



Litgrid

LITGRID AB

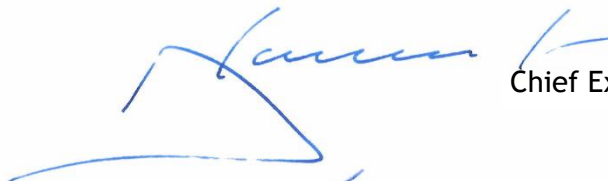
CONDENSED INTERIM CONSOLIDATED AND THE
COMPANY'S FINANCIAL STATEMENTS, PREPARED
ACCORDING TO INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY THE
EUROPEAN UNION (UNAUDITED), FOR THE PERIOD
ENDED 31 DECEMBER 2018

CONFIRMATION OF RESPONSIBLE PERSONS

February 14, 2019 Vilnius

Following Article 24 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 year ended 31 December 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.

Daivis Virbickas



Chief Executive Officer

Vytautas Tauras



Finance Controller,
Acting as Director of Finance Department

Žydrūnas Augutis



Chief Financier



Litgrid

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The condensed interim financial statements were signed on 14 November 2019.

		
Daivis Virbickas Chief executive officer	Vytautas Tauras Finance Controller, Acting as Director of Finance Department	Žydrūnas Augutis Chief Financier



Litgrid

REVIEW OF ACTIVITY OF THE GROUP

I. GENERAL INFORMATION

The Consolidated Interim Report has been prepared for the 12 period, ending on December 31, 2018.

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

„Litgrid“ - part of EPSO-G group

A state-owned EPSO-G has 97,5 % of shares of LITGRID AB, the electricity transmission system operator. The rights and obligations of EPSO-G shareholder are implemented by the Ministry of Energy of the Republic of Lithuania.

As of 31 December 2018, Litgrid group of companies consisted of Litgrid AB, daughter companies Tetas UAB, and Litgrid Power Link Service UAB (company activities have been stopped).

As of 31 December 2018, Litgrid group had 638 employees: „Litgrid“ 267 employees, „Tetas“ 369 employees, „Litgrid Power Link Service“ - 2 employees.

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	21/02/2014, 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	+370 640 38334	+370 707 020941
Type of activities	Specialized services of transformer substations' and distribution stations' installation, maintenance, repair and testing; designing energy facilities.	By the decision of the sole shareholder, company activities have been stopped since August 1, 2018. Control and operation of the power system links with the Polish and Swedish systems, maintenance of power links are organized by Litgrid, AB.
Country of operations	Lithuania	Lithuania
Litgrid shares	100 %	100 %

REVIEW OF ACTIVITY OF THE GROUP

Other shares held by Litgrid Group as of 31 December 2018:

Name	„LitPol Link“ Sp.z.o.o	UAB Duomenų logistikos centras	Nord Pool Holding AS (since 19/04/2018, after reorganization of Nord pool AS).
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	PO Box 121, NO-1325 Lysaker, Norvegija
Country of operations	Lithuania and Poland	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia, United Kingdom, Poland, Germany, Netherlands
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

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 operations.

Litgrid AB strategy

On 20 December 2018 the Board of Litgrid approved the strategy of Litgrid for the years 2019-2028:

Constant changes in the electricity system encourage the organization to develop, increase its efficiency and meet the challenges of a rapidly changing environment. The company aims to be innovative and progressive, having a **long-term vision of becoming the Europe’s Smartest Transmission System Operator (TSO)**.

