1	1.4	1.8
Shareholder's equity / Assets, %	57.3	58.0	54.2	55.4	49.8	50.5
Financial liabilities / Equity, %	56.0	55.7	68.3	66.3	83.1	81.8
Liquidity ratio	0.74	0.69	0.67	0.64	0.77	0.76

* EBITDA = operating profit + depreciation and amortisation + impairment expenses of assets + write-off expenses of assets

Income

Revenue earned by the Litgrid group in the first 6 months of 2018 amounted EUR 91.1 million, a 17% increase compared to 2017.



Revenue from electricity transmission decreased by 2.7 % (down to EUR 33 million) compared to the same period in 2017. Revenue from electricity transmission accounted for 36 % of the Group's total revenue. The decrease in revenue has resulted from a 6.8 % lower price cap for the transmission services, but the loss of revenue was compensated by increased demand of electricity.

Income from balancing/regulating electricity increased 29 % to EUR 10.7 million. The increase has largely resulted from the growth in the balancing/regulating electricity sales volumes, which, in turn, was largely determined by securing the allocated capacity (i. e. the capacity traded on the electricity exchange) of the new power links with Sweden and Poland.

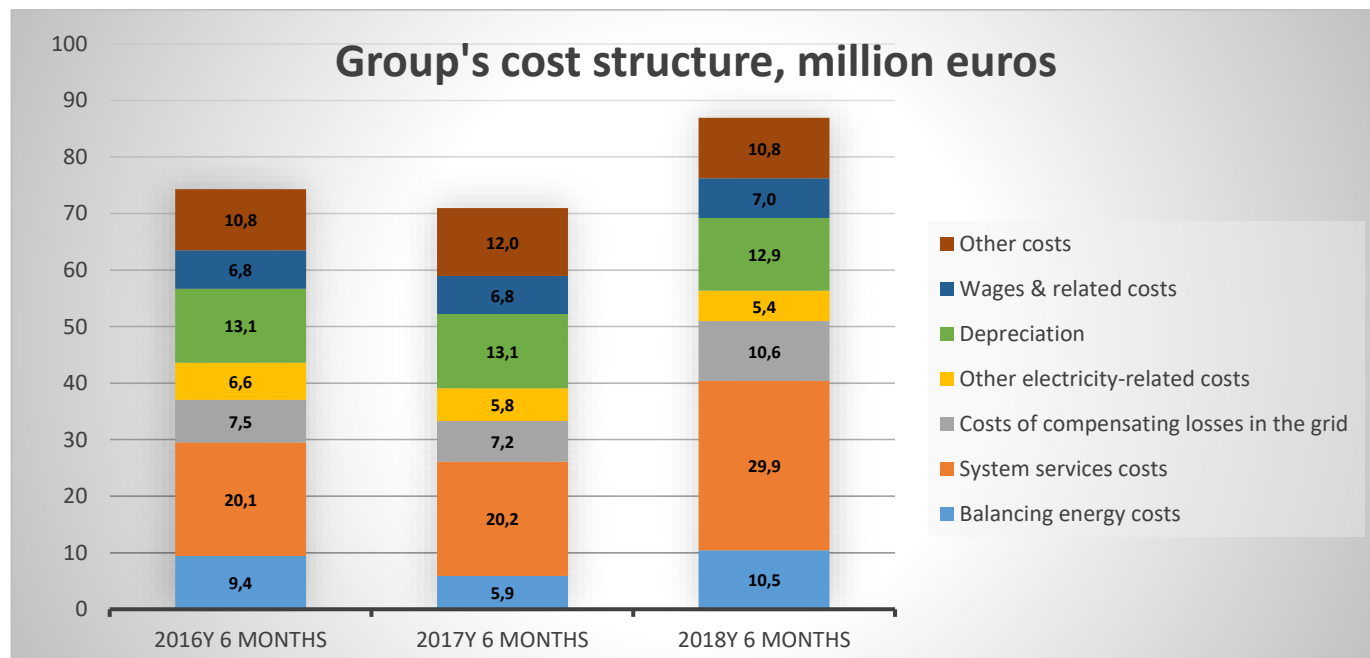
Income from system services grew 46 % to EUR 31.3 million. The main growth driver was the tariff for system services which had been increased 35% by the National Commission on Energy Control and Prices from 1 January 2018, the volume of service provided grew by 5% and the declared volume of services (contracted) was overexceeded, which is charged double price.

Congestion revenue from the Lithuanian-Polish, the Lithuanian-Swedish and the Lithuanian-Latvian interconnections increased by 67 % in the first half of 2018 compared to the same period of 2017 and amounted to EUR 7.8 million. Congestion revenue arises from different electricity market prices on the Lithuanian, Swedish, Polish and Latvian electricity exchanges as a result of insufficient capacity of electricity lines. Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 stipulates that congestion revenue (proceeds) may be used for the following purposes: a) guaranteeing the actual availability of the allocated capacity of the interconnections; b) maintaining or increasing networks' capacities through network investments, in particular in new interconnections; c) if revenue cannot be efficiently used for the purposes set out in points a) and/or b) they may be used, subject to approval by the regulatory authorities of the Member States concerned, up to a maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs. In the first half of 2018, Litgrid recognised, in accordance with the Regulation: EUR 0.7 million as revenue, i.e. a part of congestion revenue received that was used for ensuring the allocated capacity of the power links; EUR 2.1 million for 330 kV overhead lines Kruonio HAE-Alytus construction; EUR 0.3 million for 330 kV Bitėnai switchyard extension and 110 kV transmission line Pagėgiai-Bitėnai construction. Remaining part of revenue was reported under deferred revenue in the statement of financial position.

Other income related to transmission operations include: the ITC transit income (Inter-Transmission Operator Compensation Mechanism, i.e. payment for electricity imported from or exported to countries other than the EU) - EUR 1.2million; PSO income - EUR 3.7 million; reactive energy income - EUR 0.7 million; connection of new customers - EUR 1.9 million. Income from services provided by Tetas, a subsidiary of Litgrid, account for the largest part of income from repair works, investment projects etc.

Expenses

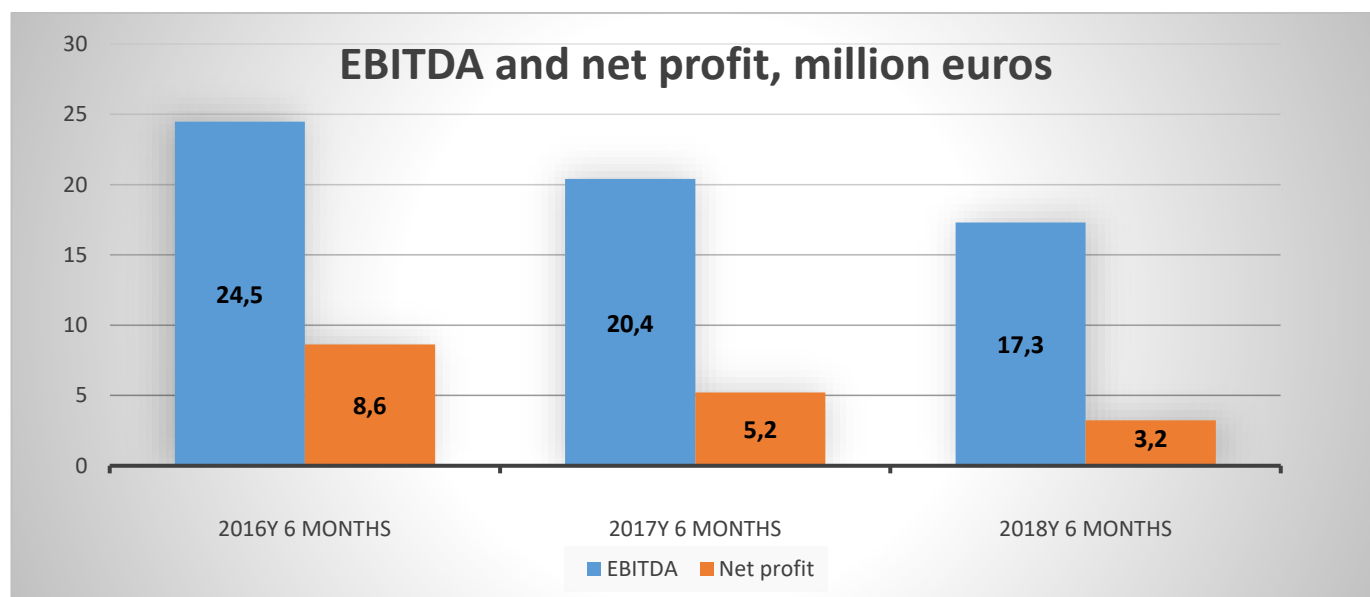
The Group's operating expenses totalled EUR 87 million in the first half of 2018, which is 23 % more compared to 2017.



Costs of purchase of electricity and related services account for a major portion of the Group's operating expenses: EUR 56.3 million or 65% of total expenses. These costs increased by 44 % compared to the same period of 2017. Balancing (regulating) electricity costs increased by 78 % to EUR 10.5 million. The system service costs increased by 48 % to EUR 29.9 million. Costs of compensating for technological losses in the transmission grid increased by 47 % to EUR 10.6 million. Transit (ITC) costs were EUR 1.1 million, PSO provision costs equalled EUR 3.6 million, and costs of ensuring the allocated capacity of the Swedish and Polish interconnections totalled EUR 0.7 million.

Depreciation and amortisation expenses decreased by 2% in compared to the same period in 2017 and amounted to EUR 12.9 million. Other expenses decreased by 5 % in January-June of 2018 compared to the same period in 2017 and amounted to EUR 17.8 million.