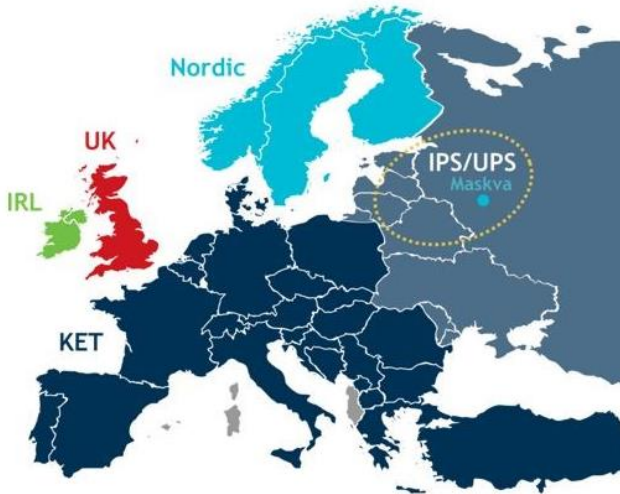
The company consolidates its commitments in the **mission - to ensure a reliable transmission of high-quality electricity in the European market by creating value to society**. In accordance with this goal Litgrid continues intensive development of the electricity market, deepening integration into the European market and applying European standards. Existing rules are being developed in order to open up new market opportunities and services to its participants, empower new users, ensure equal conditions and complete integration of the Lithuanian electricity market into the European electricity market.

The Company implements its mission and vision through its priorities:

1. Value to society.
2. Balanced tariff and shareholder benefits.
3. Efficiency.
4. Innovation and continuous learning.

II. The main activities carried out by Litgrid in 2018

Integration of the national electricity grid into the European electricity infrastructure



28th June 2018 The President of Lithuania Dalia Grybauskaitė together with the heads of Government of Latvia, Estonia, Poland, and The President of the European Commission Jean-Claude Juncker signed a political agreement on synchronizing the Baltic States’ electricity grid with the continental European network through Poland.

On 14th September 2018 BEMIP group based on frequency stability and adequacy studies confirmed the scenario for the synchronous operations with Continental Europe through Poland.

Based on this decision the Baltic and Polish TSO’s addressed ENTSO-E on 21st September for acquiring technical permission for the synchronization with the Continental Europe, so that by the 2025 Baltic States can work synchronously with the European TSO’s

On 19th September 2018 the Baltic TSO’s submitted an application to ENTSO-E for the synchronization of the Baltic electricity grid

with Continental Europe network through Poland.

On 9th October Baltic TSO’s submitted the request to European Commission for the financing of the first stage of Synchronization process with the Continental Europe. The total amount is 432.5 million Euros. It is expected that EU will finance 75 percent of the amount. Lithuanian part is 167.45 million euros. This investment would cover the first stage of synchronisation.

On 11th October 2018 European Network of Transmission System Operators for Electricity regional group of Continental Europe approved the decision to expand synchronous area into Baltic states. Since then ENTSO-E started preparing Catalogue of measures, which should be ready by the end of the first quarter of 2019.

On 21st December 2018 the Management of Lithuanian and Polish Transmission System Operators, LITGRID and PSE, signed Initial Cooperation Agreement, being the commitment of both TSOs to undertake development activities in the Preparation Phase of the project of construction of new Polish-Lithuanian submarine HVDC cable. Also today the Boards/Management teams decided to name new interconnector as “Harmony Link”.

Expansion of European markets

Lithuanian energy market is a part of European day ahead market since 2014. Nominated Electricity Market Operators (NEMOs) and Transmission System Operators (TSOs) launched XBID and on 12th June with first deliveries on 13th June. It follows the successful completion of the additional phase of testing which was communicated to Market Parties and stakeholders at the end of January 2018. The first Market Trial period has also been completed. It is a major step towards creating internal European common market. Intraday LitPol Link energy trading is expected in the second wave of XBID, further expansion of the project, which is expected in the middle of 2019.

Baltic TSOs launched common Baltic balancing market from Jan. 1st, 2018.

Codes

Litgrid is responsible for implementing European Union codes in Lithuania. Guided by the EU the code regulations Litgrid together with other TSO’s is preparing methodology and rules.



REVIEW OF ACTIVITY OF THE GROUP

Electricity transmission and network reliability

In twelve months of 2018, Litgrid volumes of electricity transmission via high-voltage networks for national needs amounted to 10 491 million kilowatt-hours (kWh), which is 5 % more than in 2017. The volumes of transmission to customers of the electricity distribution operator amounted to 9 413 million kWh (+7.3 % compared to 2017).