Profit

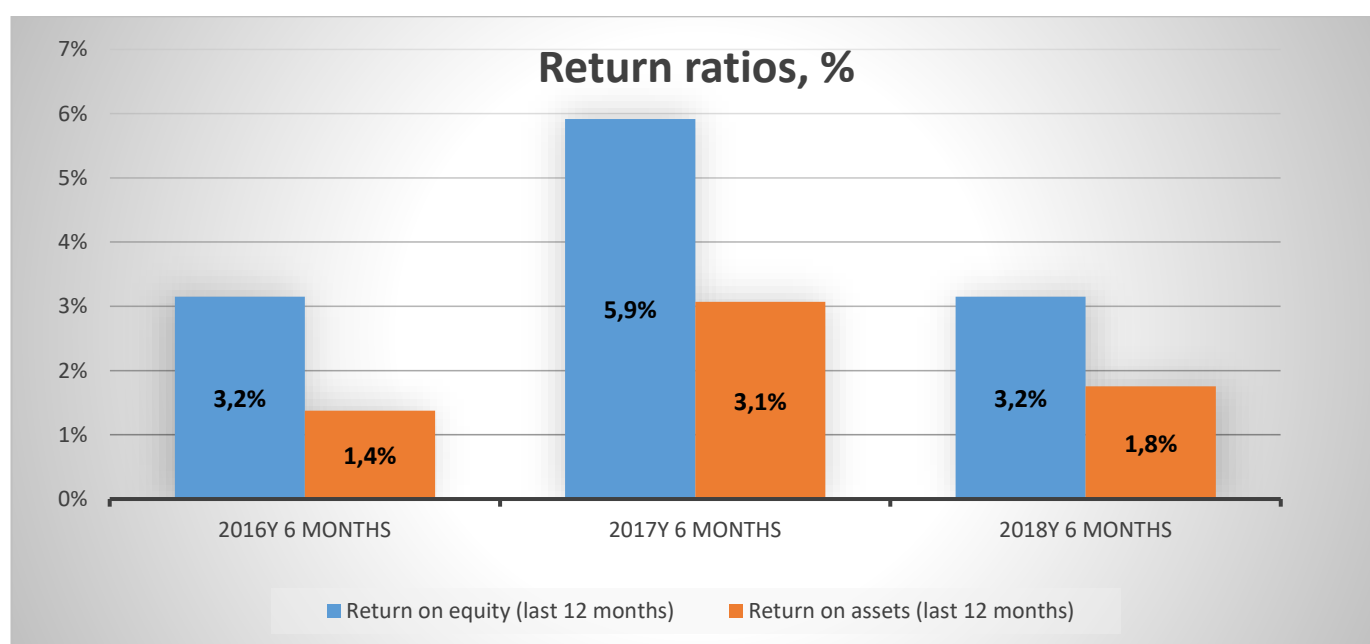


CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2018

The EBITDA for the first half year of 2018 amounted to EUR 17.3 million. Compared to the same period of 2017, the EBITDA decreased by EUR 3.1 million, or 15%; the EBITDA margin decreased to 19 % (2017 H1: 26.1%). The Group's net profit for the first half of 2018 was EUR 3.2 million (2017, first half: EUR 5.2 million).

The Group's operating profit for 2018 consists of: profit of the transmission segment EUR 3.2 million (2017 H1: EUR 5.3 million profit), profit in the system services segment EUR 1.1 million (2017 H1: EUR 0.9 million profit), profit in the balancing (regulating) electricity segment EUR 0.1 million (2017 H1: 2.3 million profit), loss from other activities EUR 0.2 million (2017 H1: EUR 1.4 million loss). Starting from January 1st 2018 the balancing market of three Baltic countries started, and the new methodology price calculations was applied. The balancing income are equal to the balancing costs and operating costs of Litgrid, recognised as balancing service costs.

Return ratios



In the first half of 2018, the annual ROE and ROA ratios decreased compared to 2017 from 5.9% to 3.2 % and from 3.1% to 1.8% respectively.

Balance sheet and cash flow

As at 30 June 2018, the Group's assets amounted to EUR 422.9 million. The Group's non-current assets represented 89 % of the Group's total assets. Shareholders' equity accounted for 57 % of the total assets of the Group.

As at 30 June 2018, the Group's financial liabilities to credit institutions amounted to EUR 135.7 million (a decline of EUR 16.7 million during half year). Financial liabilities to equity ratio was 56 %. Financial debts repayable within one year accounted for 25 % of the total financial debts. Cash and cash equivalents totalled EUR 0.7 million and the unwithdrawn overdraft balance was EUR 7.3 million.

The Group's net cash flows from operations in the first half of 2018 amounted to EUR 13.4 million, while payments for non-current tangible and intangible assets were EUR 9.4 million; EUR 14.1 million were received as subsidies.

The Group's net cash flows in the first half of 2018 (excluding cash flows from financial activities) totalled EUR 25 million.

Investments in non-current assets

In the first half of 2018 investments of Litgrid (works performed and assets acquired irrespective of terms of payment) amounted to EUR 9.1 million, of which 38 % were earmarked for the implementation of strategic electric energy projects of high importance to the State, and 62% for the reconstruction and development of the electricity transmission grid.

V. PERSONNEL

Litgrid is building a value-based organisational culture and advocates equal rights for employees and equal opportunities at work, regardless of gender, ethnicity, race, nationality, social status, age, disability, membership in a political party or association, religious beliefs or sexual orientation.

As at 30 June 2018, the Litgrid group had 546 employees: Litgrid - 232, Tetas - 286 and Litgrid Power Link Service - 28.

The wage fund of Litgrid for the reporting period amounted to EUR 2989 thousand (2017: EUR 2714 thousand).

	June 30 2018		June 30 2017	
	Number of employees	Average monthly wage, in EUR	Number of employees	Average monthly wage, in EUR
Chief Executive Officer	1	9 364	1	9 134
Top-level managers	6	6 289	6	5 958
Medium-level managers	21	3 411	21	3 409
Lower-level managers	12	2 498	12	2 351
Experts-specialists	192	1 847	194	1 629
Total	232	2 178	234	1 979

The total wage fund of Litgrid Group for the reporting period amounted to EUR 5449 thousand (2017 m; EUR 5341 thousand).

	June 30 2018		June 30 2017	
	Number of employees	Average monthly wage, in EUR	Number of employees	Average monthly wage, in EUR
Chief Executive Officer	3	5 719	3	6 817
Top-level managers	10	5 040	11	4 789
Medium-level managers	41	2 876	37	2 732
Lower-level managers	12	2 498	12	2 351
Experts-specialists	325	1 622	369	1 421
Workers	155	953	245	785
Total	546	1 615	677	1 376

Remuneration policy and performance evaluation

The common remuneration policy of the EPSO-G group has been introduced at Litgrid and it is applicable to all employees of the Company. The remuneration policy is approved and amended by the decision of the Company's Board taking into consideration recommendations of the Remuneration and Appointment Committee of EPSO-G. The Remuneration and Appointment Committee of EPSO-G regularly reviews provisions of the remuneration policy, its effectiveness, implementation and application.

The goal of the remuneration policy is to contribute to the realisation of the mission and vision of the organisation that is being managed by modern and effective methods, to mobilise people for joint work and motivate them to implement the strategic priorities, to form and establish an attitude that employees are the Company's main asset, and to foster the corporate values of professionalism, cooperation, responsibility, initiative, and respect. Remuneration depends on the employee's position, performance, achievement of individual annual goals, level of competencies, and adherence to the values of organisation. The pay package consists of financial and non-financial elements: basic pay, variable part of pay, fringe benefits, and psychological reward.

Litgrid continuously carries out evaluations of employees' performance as one of the most important tools for effective corporate management that allows linking personal and organisational goals, shows the importance of each employee's work for the attainment of common objectives, makes career planning possible, and motivates employees by providing an objective basis for showing initiative.

Remuneration policy for collegial body members and management

At the EPSO-G UAB group the remuneration principles applied in respect of management body members are established according to the *Guidelines on the establishment of remuneration for the activity at the bodies of the group companies* as approved by the decision of the sole shareholder EPSO-G UAB. Based on the decisions passed at the General Meeting of the Company's Shareholders held on 29 July 2016, the maximum amount of the annual remuneration budget allocated for the payment of services as the Company's Board members was established. The hourly and maximum monthly pay as well as the terms of the agreements with the Board members regarding their activity at the Board were approved. Based on the decision passed at the General Meeting of Shareholders held on 26 July 2016, the hourly work pay of EUR 50.00 (fifty euros) (before tax) was established for services as a member of the Company's Board, without exceeding the maximum monthly pay of EUR 1,000.00 (one thousand euros) (before tax). The Board members who also are the employees of EPSO-G UAB, a company holding a controlling ownership interest in the Company, are not paid by the Company for their services as members of the Board.

There were 17 board meetings in the first half of the year 2018. The remuneration eligible to receive remuneration for their services as the Board members amounted to EUR 15 000, the independent board member was paid remuneration in EUR 4 700.

The fixed and variable remuneration components of the Company's CEO are established by the Company's Board, and those of the top-level managers are established by the Company's CEO in accordance with the Company's remuneration policy approved by the Company's Board. A variable remuneration component is paid to the CEO and management once a year after the approval of the implementation of objectives set for the Company's CEO given by the Company's Board.

Information about remuneration policy, Employees' performance evaluation, wages and Company and CEO goals are published on the corporate website www.litgrid.eu.

Collective agreement

Litgrid recognises the right of employees to voluntarily unite into trade unions or associations, as well as the right to negotiate with the employer, and supports a constructive social dialogue.

On 20 February 2018, an updated Collective Agreement between Litgrid and the newly established trade union of Company employees was signed. The document defines and ensures a fair remuneration policy and balance between work and rest, and regulates social and economic relations between the employer and the employee. The Collective Agreement also contains provisions on how the Company supports employees when important or painful life events occur.

Meetings between trade union representatives and Company management are held periodically to discuss issues of relevance to the trade union.

Education

219 employees have a university education, 12 employees have post-secondary education, and one employee has a secondary education.

VI. GOVERNANCE

VI.1. Information on the share capital and the shareholders and their rights

Since 22 December 2010, Litgrid's shares are traded on the Secondary List on the NASDAQ OMX Vilnius exchange, ISIN code of securities: LT0000128415.

Litgrid has not acquired own shares. During the reporting period Litgrid neither acquired nor disposed of its own shares. The Company's subsidiaries have not acquired the Company's shares.

The authorised capital of Litgrid amounts to EUR 146,256,100.2, and it is divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. The number of shares granting voting rights is equal to 504,331,380.

As at 30 June 2018, the Company had 5,501 (five thousand five hundred and one) shareholders. EPSO-G UAB (A. Juozapavičiaus 13, LT-09310 Vilnius, company code 302826889), a company wholly-owned by the Ministry of Energy of the Republic of Lithuania, controls 97.5% of Litgrid's shares. EPSO-G UAB possesses a decisive vote in making decisions at the General Meeting of Shareholders.

The Company has not received any information on mutual agreements between the shareholders due to which restrictions on transfer of securities and/or voting rights may be imposed. There are no restrictions regarding voting rights at the Company.