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 98.09 % of the time throughout twelve months 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 97.4 % of the time throughout twelve months of 2018 (excluding the planned joint replacement period). In order to increase NordBalt availability to the market, the replacement of the underground cable joints was planned from 16 August to 28 October 2018. The replacement took place until 12th October, in total 120 joints were changed, 22 in Lithuania, 98 in Sweden.

Reliability of the transmission network

On 3rd January 2018 ENTSO-E announced North and Baltic region (Denmark, Estonia, Iceland, Latvia, Lithuania, Norway, Finland and Sweden) ENS reports for 2016. Litgrid was nominated to have second best results in the region, following Denmark.

III. FINANCIAL INFORMATION

Main financial and operating indicators of the Group and the Company

	2018 January-December		2018 m. January-December		2017 m. January-December	
	Group	Company	Group	Company	Group	Company
Financial indicators, EUR '000						
Revenue from electricity transmission and related services	169 758	169 758	143 292	143 292	143 215	143 215
Other income	20 862	2 191	16 896	1 065	23 840	8 114
EBITDA*	32 581	32 245	40 525	42 829	49 302	48 094
Profit (loss) before tax	(45 933)	(44 679)	11 794	10 245	19 794	18 883
Net profit (loss)	(39 164)	(37 907)	9 585	7 724	17 857	16 828
Cash flows from operating activities	25 660	24 116	43 416	45 128	23 243	22 483
Ratios						
EBITDA margin %	17,1	18,8	25,3	29,7	29,5	31,8
Operating profit margin, %	-23,5	-25,4	8,1	7,9	12,7	13,3
Return on equity %	-17,7	-17,1	3,8	3,1	7,2	6,7
Return on assets %	-9,7	-9,6	2,1	1,7	3,5	3,5
Shareholder's equity / Assets, %	53,3	54,4	56,1	57,1	55,1	56,2
Financial liabilities / Equity, %	62,4	61,7	61,8	60,8	65,0	64,2
Liquidity ratio	0,73	0,69	0,78	0,75	0,79	0,74
TSO's operating indicators						
Energy transmission volume, m kWh		10 491		9 992		9 729
Losses in transmission network, %		2,94		2,91		2,91
ENS (Energy Not Supplied due to interruptions), MWh**		0,95		1,68		1,03
AIT (Average Interruption Time), min. **		0,04		0,06		0,04