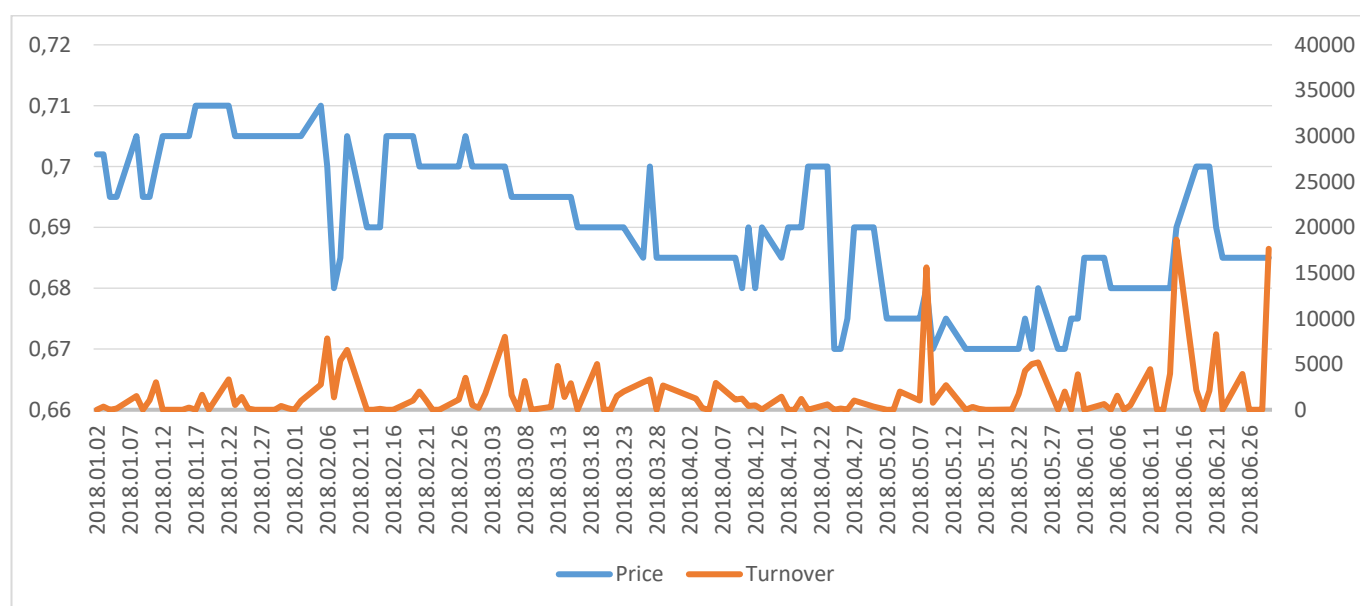
SEB Bankas AB is the provider of accounting and related services for Litgrid's securities for the period from 8 September 2017 until 7 September 2020.

Securities of the subsidiaries of the Company are not traded on securities exchanges.

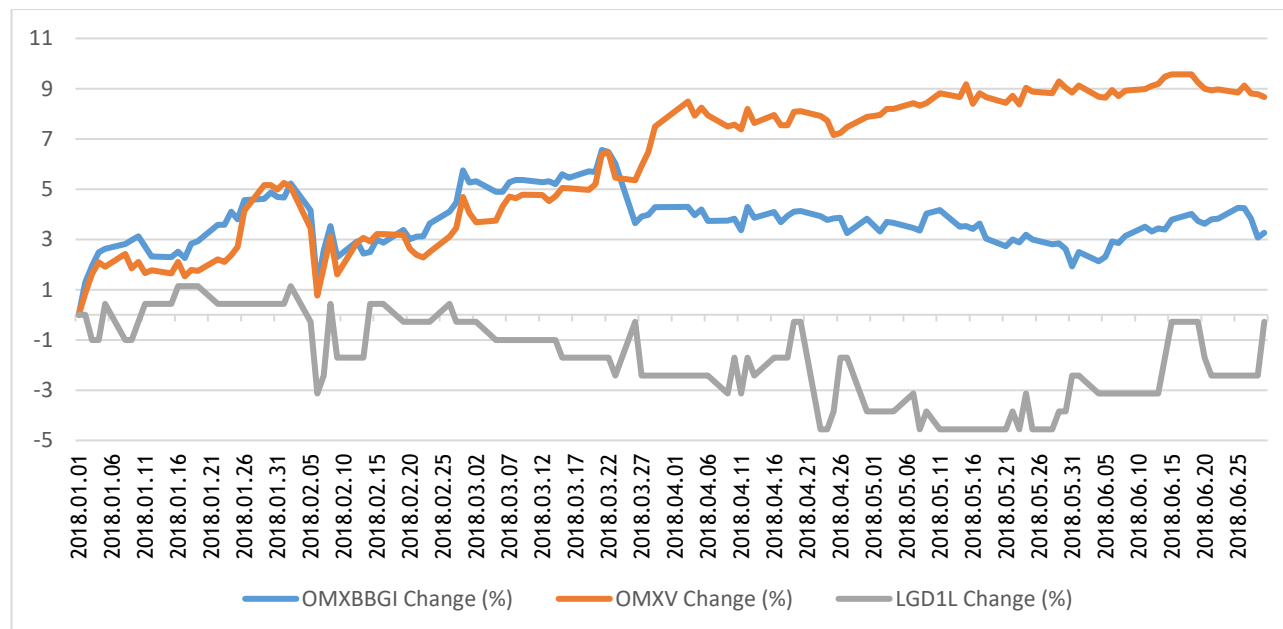
Data on trading in Litgrid's securities on the regulated markets:

Indicators	2016	2017	2018
Opening price, EUR	0,708	0,700	0,702
Highest price, EUR	0,745	0,751	0,71
Lowest price, EUR	0,676	0,676	0,67
Closing price, EUR	0,705	0,702	0,69
Turnover units	788 916	608 001	260 644
Turnover EUR million	0,56	0,43	0,18
Capitalization EUR million	355,55	354,04	347,99

Turnover and prices of Litgrid's shares, in EUR:



The comparison of the price of Litgrid's shares (LGD1L) with the OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the reporting period::



VI.2. Dividends

On 18 August 2017, the Board of Litgrid passed a decision regarding the application of the EPSO-G UAB group dividend policy, which was approved by the Board of EPSO-G UAB on 14 July 2017, at Litgrid AB in its entirety.

Based on the EPSO-G UAB dividend policy the amount of dividends payable was directly linked with the effective use of the company's equity, i.e. the higher benefits created by the Company for the shareholder are, the larger portion of profit can be allocated by the Company for a further development or implementation of other significant projects.

On 24 April 2018, the ordinary General Meeting of Shareholders of Litgrid was held, during which it was decided to pay out dividends amounting to EUR 7.7 million or EUR 0,0153 per share.

VI.3. The Company's management bodies

The system of the Company's management bodies (Figure 1) is defined in the Articles of Association and it consists of the following bodies: the General Meeting of Shareholders, the Board and the General Manager (a single-person management body).

The Company's Articles of Association stipulate that since the Company is part of the group of companies and the Supervisory Board of the parent company carries out the review of the functioning of the internal control system and risk management at the group level, the Company's General Meeting of Shareholders and the Board may take into consideration proposals and comments of the Supervisory Board of the parent company that are presented on the issues relating to the competence of the respective management body of the Company. The Audit Committee formed at the parent company functions as the Audit Committee of the entire group and, also carries out the functions of the Company's Audit Committee

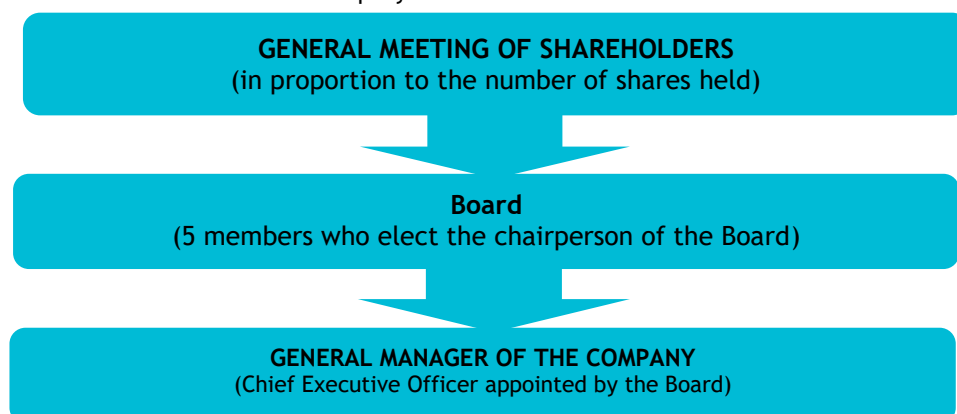


Fig. 1. LITGRID AB managing bodies

Corporate governance principles

The main corporate governance principles are established by the Civil Code of the Republic of Lithuania, the Law on Companies and the Company's Articles of Association. The following matters shall fall within the competence of the Company's General Meeting of Shareholders: amendment of the Company's Articles of Association and the authorised share capital, conversion of shares, election of the Board and the auditor, approval of the annual financial statements, appropriation of profit, adoption of decisions on the most significant transactions and other matters. The following matters shall fall within the competence of the Company's Board: establishment of the Company's organisational structure, election of the General Manager, approval of the operational strategy, budget, investments, adoption of decisions on the conclusion of significant transactions and other important management issues. The General Manager is a single-person management body of the Company. The General Manager organises the Company's business activities and conducts the Company's transactions. A detailed description of the competences of the Company's management bodies is presented in the Company's Articles of Association.

The Articles of Association

The Articles of Association of Litgrid shall be amended in the manner prescribed by the Republic of Lithuania Law on Companies.

On April 30, 2018 m. revised edition of articles of association were registered (due to change of the requirements for the Board members), as it is noted at the section of important events in the Company.

The General Meeting of Shareholders

The General Meeting of Shareholders is the supreme management body of the Company.

The scope of competence of the General Meeting of Shareholders, the procedure of its convocation and decision-making are established by laws, other legal acts and the Articles of Association.

The Company's Board

The Board consists of five members and is elected for a four-year term of office. The term of office of the Board starts after the end of the General Meeting of Shareholders at which the Board was elected and ends on the date of the Ordinary General Meeting of Shareholders held in the last year of the Board's term of office.

Where the Board or its member is recalled, resigns or for any other reason ceases to perform its duties before the expiry of the term of office, a new Board/Board member is elected for the remainder of the Board's term of Office.

The new version of articles of association, when electing new board members, it is ensured that there are not less than 2 independent members, and not less than 3 members cannot have employment relations with the company, it is advised that employees of the company are not appointed to the Board members.

The Chairperson of the Board is elected from the members of the Board.

The Board works in accordance with laws, other legal acts, the Articles of Association, decisions of the General Meeting of Shareholders and the Board's Rules of Procedure.

The Board is a collegial management body of the Company. The scope of competence of the Board, the procedure of decision making, election and removal of its members are established by laws, other legal acts and the Articles of Association. The Board is accountable to the General Meeting of Shareholders.

Areas of activities of the Board

The Board considers and approves the Company's strategy, a three-year operational plan of the Company, a ten-year transmission grid development plan, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board decides on the Company's undertaking of new types of activities or ceasing to carry out certain activities to the extent that this does not contradict the objective of the Company's operations. It also makes decisions on the issue of bonds, transfer of the Company's shares to other entities, and financial transactions exceeding EUR 3 million in value. The Board also decides other matters within its scope of competence as stated in the Articles of Association.

Areas of activities of the General Manager

The General Manager acts as a single-person management body of the Company. The General Manager organises and directs operations of the Company, acts on its behalf, and has the right to conclude transactions single-handedly. The scope of competence of the General Manager, the procedure of his/her election and removal are established by laws, other legal acts and the Articles of Association.

CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2018

As of 2018 June 30: Litgrid's Board members, the General Manager and the Chief Financier

Position	Full name	Start date	End date	Number of the issuer's shares held
Board				
Chairperson of the Board	Rimvydas Štilinis	2016 07 29		-
Board member	Daivis Virbickas	2013 09 10	2018 04 30	-
Board member	Vidmantas Grušas	2013 09 10		-
Board member	Nemunas Biknius	2016 07 29		-
Board member	Domas Sidaravičius	2016 07 29		-
Chief Executive Officer	Daivis Virbickas	2013 09 10		-
Chief Financier	Žydrūnas Augutis	2017 06 05		-

The detailed CVs of the Board members and the Company's CEO are publicly available on the website of Litgrid at www.litgrid.eu.

Governance and control

The requirements for the governance of the Company are set forth by the Lithuanian Government's resolutions on the governance of state-owned or state-controlled companies, insofar as they apply to the EPSO-G group companies, and the Governance Code, insofar as the Company's Articles of Association do not state otherwise.

In accordance with the integrated planning and monitoring policy of the EPSO-G group companies, which was approved at the meeting of the Board of the Company No 12 held on 19 May 2017 and which is directly applied at the Company in its entirety, the Company is preparing the strategy of the Company for a period of 5-10 years. The period of the strategy must coincide with the period of the parent company's strategy. The prepared strategy of the Company currently covers the period of 10 years up to 2027. The implementation of the strategic objectives set out in the strategy of the Company is ensured by the Company's performance, control, and risk management systems. The strategy of the Company is approved and its implementation is controlled by the Board. The Board of the Company prepares (updates) and approves the operational plan for a period of 3 years before the end of the current year. A monthly strategy implementation supervision system is introduced at the Company and is linked with the Company's administrative staff remuneration system. The composition of the Company's Board is disclosed on the Company's website.

The Company's activities of the transmission system operator are regulated by the national regulatory authority, i.e. the National Commission for Energy Control and Prices (hereinafter "the Commission"). Within its competence, the Commission performs the functions of the state regulation in the electricity sector in the Republic of Lithuania, by ensuring, *inter alia*, the supervision of and control over the performance of regulated activities in the energy sector, as well as the proper implementation of the rights and duties of electricity undertakings and consumers.

The strategy and operational plan of the Company are implemented by and the activities of the Company's administrative staff are organised by the Company's General Manager. The Company's administrative management consists of the General Manager, Finance Department Director, System Department Director, Transmission Network Department Director, Strategic Infrastructure Department Director, Strategy Department Director, and ITC and Administration Department Director. The composition of the Company's management is disclosed on the Company's website.

Corporate governance accommodates the principles of good governance practice and the policies on the governance of state-controlled companies. The Board of the Company approves the following policies, the implementation of which is to be ensured by the administrative staff of the Company: corruption prevention, remuneration, remuneration for activities in the management bodies of the group companies, assessment of employees' performance, project management, integrated planning and monitoring, corporate governance, accounting, support, dividends, transport, technological property, transparency and communication, protection of sensitive information, management of interests of collegial management bodies, management and employees, treasury management and financial risks, risk management, social responsibility, etc.

The internal control systems of the Company are supported by the organisational structure, management culture and implemented good governance practices, as well as process management which is currently being implemented. It should be noted that the supervisory functions are carried out by the Supervisory Board of EPSO-G UAB, meanwhile recommendations, proposals and conclusions on matters which are key to the Company's activities are provided by the Remuneration and Appointment Committee and the Audit Committee. The internal control system is initiated by the Company's Board and implemented by the administrative staff, assisted by the Audit Committee of EPSO-G UAB, the external independent audit, and divisions supporting the principal activity. The procedures and policies effective at the Company ensure the reliability of

accounting and financial reporting, the compliance of the Company's activities to legal acts, operational efficiency, and achievement of operational objectives.

The Minister of Energy of the Republic of Lithuania by Order No 1 -212 of 7 September 2015 approved the Corporate Governance Guidelines for the State-Owned Group of Energy Companies (hereinafter "the Guidelines"). The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations. These Corporate Governance Guidelines are intended to support and further improve the procedures and policies of good governance practice applied at the Company.

Good governance practice of the EPSO-G group of companies

Upon the approval of the Guidelines by the Minister of Energy, the company controlling the EPSO-G group of companies is improving the governance practice in its operations and the operations of the group of companies, with reference to the recommendations set forth in the Governance Code and by implementing the recommendations of international institutions, such as the OECD, intended to enhance the governance of state-controlled companies.

The basis for the practical realisation of these Guidelines was created on 17 December 2015, with the approval of the newly revised Articles of Association of EPSO-G (hereinafter "the Articles of Association of EPSO-G"), as the company controlling the entire EPSO-G group of companies, by the Ministry of Energy, which is the owner of the shares of EPSO-G. The newly revised Articles of Association of EPSO-G lay the foundations for the establishment of new management bodies at the level of EPSO-G, i.e. the Supervisory Board and the Board, the Audit Committee, and the Remuneration and Appointment Committee, which, in turn, perform certain supervisory and management functions at the level of the entire group of companies. It should be noted that the Articles of Association of EPSO-G also regulate the change in the governance model at the level of the group of companies.

Information on transactions with related parties

Related-party transactions are disclosed in the notes to the financial statements as of 30 June 2018.

The Company has not entered into significant agreements which would come into effect, change or would be terminated if the control of the Company changed.

During the reporting period the Company did not conduct any harmful transactions (transactions which do not meet the Company's objectives or existing normal market conditions or which violate the interests of shareholders or other groups, etc.) or any transactions made in the event of a conflict of interests between duties of executives of the Company, controlling shareholders or other related parties with respect to the Company and their private interests and (or) other duties.

VII. RISK FACTORS AND THEIR MANAGEMENT

The Company has implemented a system for risk management that comprises the identification of risks, their analysis, assessment and determination of control measures, preparation of the risk management action plan and implementation of measures stipulated in the plan, monitoring and supervision of the risk management process. Risk factors at LITGRID AB are identified and managed in accordance with the provisions of the ERM (Enterprise Risk Management) standard published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Political, regulatory and compliance risks

The electric power sector is a vitally important part of the economy, with a considerable influence over national, political and economic interests. The structure and management of the electric power sector and the activities of the energy sector companies are governed by the Law on Electricity of the Republic of Lithuania and the relevant regulations. Any amendments to national or European Union energy sector legislation, effect of decisions passed by the public authorities can have impact on the results of operations of the Litgrid group and the reliability of the system. In order to reduce the impact of this risk on the operating results, the Company's representatives actively participate in discussions, inform about decisions that need to be taken, possible consequences of decisions and/or submit proposals to institutions that draft legal acts. The Company also responds effectively to any issues raised by the public, regulatory authorities or other stakeholders regarding the Company's activities.

Prices for electricity are regulated, with the price ceilings set by the Commission. These regulator's decisions have a direct impact not only on the operating results of Litgrid, but also on funds that the Company allocates to cover necessary operating costs, investments for the maintenance of the reliability of the transmission grid, as well as opportunities for financing strategic projects from the Company's own or borrowed funds. In order to reduce the impact of regulatory risks on operating results, the Company actively cooperates with the Commission and participates in discussions on projected amendments to legal acts, with its argumentation based on the impact of future decisions and the importance of long-term, strategic objectives of the Company.

Aiming to reduce the compliance risk, i. e. the probability that the Company will be in breach of the requirements set for the regulated activities, and to ensure a proper assessment of decisions being made, the Company's legal team carefully supervises the processes of decision-making, drafting of internal legal acts, setting of contractual obligations followed by management and closely monitors changes in legal regulations relevant to the Company.

In view of the Company's important role for national security and application of strict security requirements as well as aiming to ensure fully transparent operations of the Company, great attention is directed towards corruption prevention, respective updates of the policies of transparency and communication, protection of sensitive information, management of interests of executives and employees were made.

Operational risk

Ensuring the reliability of electricity transmission and preventing disruptions of energy supply is one of the main functions and responsibilities of the Company. Main operational risks that could affect the reliability of the transmission are caused by external environmental factors: natural disasters, disruptions in the operations of main contractors, criminal acts of third parties, as well as internal factors such as information systems' failures. The Company has implemented solutions which meet the requirements of physical and information technology security set for enterprises that have strategic or important role for national security, and modern information systems. Taking into consideration the Company's status and global tendencies a large attention was devoted at the Company for the identification and management of cyberspace risks.

Emergency response plans that ensure business continuity are prepared and kept up to date.

In order to avoid potential delays in the fulfilment of projects on the grid reconstruction and construction of new objects of the grid, Litgrid has implemented the project management system in its operations, updated the project management policy. High standards are set by the qualification requirements for the selection of contractors aiming to ensure that contractors have necessary capacities to implement complex projects.

The Company endeavours to attract and retain highly-qualified employees who are able to implement ambitious operational and complex strategic plans. For that purpose, educational and substitutability plans are being developed and the employee remuneration, performance assessment policies have been updated.