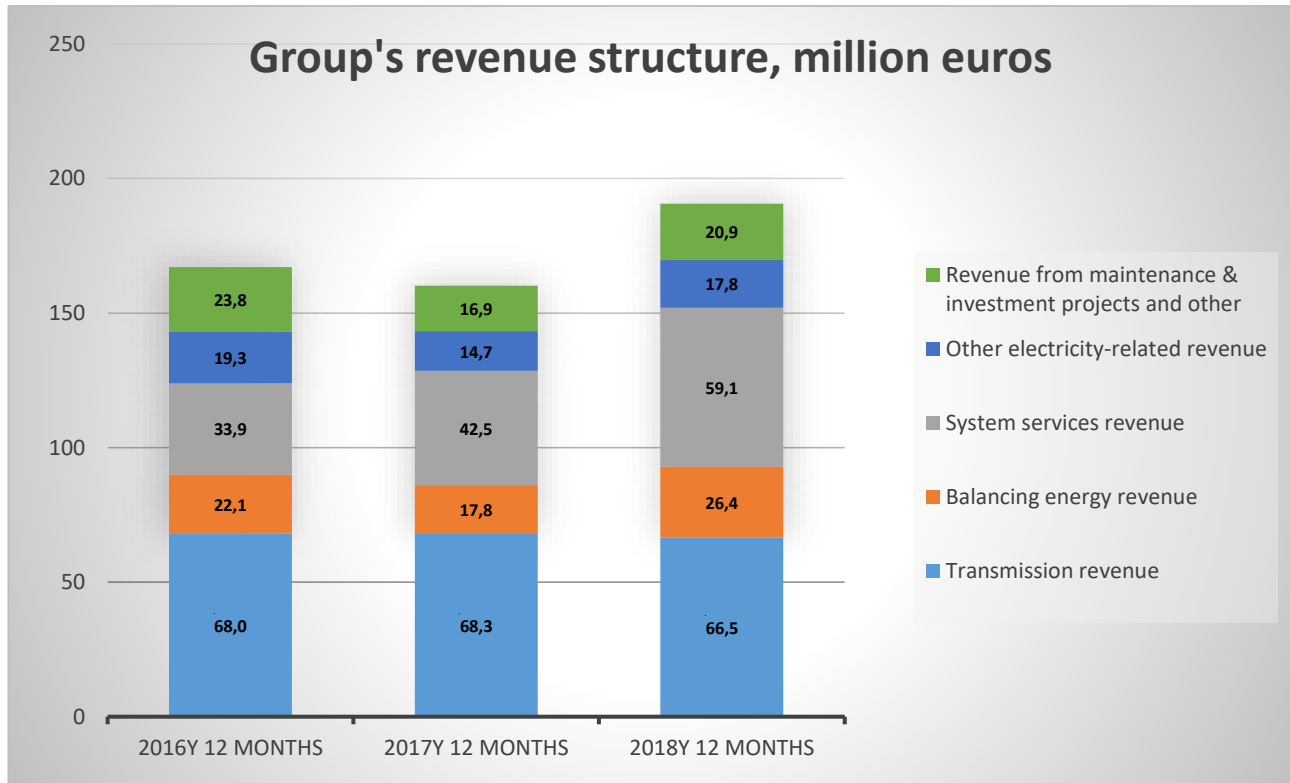
* EBITDA = operating profit + depreciation and amortisation + impairment expenses of assets + write-off expenses of assets

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

In the year 2018, Litgrid via high-voltage networks for national needs transmitted 10 491 million kilowatt-hours (kWh), which is 5% more than in 2017. The transmitted volume to customers of the electricity distribution operator amounted to 9 413 million kWh (+4.7 % compared to 2017), and to other customers 1 077 million kWh (+ 7.3 % compared to 2017).

Income

Revenue earned by the Litgrid group in 2018 amounted EUR 190.6 million, a 19 % increase compared to 2017.



Revenue from electricity transmission decreased by 2.6 % (down to EUR 66.5 million) compared to 2017. Revenue from electricity transmission accounted for 35 % of the Group's total revenue. The actual average price for electricity was by 7.2% lower than in 2017, but the loss of revenue was compensated by the increased amount of transmitted electricity.

Income from balancing/regulating electricity increased by 49% to EUR 26.4 million. The increase has largely resulted from the growth in the balancing/regulating electricity sales volumes, which, in turn, was largely determined by guaranteeing the allocated capacity (i. e. the capacity traded on the electricity exchange) of the power links with Sweden and Poland.

Income from system services grew by 39% to EUR 45.3 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 4% and the declared capacity (in contracts) of network users was overexceeded, which is charged double price.

Congestion revenue from the Lithuanian-Polish, the Lithuanian-Swedish and the Lithuanian-Latvian interconnections increased by 27 % in 2018 compared to 2017, and amounted to EUR 12.9 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 accordance with the Regulation, in 2018 Litgrid recognised: EUR 0.8 million as revenue, i.e. a part of congestion revenue received that was used for guaranteeing the allocated capacity of the power links; EUR 2.1 million for the financing of 330 kV overhead line Kruonis HAE-Alytus construction; EUR 0.8 million for the financing of 330 kV Bitėnai switchyard extension and