Financial risk

The companies of the Litgrid group are exposed to financial risks in their operations including credit risk, liquidity risk and market risk (foreign exchange risk and interest rate risk). In managing this risk, the Group companies seek to minimise the effects of factors that can have an adverse impact on financial results of the Group. The Company has a significant concentration of credit risk. To manage credit risk the Company requires its customers/third parties to provide adequate securities to ensure the execution of contracts (measures are applied in view of the customer's/third party's risk rating). More detailed information on financial risks (liquidity, credit, interest rate and foreign exchange risks) is presented in the Company's financial statements. Litgrid does not use any hedging instruments.

Technological risk

By the decision of the sole shareholder Litgrid, starting from 1st August 2018 operations of UAB „Litgrid Power Link Service“ have been stopped, all employees were hired by Litgrid. UAB „Litgrid Power Link Service“ ensured a reliable operation of the new high-voltage direct current power (HVDC) links of Litgrid. From 1st August 2018, Litgrid will organize the provision of lines on by itself.

The Lithuanian energy system has 15 interconnections with the neighbouring energy systems. The available means for capacity and energy balance control are limited, whereas the capacity and energy balance control process is complex.

Former Litgrid Power Link Service employees, now Litgrid employees, have acquired their specialist skills and knowledge on the operation and repairs of the power links at training courses provided by the links' equipment manufacturers as well as by participating in the testing of the relevant equipment, systems and links and the analyses of the causes of disconnection of the links during the trial operation. The highly qualified team responsible for the operation of the HVDC power links has been fully formed and is ready to provide work.

More than a half of the high-voltage electricity transmission grid equipment is older than 45 years. Faults and failures of the most important technological equipment can have a negative impact on Litgrid's operations and financial result. In order to avoid disruptions in the electric power supply, the Company has approved the strategy for the restoration of overhead lines, monitors the condition of the transmission network on a continuous basis, develops monitoring plans and plans new investments in the network in due time. The Company currently implements the asset management system which will allow assessing the condition of the transmission grid and managing technological assets in a more effective manner. The system will establish indicators to be used for the monitoring of the grid's condition. Investments in equipment and materials has a direct impact on financial results. The Company ranks investments in the network based on objective criteria and by applying a specialised evaluation methodology with the aim to optimise investments and ensure a smooth investment process

Ecological risk factors

The companies of the Group comply with the environmental regulations on appropriate labelling, use and storage of hazardous materials and ensure that equipment operated by the companies meets the established requirements

Financial reporting risk and internal control system

The consolidated financial statements of the Litgrid group are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. Litgrid's internal control process includes the control of business

processes related to service provision, IT system operations, and drawing up of financial statements.

The drawing up of the consolidated financial statements is governed by Litgrid's accounting policies and procedures, which ensure that accounting practices comply with International Financial Reporting Standards as adopted by the European Union and the laws of the Republic of Lithuania. The procedures identify potential risks associated with accounting and financial reporting and specify risk management methods and principles and the employees responsible for risk management.

VIII. SIGNIFICANT EVENTS OF THE REPORTING PERIOD

In executing its duties in accordance with the applicable legislation regulating the securities market, the Company publishes information on significant events and other regulated information on the EU-wide basis. This information is available on the website of the Company (www.litgrid.eu) and the website of NASDAQ Vilnius stock exchange (www.nasdaqbaltic.com).

Significant events of the first half of 2018, not mentioned in other sections, were as follows:

On 14th February Interim unaudited financial results of Litgrid for the twelve months of 2017 were published.

On 1st March Litgrid was nominated the Leader of energy sector. The nomination was established by business paper „Verslo žinios“, announced in the conference „Verslo valdymas 2018: pergalių vadyba“. 6 main indicators were measured; profit, income, the yearly change of both, profitability and average wage of employees.

On 24th April in the Ordinary shareholder meeting the decisions regarding 2017 financial year, profit distribution, new version of articles of association and recalling Board member were taken.

On 2nd May 2018 The Nordic and Baltic Transmission System Operators (TSOs), owners of Nord Pool, Europe's leading power market, announced, the re-organization of the legal structure of the company - separating its Market Coupling Operator functions from the commercial Power Exchange functions.

The two legal entities thus created will be owned by a holding company to ensure robust operations, as well as close and cost-efficient cooperation.

The change has been driven by the fact that Nord Pool is operating in a rapidly developing industry sector. The Network Guidelines on Capacity Allocation and Congestion Management (CACM) provide the basis for implementation of a single energy market across Europe, and for competition between power exchanges.

Nord Pool is a Nominated Electricity Market Operator (NEMO) in 15 European countries under CACM, a role which is two-fold. Firstly, to fulfil the Market Coupling Operator (MCO) role including operating, developing and maintaining algorithms, systems and procedures for a single day-ahead and intraday market coupling across Europe. Secondly, and simultaneously, continuing to provide market participants with the innovations in power trading products and services that they demand.

As from 19th of April 2018, Litgrid owns 2 per cent (306 shares) of the sole owner of Nord Pool AS - Start Up 170 Invest AS.

On 24th May Litgrid and Conresta UAB signed the agreement for building the secure data centre and system operations' centre. The project will be finished until the end of 2019, investment into the project amounts to EUR 10.183 million (VAT excluded). The Company will use own funds.

On 13th June Litgrid informed the Management Board of the Company has approved termination of agreement (signed by parties on 7th August 2018) on the purchase-sale of the shares of Duomenų logistikos centras, UAB, a daughter company of LIGRID AB with Telia Lietuva, AB, and „Lietuvos energija“, UAB whereby the Company has intended to sell to Telia Lietuva, AB 20.36 % shares of Duomenų logistikos centras, UAB, together with the Company, „Lietuvos energija“, UAB another shareholder of UAB Duomenų logistikos centras, had to sell 79.64 % of its shares. The decision to terminate the agreement has been taken by mutual agreement of parties to the transaction, „Lietuvos energija“, UAB, Litgrid AB and Telia Lietuva, AB taking into consideration proposal of Telia Lietuva, AB.

On 25 June 2018 Litgrid concluded a contract for a subordinated loan in the amount of EUR 1.0 million to be granted to UAB „Tetas“. The three-year loan will be granted for investment and working capital financing.

IX. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 13 July 2018, the board of Litgrid AB, approved the decision to conclude agreements between the parent company, UAB EPSO-G, and Litgrid for the transfer of tax losses. The terms of the agreements provide for the paying by Litgrid AB to UAB EPSO-G of 15 percent from the total amount of tax loss taken over. UAB EPSO-G Audit Committee's provided Opinion stating that the transaction is fair in respect to all the shareholders of Litgrid AB and that the transfer of tax losses is carried out in accordance with the procedure provided for by the Law on Income Tax. These transactions will not affect the Company's bottom line.

X. SOCIAL RESPONSIBILITY

Litgrid sees social responsibility as an integral part of its business operations.

Litgrid follows the principles of social responsibility, sustainable development, transparency, and advanced environmental protection in its activities. The Company's operations form an integral part of a successful functioning of the national economy, while its long-term strategic goals and the strategic electricity projects it is implementing help secure the country's energy independence.

The importance of the projects being implemented requires that the Company, its employees and management apply the highest professional and ethical standards, assume responsibility for promoting awareness, responsibility of the society and its separate groups, as well as willingness to be actively involved in welfare creation. Litgrid's social responsibility policy is focussed on ensuring fair and motivating working conditions, development of responsibility and civic qualities, and extensively strengthening the community in which the Company carries out its activities.

The Company implements strategic high-value projects of historic significance and it is therefore understandable that great works carries with them great responsibility. Support and promotion of a qualitative dialogue with the society is a key priority of Litgrid's daily operations.

Documents that define Litgrid's responsibility and are followed in its activities include:

- Social responsibility policy;
- Corporate governance policy;
- Transparency and communication policy;
- Corruption prevention policy;
- Remuneration policy;
- Interest reporting policy;
- Accounting policy;
- Interests management policy;
- Sensitive information protection policy;
- Sponsorship and charity policy;
- Code of conduct;
- List of implementation of environmental protection requirement at Litgrid;
- Litgrid's collective agreement.

The policies are published on the Company's internet website at www.litgrid.eu

Responsibility in the Market: Efficient and Transparent Business

Litgrid implements projects of regional and national significance. These are projects that require major investments. Their success depends on the understanding, trust and support of shareholders, partners, controlling and regulatory authorities, and the people of Lithuania. The Company therefore pays considerable attention to the supervision of procurement processes, the prevention of corruption, and dialogue with contractors and suppliers.

Dialogue with Contractors and Suppliers

In order to ensure fair competition, Litgrid gave contractors and suppliers a presentation in 2017 of the work and projects planned for 2018 that will require calls for tender. These meetings will also be held in 2018.

Prevention of corruption

Business decisions and actions are based on the principle of the greatest benefit to the Company, consumers and shareholders. We undertake to avoid any conflicts of interest which may negatively affect impartial and objective work with Litgrid. The Company has a regulated procedure for declaring private interests - declarations of interest are submitted by all Company employees.

The Company does not tolerate any forms of corruption, acceptance, granting, offer, promise or demand of inappropriate benefits by abusing the position held. The anti-corruption concept at Litgrid involves offer and acceptance of inappropriate privileges, trade in impact, inappropriate influence in relatives, spouses or friends protectionism because the aim is to eliminate the impact of personal interests and gain for personal advantage on decisions being made.

The Company encourages its employees, customers, business partners and other stakeholders to report violations of legal acts and breaches of principles of ethical behaviour by email pranesk@litgrid.eu or telephone number +370 615 62 290. This information is only accessible to the Company's employee responsible for corruption prevention who ensures anonymity and confidentiality of information.

Environmental protection

Procedures for environmental impact assessment or screening are carried out for the electricity transmission lines to be constructed and their conclusions are taken into account in the preparation of technical designs. Environmental protection requirements are set in the design specifications for the construction of new or reconstruction of existing transformer

substations and switchyards. In all cases, efforts are made to select such equipment which is less harmful to the environment. For example, in reconstructing substations, oil-consuming equipment is replaced with modern gas equipment. This both reduces the risk of pollution in case of an accident and cuts equipment operating costs. Contractors are obliged to organise works so as to eliminate or reduce any impact on the environment and to present document proving the management of construction waste. In service procurement process, contractors are required to have the Environmental Management Systems according to LST EN ISO 14001 in place. When accepting completed works, contractors' compliance with the requirements is checked including waste management and relevant documentation.

Environmental monitoring of LitPol Link, an interconnection between Lithuania and Poland, which was started in 2016, is continued. In spring, accumulations of migrating geese and waterfowl were recorded in the established monitoring points. The monitoring of protected amphibians, reptile, crayfish and their natural habitats was also carried out as required by the monitoring programme. Environmental monitoring of another electricity transmission line (Telšiai - Klaipėda) is continued: accumulations of migrating birds are observed in the Minija river valley at Dovilai, and density of predatory birds is being recorded in Mižuikiai forest in Rietavas district.

In cooperation with the Lithuanian Ornithological Society, Litgrid is implementing a project *Implementation of Bird Protection Measures in the Lithuanian High-Voltage Electricity Transmission Grid*, which is co-financed by the European Commission and the Ministry of Environment. The objective of this project is to reduce the number of deaths of migrating birds, improve breeding conditions of kestrels in Lithuania, monitor bird death cases in the high-voltage electricity transmission network, and make recommendations for the bird protection. Electricity transmission lines are made more visible by equipping them with bird-diverting devices in places of the most intensive bird migration. In pre-migration accumulation areas of white stork, specific protection devices are installed, such as 'forks' preventing the birds from alighting over insulators, or upper insulators in insulator strings are replaced with ones of larger diameter thus reducing the short-circuit probability. Special nesting-boxes are installed for kestrels on 110 kV supports in locations selected by the ornithologists.

In 2017, means protecting residential areas from noise emitted by operating electricity equipment were implemented. Barriers were constructed near capacity transformers at the Alytus back-to-back converter station that helped significantly reduce the level of noise emitted. Similar solutions are planned to be implemented at the Klaipėda transformer substation that are to improve living conditions of inhabitant residing near the substation. The preparation of the technical project was completed in 2017 under which noise barriers will be constructed in 2018.

Waste Management and Sorting

The Company sorts waste: special containers are used for sorting glass, plastic and paper.

Sponsorship

The Company did not allocate sponsorship in the first half of 2018.

Education of the society

The current flowing through the power transmission lines that Litgrid oversees is approximately 500 times higher than that at home. It can be dangerous even without touching the actual lines. An electric discharge can also occur if a safe distance is not maintained and you come too close.

Litgrid constantly reminds contractors working on the power grid of the necessity to observe employee safety requirements. The Company conducts information campaigns in the regional media and through social networks (with actors presenting safe behaviour in videos).

The Company commissioned videos about safe visitor and contractor behaviour at transformer substations and switchyards, which are posted on youtube.com channel and corporate website www.litgrid.eu.

Tours

The Company's guides present the activities of the Lithuanian electric power system to people of different ages and professional interests in an attractive manner. Tours are organised for groups of 8 to 20 people. They take place at the System Control Centre in Vilnius and at the high-voltage transformer substations in Kaunas, Utena, Panevėžys and Šiauliai. 25 tours were arranged in the first half of 2018.

Tree Planting - a Company Tradition

In April 2018, more than 50 of the Company's employees planted 4000 fir trees in the surroundings of Gediminas forest (Alytus District)

STATEMENTS OF FINANCIAL POSITION
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		30-06-2018	31-12-2017	30-06-2018	31-12-2017
ASSETS					
Non-current assets					
Intangible assets	3	3,718	3,650	3,717	3,647
Property, plant and equipment	3	370,382	378,403	368,201	376,028
Investments in subsidiaries	4	-	-	174	174
Deferred income tax assets		110	33	-	-
Loans granted	5	-	-	2,203	1,203
Available-for-sale financial assets	6	2,693	2,693	2,693	2,693
Total non-current assets		376,903	384,779	376,988	383,745
Current assets					
Inventories		1,284	1,019	93	99
Prepayments		782	483	675	412
Trade receivables		18,891	22,210	16,541	17,022
Other amounts receivable		11,582	21,275	9,489	20,645
Prepaid income tax		35	12	17	-
Other financial assets	7	12,725	8,736	12,725	8,736
Cash and cash equivalents		690	696	340	434
Total current assets		45,989	54,431	39,880	47,348
TOTAL ASSETS		422,892	439,210	416,868	431,093
EQUITY AND LIABILITIES					
Equity					
Authorised share capital		146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		5,041	5,380	4,748	4,999
Reserve for changes in fair value of financial assets		655	655	655	655
Legal reserve		14,626	14,790	14,626	14,626
Other reserves		63,309	62,767	63,309	62,767
Retained earnings (deficit)		3,657	8,171	3,719	8,257
Total equity		242,123	246,598	241,892	246,139
Liabilities					
Non-current liabilities					
Grants		-	22	-	22
Non-current borrowings	8	101,240	108,353	101,240	108,353
Finance lease liabilities	9	710	820	-	-
Deferred income tax liability		4,416	6,105	4,416	6,105
Deferred revenue		11,240	6,564	11,240	6,564
Other non-current amounts payable and liabilities		764	764	694	694
Total non-current liabilities		118,370	122,628	117,590	121,738
Current liabilities					
Current portion of non-current borrowings	8	11,154	8,082	11,154	8,082
Current borrowings	8	22,319	34,656	22,319	33,311
Current portion of finance lease liabilities	9	237	443	-	-
Trade payables		19,729	15,095	16,587	11,581
Advance amounts received		831	328	831	328
Income tax liability		14	1,468	-	1,468
Other current amounts payable and liabilities		8,115	9,912	6,495	8,446
Total current liabilities		62,399	69,984	57,386	63,216
Total liabilities		180,769	192,612	174,976	184,954
TOTAL EQUITY AND LIABILITIES		422,892	439,210	416,868	431,093

The accompanying notes are an integral part of this condensed interim financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
(All amounts in EUR thousands unless otherwise stated)

		Group		Company	
		30-06-2018	30-06-2017	30-06-2018	30-06-2017
Revenue					
Revenue from electricity transmission and related services		83,159	70,141	83,159	70,141
Other income		7,963	7,967	368	660
Total revenue	10	91,122	78,108	83,527	70,801
Expenses					
Expenses of electricity transmission and related services		(56,332)	(39,080)	(56,332)	(39,080)
Depreciation and amortisation	3	(12,858)	(13,129)	(12,604)	(13,012)
Wages and salaries and related expenses		(7,020)	(6,768)	(4,033)	(3,512)
Repair and maintenance expenses		(1,582)	(2,131)	(2,586)	(3,133)
Telecommunications and IT maintenance expenses		(791)	(743)	(715)	(671)
Property, plant and equipment write-off expenses		(281)	(243)	(281)	(243)
Impairment (reversal) of inventories and amounts receivable		-	107	-	109
Other expenses		(8,100)	(8,976)	(2,583)	(2,682)
Total expenses		(86,964)	(70,963)	(79,134)	(62,224)
Operating profit/(loss)		4,158	7,145	4,393	8,577
Financing activities					
Finance income		135	162	148	212
Finance costs		(645)	(691)	(629)	(672)
Total finance costs		(510)	(529)	(481)	(460)
Profit/(loss) before income tax		3,648	6,616	3,912	8,117
Income tax					
Current year income tax expenses		(2,152)	(2,385)	(2,132)	(2,377)
Deferred income tax (expenses)/income		1,745	971	1,689	1,011
Total income tax	11	(407)	(1,414)	(443)	(1,366)
Profit/(loss) for the period		3,241	5,202	3,469	6,751
Other comprehensive income that will not be reclassified to profit or loss					
		-	-	-	-
Total comprehensive income/(expenses) for the period		3,241	5,202	3,469	6,751
Basic and diluted earnings/(deficit) per share (in EUR)					
		0.006	0.010	0.007	0.013

The accompanying notes are an integral part of this condensed interim financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	01-04- 30-06-2018	01-04- 30-06-2017	01-04- 30-06-2018	01-04- 30-06-2017
Revenue				
Revenue from electricity transmission and related services	37,564	31,882	37,564	31,882
Other income	5,561	4,469	192	298
Total revenue	43,125	36,351	37,756	32,180
Expenses				
Expenses of electricity transmission and related services	(27,649)	(18,897)	(27,649)	(18,897)
Depreciation and amortisation	(6,409)	(6,514)	(6,282)	(6,454)
Wages and salaries and related expenses	(3,622)	(3,491)	(2,035)	(1,756)
Repair and maintenance expenses	(921)	(1,168)	(1,576)	(1,744)
Telecommunications and IT maintenance expenses	(394)	(381)	(359)	(345)
Property, plant and equipment write-off expenses	(94)	(143)	(94)	(143)
Impairment (reversal) of inventories and amounts receivable	-	103	-	103
Other expenses	(5,185)	(4,793)	(1,197)	(1,407)
Total expenses	(44,274)	(35,284)	(39,192)	(30,643)
Operating profit/(loss)	(1,149)	1,067	(1,436)	1,537
Financing activities				
Finance income	133	146	140	196
Finance costs	(314)	(362)	(306)	(356)
Total finance costs	(181)	(216)	(166)	(160)
Profit/(loss) before income tax	(1,330)	851	(1,602)	1,377
Income tax				
Current year income tax expenses	(607)	(803)	(594)	(797)
Deferred income tax (expenses)/income	972	638	997	637
Total income tax	365	(165)	403	(160)
Profit/(loss) for the period	(965)	686	(1,199)	1,217
Other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total comprehensive income/(expenses) for the period	(965)	686	(1,199)	1,217
Basic and diluted earnings/(deficit) per share (in EUR)	-0.002	0.001	-0.002	0.002

The accompanying notes are an integral part of this condensed interim financial statements.

STATEMENTS OF CHANGES IN EQUITY
(All amounts in EUR thousands unless otherwise stated)

Group	Reserve of changes in fair value of financial assets							
	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total	
Balance at 1 January 2017	146,256	8,579	5,608	655	14,726	62,747	16,234	254,805
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	5,202	5,202
Depreciation of revaluation reserve and amounts written off	-	-	(252)	-	-	-	252	-
Transfer to reserves	-	-	-	-	64	20	(84)	-
Dividends	-	-	-	-	-	-	(18,156)	(18,156)
Balance at 30 June 2017	146,256	8,579	5,356	655	14,790	62,767	3,448	241,851
Balance at 1 January 2018	146,256	8,579	5,380	655	14,790	62,767	8,171	246,598
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	3,241	3,241
Depreciation of revaluation reserve and amounts written off	-	-	(339)	-	-	-	339	-
Transfer to retained earnings	-	-	-	-	(164)	-	164	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 30 June 2018	146,256	8,579	5,041	655	14,626	63,309	3,657	242,123

Company	Reserve of changes in fair value of financial assets							
	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total	
Balance at 1 January 2017	146,256	8,579	5,533	655	14,626	62,747	18,175	256,571
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	6,751	6,751
Depreciation of revaluation reserve and amounts written off	-	-	(247)	-	-	-	247	-
Transfer to reserves	-	-	-	-	-	20	(20)	-
Dividends	-	-	-	-	-	-	(18,156)	(18,156)
Balance at 30 June 2017	146,256	8,579	5,286	655	14,626	62,767	6,997	245,166
Balance at 1 January 2018	146,256	8,579	4,999	655	14,626	62,767	8,257	246,139
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	3,469	3,469
Depreciation of revaluation reserve and amounts written off	-	-	(251)	-	-	-	251	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 30 June 2018	146,256	8,579	4,748	655	14,626	63,309	3,719	241,892

The accompanying notes are an integral part of this condensed interim financial statements.

STATEMENTS OF CASH FLOWS

(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
Cash flows from operating activities				
Profit/(loss) for the period	3,241	5,202	3,469	6,751
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	12,858	13,128	12,604	13,012
(Reversal of)/impairment of assets	-	(595)	-	(597)
Written-off bad debts	-	488	-	488
Income tax expenses	407	1,414	443	1,366
Adjustments for other non-cash items	-	(647)	-	(647)
(Gain)/loss on disposal/write-off of property, plant and equipment	281	243	281	243
Elimination of results of financing and investing activities:				
Interest income	-	-	(13)	-
Interest expenses	642	687	626	668
Dividend income	(130)	(134)	(130)	(184)
Other finance (income)/costs	(2)	(24)	(2)	(24)
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable	1,115	4,495	(260)	2,807
(Increase) decrease in inventories, prepayments and other current assets	(548)	653	(241)	(344)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	3,113	(3,513)	3,047	(443)
Changes in other financial assets	(3,989)	1,887	(3,989)	1,887
Income tax (paid)	(3,628)	(2,274)	(3,617)	(2,257)
Net cash generated from (used in) operating activities	13,360	21,010	12,218	22,726
Cash flows from investing activities				
(Purchase) of property, plant and equipment and intangible assets	(9,406)	(8,741)	(9,030)	(8,827)
Grants received	14,086	1,776	14,086	1,776
Loans granted	-	-	(1,000)	-
Revenue generated from congestion management	6,868	4,747	6,868	4,747
Dividends received	130	134	130	134
Net cash generated from (used in) investing activities	11,678	(2,084)	11,054	(2,170)
Cash flows from financing activities				
Repayments of borrowings	(4,041)	(4,041)	(4,041)	(4,041)
Overdraft	(12,337)	3,741	(10,992)	2,009
Finance lease payments	(316)	(45)	-	-
Interest paid	(666)	(772)	(649)	(753)
Dividends paid	(7,684)	(18,105)	(7,684)	(18,105)
Net cash generated from (used in) financing activities	(25,044)	(19,222)	(23,366)	(20,890)
Increase (decrease) in cash and cash equivalents	(6)	(296)	(94)	(334)
Cash and cash equivalents at the beginning of the period	696	798	434	608
Cash and cash equivalents at the end of the period	690	502	340	274

The accompanying notes are an integral part of this condensed interim financial statements.

1 General information

Litgrid AB (hereinafter “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. The Company was established as a result of the unbundling of Lietuvos Energija AB operations and was registered with the Register of Legal Entities on 16 November 2010, entity’s code is 302564383.

Litgrid is an operator of electricity transmission system, operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is also responsible for the integration of the Lithuanian power system into the European electricity infrastructure and common electricity market.

On 27 August 2013, the National Commission for Energy Control and Prices (hereinafter - „NCC“) issued in respect of the Company an open - ended License for the engagement in activity of Transmission electric power.

The principal objectives of the Company’s activities include ensuring the stability and reliability of the electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances.

As at 30 June 2018 the share capital of the Company amounted to EUR 146,256,100.20. It was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. The Company has not acquired any own shares.

As at 30 June 2018 and 31 December 2017, the Company’s shareholders structure was as follows:

Company’s shareholders	Number of shares held	Number of shares held (%)
UAB EPSO-G	491,736,153	97.5
Other shareholders	12,595,227	2.5
Total:	504,331,380	100

The ultimate controlling shareholder of EPSO-G UAB (company code 302826889, address A. Juozapavičiaus g. 13, Vilnius, Lithuania) is the Ministry of Energy of the Republic of Lithuania.

As from 22 December 2010, the shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

As at 30 June 2018 and 31 December 2017 the Group included Litgrid, its directly controlled subsidiaries, associates and joint ventures, listed below:

Company	Address of the company’s registered office	Shareholding as at 30 June 2018	Shareholding as at 31 December 2017	Profile of activities
Tetas UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation and distribution station, power lines design, reconstruction, repair and maintenance services
Litgrid Power Link Service UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	100%	100%	Management and operation of electricity interconnection facilities. By decision of ultimate shareholder, from 1 st August 2018 Company’s activity is suspended, starting this date Litgrid will organise maintenance activity itself.
Duomenų Logistikos Centras UAB	Žvejų g. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	Implementation and co-ordination of joint assignments in relation to operation of current interconnection Lithuania-Poland, planned development of the network and other fields of co-operation.

On 7 August 2017 the Company and Telia Lietuva, signed a sale - purchase agreement with respect 20,36 percent package of UAB Duomenų Logistikos Centras shares. In June 2018, after evaluation of preliminary indications of the Competition Council, „Telia Lietuva“ rejected to acquire UAB „Duomenų logistikos centras“. On 13 June 2018 the Company’s Board adopted decision to terminate share sale - purchase agreement, signed with „Telia Lietuva“ and to restore UAB „Duomenų logistikos centras“ sale process. Due to Company’s active steps on purpose to sell shares of associated entity, Company’s investment in this entity was accounted in the item Other financial assets of Statement of financial position.

As at 30 June 2018, the Group had 546 employees (31 December 2017: 633), and the Company had 232 employees (31 December 2017: 229).

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

2 Summary of principal accounting policies

These condensed interim Consolidated and the Company's financial statements, for the six months period ended 30 June 2018 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, including International Accounting Standard (hereinafter - IAS) 34 „Interim Financial Reporting“. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2017.

The presentation currency is euro. These financial statements are presented in thousands of euro, unless otherwise stated.

In order to better understand the data presented in this condensed interim financial statements, this financial statements should be read in conjunction with the audited Consolidated and the Company's financial statements for the year 2017, prepared according to International Financial Reporting Standards as adopted by the European Union.

These financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

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

These financial statements for the period ended 30 June 2018 are not audited. Financial statements for the year ended 31 December 2017 are audited by the external auditor UAB PricewaterhouseCoopers.

3 Intangible assets and property, plant, and equipment

Group	Intangible assets	Property, plant and equipment
Net book amount at 31 December 2016	1,491	399,160
Additions	171	11,023
Prepayments for property, plant, equipment	-	402
Write-offs	-	(257)
Transfer to inventories	-	(16)
Reclassification	2,292	(2,292)
Set-off of grants with non-current assets	-	(7,396)
Depreciation and amortization charge	(246)	(12,882)
Net book amount at 30 June 2017	3,708	387,742
Net book amount at 31 December 2017	3,650	378,403
Additions	542	8,665
Prepayments for property, plant, equipment	-	1,385
Write-offs	-	(317)
Transfer from inventories	-	20
Set-off of grants with non-current assets	-	(5,390)
Depreciation and amortization charge	(474)	(12,384)
Net book amount at 30 June 2018	3,718	370,382
Company	Intangible assets	Property, plant and equipment
Net book amount at 31 December 2016	1,486	398,269
Additions	171	10,754
Prepayments for property, plant, equipment	-	402
Write-offs	-	(257)
Transfer to inventories	-	(16)
Reclassification	2,292	(2,292)
Set-off of grants with non-current assets	-	(7,396)
Depreciation and amortization charge	(245)	(12,767)
Net book amount at 30 June 2017	3,704	386,697
Net book amount at 31 December 2017	3,647	376,028
Additions	542	8,607
Prepayments for property, plant, equipment	-	1,385
Write-offs	-	(317)
Transfer from inventories	-	20
Set-off of grants with non-current assets	-	(5,390)
Depreciation and amortization charge	(472)	(12,132)
Net book amount at 30 June 2018	3,717	368,201

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

Property, plant, and equipment value are carried at the asset acquisition cost less grants received or receivable. Grants include the EU structural funds, the funds of connecting new consumers (producers) to electricity transmission network (applicable for fees received until 1 July 2009), the PSO funds and congestion income funds. If the value of the Property, plant, and equipment was not reduced by the grants, the book value of these assets as of 30 June 2018 would be higher by EUR 299 199 thousand. Information about the Property, plant, and equipment the value of which has been reduced by the grants received/receivable is presented below:

Net book amount at 31 December 2017	297,649
Additions	5,390
Depreciation charge	(3,840)
Net book amount at 30 June 2018	<u>299,199</u>

4 Investments in subsidiaries

As at 30 June 2018 and 31 December 2017 the Company's investments comprised as following:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest, %
TETAS UAB	4,754	(4,754)	-	100
Litgrid Power Link Service UAB	174	-	174	100
Total	<u>4,928</u>	<u>(4,754)</u>	<u>174</u>	

5 Loans granted

On 25 October 2017, Litgrid AB and TETAS UAB entered into a loan agreement. Based on the agreement, Litgrid AB granted a loan of EUR 1.6 million to TETAS UAB for the purpose of balancing the cash flows. Annual interest rate is 2.09% and loan repayment date is 25 October 2020.

TETAS UAB upon the registration of increase in share capital by EUR 397,477 on 29 December 2017, the total shares emission was settled in the form of monetary contribution by way of setoff against the loan.

On 25 June 2018, Litgrid AB and TETAS UAB entered into a loan agreement. Based on the agreement, Litgrid AB granted a loan of EUR 1 million to TETAS UAB for the purpose of balancing the cash flows. Annual interest rate is 2.2% and loan repayment date is 25 June 2021.

On 30 June 2018 the amount of granted loans to UAB TETAS concluded EUR 2,202,523 (on 31 December 2017 - EUR 1,202,523).

6 Available-for-sale financial assets

The Group's and the Company's financial assets classified as available for sale comprised the shares of Nord Pool AS (after reorganization shares of Start Up 170 Invest AS)

On 19 April 2018 the shareholders of Nord Pool AS - North and Baltic transmission system operators (TSO) decided to reorganize the entity by separating market coupling operator's (MCO) and power exchange operator's (PEO) functions and establishing legal structure of group companies. From 19 April 2018 „Litgrid“ owns 2 percent of ownership rights (306 shares) in holding company - Start Up 170 Invest AS, which ultimately holds subsidiaries: Nord Pool AS (MCO activity) and Start Up 170 AS (PEO activity). As „Litgrid“ has retained substantially all the risks and rewards of ownership in financial assets before and after reorganization process, therefore in Financial Statements were not registered derecognition and acquisition transactions of financial assets.

7 Other financial assets

	Group		Company	
	30-06-2018	31-12-2017	30-06-2018	31-12-2017
Funds deposited for guarantees and deposits	1,300	1,877	1,300	1,877
Fund received for congestion management	10,673	6,107	10,673	6,107
Financial assets held for sale (The shares of UAB „Duomenų logistikos centras“)	752	752	752	752
Total	<u>12,725</u>	<u>8,736</u>	<u>12,725</u>	<u>8,736</u>

8 Borrowings

Borrowings of the Group/Company were as follows:

	Group		Company	
	30-06-2018	31-12-2017	30-06-2018	31-12-2017
Non-current borrowings				
Borrowings from banks	101,240	108,353	101,240	108,353
Current borrowings				
Current portion of non-current borrowings	11,154	8,082	11,154	8,082
Overdraft	22,319	34,656	22,319	33,311
Total borrowings	134,713	151,091	134,713	149,746

Maturity of non-current borrowings:

	Group		Company	
	30-06-2018	31-12-2017	30-06-2018	31-12-2017
Between 1 and 2 years	14,225	14,225	14,225	14,225
From 2 to 5 years	42,676	42,676	42,676	42,676
After 5 years	44,339	51,452	44,339	51,452
Total	101,240	108,353	101,240	108,353

As at 30 June 2018, the weighted average interest rate on the Group's and the Company's borrowings was 0.92% (31 December 2017: 0.87%).

As at 30 June 2018, the Group's unwithdrawn balance of loans and overdrafts amounted to EUR 7,281 thousand (31 December 2017: EUR 10,944 thousand), the Company's - EUR 5,681 thousand (31 December 2017: EUR 9,689 thousand).

Under the credit agreements signed with foreign banks the Company is committed to comply with the net debt to EBITDA ratio and not to exceed interest coverage ratio. The Company as at 30 June 2018 and as at 31 December 2017 complied with these requirements.

9 Finance lease liabilities

The Group's future minimum finance lease payments were as follows:

Group	30-06-2018		31-12-2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
<i>Finance lease payments:</i>				
Not later than 1 year	254	237	462	443
Later than 1 year and not later than 5 years	731	710	849	820
Minimum finance lease payments	985	947	1,311	1,263
Less: future finance charges	(38)	-	(48)	-
Present value of minimum finance lease payments	947	947	1,263	1,263

The fair value of the finance lease liabilities approximated their carrying amount.

10 Segment information

The Group has distinguished the following 5 segments:

- electricity transmission;
- trade in balancing/regulating electricity;
- provision of system (capacity reserve) services;
- provision of services under PSO (public service obligation) scheme;
- repair and maintenance activities.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

The Company's segments coincide with the electricity transmission, trade in balancing/regulating electricity, provision of system (capacity reserve) services and provision of services under PSO (public service obligation) scheme segments distinguished within the Group. Segments of the Group and the Company are not aggregated.

The electricity transmission segment is engaged in transmitting electricity over high voltage (330-110 kV) networks from producers to users or suppliers not in excess of the limit established in the contract. The main objective of these activities is to ensure a reliable, effective, high quality, transparent and safe electricity transmission to distributions networks, large network users from power stations and neighbouring energy systems.

Trade in balancing/regulating electricity is a service ensuring the balancing of electricity generation/import and demand/export levels.

Provision of system (capacity reserve) services. In order to ensure a reliable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities, reaction power and voltage control, breakdown and disorder prevention and its liquidation and provides capacity reserve services to users. The capacity reserve is required in case of unexpected fall in electricity generation volumes or increase in electricity consumption.

The Company's/Group's services provided under PSO scheme comprise as follows:

- development and implementation of strategic projects for the improvement of energy security, installing interconnections between the electricity transmission systems abroad and (or) connecting the electricity transmission systems in the Republic of Lithuania with the electricity transmission systems in foreign countries (interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to continental Europe networks);
- connection of power generation facilities that use the renewable energy resources to transmission networks; optimisation, development and/or reconstruction of transmission networks ensuring the development of power generation that uses the renewable energy resources;
- balancing of electricity generated using the renewable energy resources.

Repair and maintenance services are carried out by the Company's subsidiaries TETAS UAB and Litgrid Power Link Service UAB. The core line of business of Tetras UAB is provision of medium-voltage transformer substation and distribution station reconstruction, repair and maintenance services. The purpose of Litgrid Power Link Service UAB is a centre of competence of high qualification and specific engineering fields, and operation and management of HVDC (High Voltage Direct Current) links.

The Group's information on segments for the period ended 30 June 2018 is presented in the table below:

2018	Operating segments					Total
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	
Revenue	37,911	10,683	31,279	3,654	9,194	92,721
Inter-segment revenue	-	-	-	-	(1,599)	(1,599)
Revenue after elimination of intercompany revenue within the Group	37,911	10,683	31,279	3,654	7,595	91,122
Operating profit/(loss)	3,180	70	1,143	-	(235)	4,158
Finance income/(cost), net*	x	x	x	x	x	(510)
Profit/(loss) before income tax	x	x	x	x	x	3,648
Income tax*	x	x	x	x	x	(407)
Profit/(loss) for the period	x	x	x	x	x	3,241
Depreciation and amortisation expenses	12,463	35	106	-	254	12,858
Write-offs of property, plant and equipment	281	-	-	-	-	281

* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

The Group's information on segments for the period ended 30 June 2017 is presented in the table below:

2017	Operating segments					Total
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	
Revenue	36,978	8,306	21,406	4,111	9,371	80,172
Inter-segment revenue	-	-	-	-	(2,064)	(2,064)
Revenue after elimination of intercompany revenue within the Group	36,978	8,306	21,406	4,111	7,307	78,108
Operating profit/(loss)	5,350	2,261	943	23	(1,432)	7,145
Finance income/(cost), net*	x	x	x	x	x	(529)
Profit/(loss) before income tax	x	x	x	x	x	6,616
Income tax*	x	x	x	x	x	(1,414)
Profit/(loss) for the period	x	x	x	x	x	5,202
Depreciation and amortisation expenses	12,852	40	120	-	117	13,129
Write-offs of property, plant and equipment	243	-	-	-	-	243

* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 92% of total revenue.

11 Income tax

Income tax expenses for the period comprise current and deferred tax.

Profit for 2018 is taxable at a rate of 15 percent in accordance with Lithuanian regulatory legislation on taxation (2017: 15 percent).

12 Related-party transactions

The Company's/Group's related parties in 2018 and 2017 were as follows:

- EPSO-G (the parent company of the Company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and joint ventures of the Company;
- Amber Grid AB (common shareholders);
- Baltpool UAB (common shareholders);
- Management.

Transactions with related parties are carried out in accordance with market conditions and the tariffs approved under legislation or in accordance with the requirements of the Law on Public Procurement.

Sales of goods and services

	Group		Company	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
EPSO-G UAB group companies	3,895	2,459	3,895	2,459
The Company's subsidiaries	-	-	98	88
	3,895	2,459	3,993	2,547

Purchases of goods and services

	Group		Company	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
The Group's parent company (EPSO-G UAB)	83	43	76	38
EPSO-G UAB group companies	116	158	116	158
The Company's subsidiaries	-	-	1,508	2,012
	199	201	1,700	2,208

NOTES TO THE FINANCIAL STATEMENTS
(All amounts in EUR thousands unless otherwise stated)

Amounts receivable from related parties

	Group		Company	
	30-06-2018	31-12-2017	30-06-2018	31-12-2017
EPSO-G UAB group companies	854	646	854	646
The Company's subsidiaries	-	-	2,237	1,217
	854	646	3,091	1,863

Amounts payable to related parties

	Group		Company	
	30-06-2018	31-12-2017	30-06-2018	31-12-2017
The Group's parent company (EPSO-G UAB)	30	-	28	-
The Company's subsidiaries	-	-	1,148	746
	30	-	1,176	746

On 30 June 2018 the amount of granted loans to UAB TETAS concluded EUR 2,202,523 (on 31 December 2017 - EUR 1,202,523).

Payments to the key management personnel

	Group		Company	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
Employment-related payments	418	411	297	268
Whereof: termination benefits	21	25	19	-
Number of the key management personnel (average annual)	13	12	7	7

During the six months of the years 2018 and 2017 the Management of the Group and the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

Key management personnel consists of the Group's heads of administration and department directors.

13 Dividends

During the Ordinary General Meeting of Shareholders of LITGRID AB held on 24 April 2018, the decision was made in relation to the payment of dividends in the amount of EUR 7,716,270. Dividends per share amounted to EUR 0.0153.

14 Basic and diluted earnings per share

Basic earnings per share are calculated dividing the Group net profit for the period by the weighted average number of ordinary shares during the reportable period. The Group has no financial instruments, that can be potentially converted into ordinary shares and therefore diluted earnings per share are the same as basic earnings per share. Basic and diluted earnings are provided below:

	30-06-2018	30-06-2018
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	3,241	5,202
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	0.006	0.010

15 Events after the end of the reporting period

On 13 July 2018, the board of Company approved the decision to conclude agreements between the parent company, UAB EPSO-G and LITGRID AB for the transfer of tax losses. The terms of the agreements provide for the paying by LITGRID AB to UAB EPSO-G of 15 percent from the total amount of tax loss taken over, i.e. EUR 680,000 for the year 2014 and EUR 680,000 for the year 2015. These transactions were performed according to provisions of the Law on Corporate Income Tax and will not affect the Company's financial results.