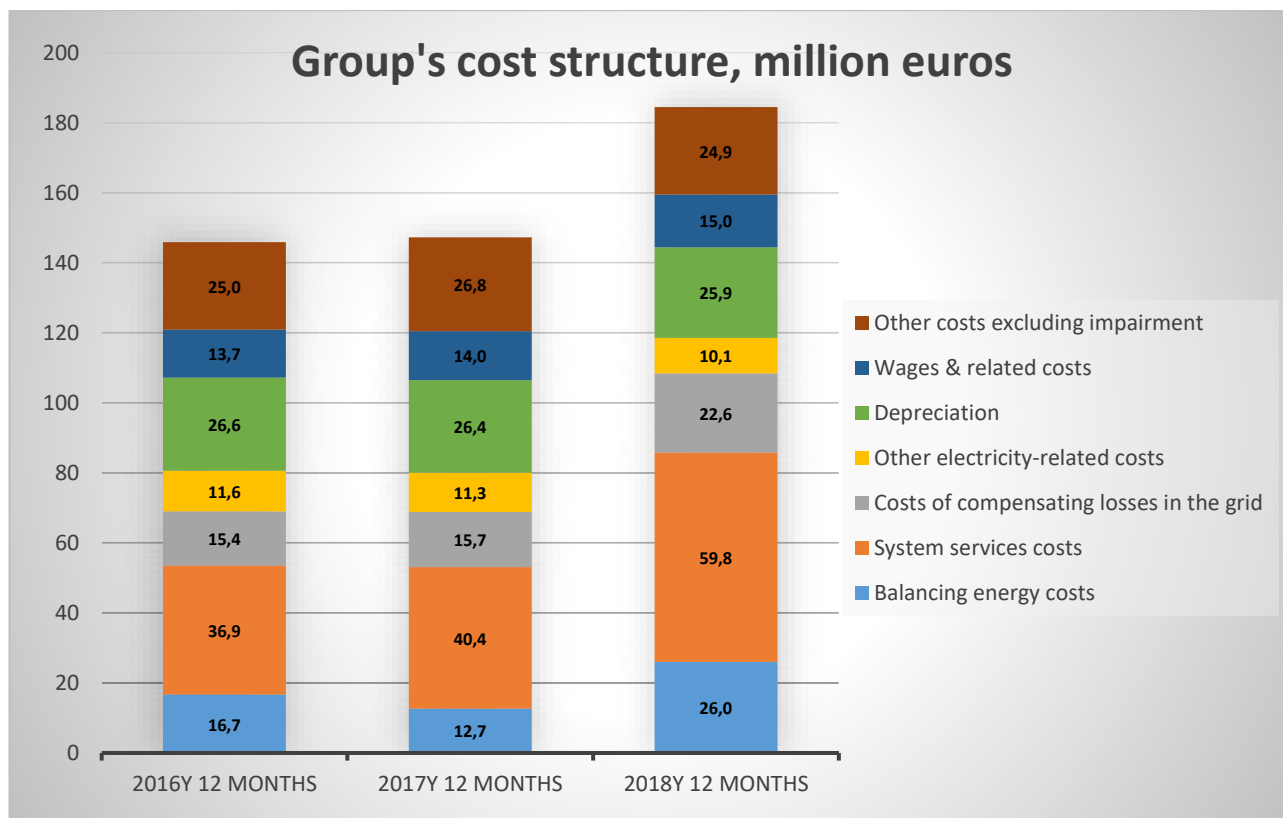
REVIEW OF ACTIVITY OF THE GROUP

110 kV transmission line Pagėgiai-Bitėnai construction. Remaining share of revenue was reported under deferred revenue in the statement of financial position.

Other income related to transmission activity consists of: fee for electricity imported from or exported to countries other than the EU and inter-EU transit compensation revenue from ITC fund (ITC income - income resulting from participation in the European Inter-Transmission Operator Compensation Mechanism) - EUR 3.8 million; Public service obligations income - EUR 7.4 million; reactive energy income - EUR 1.4 million; connection of new producers/customers and equipment replacement - EUR 4.3 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 (excluding the revaluation of the Company’s tangible fixed assets) totalled EUR 184.4 million in 2018, what is 25 % more compared to 2017.

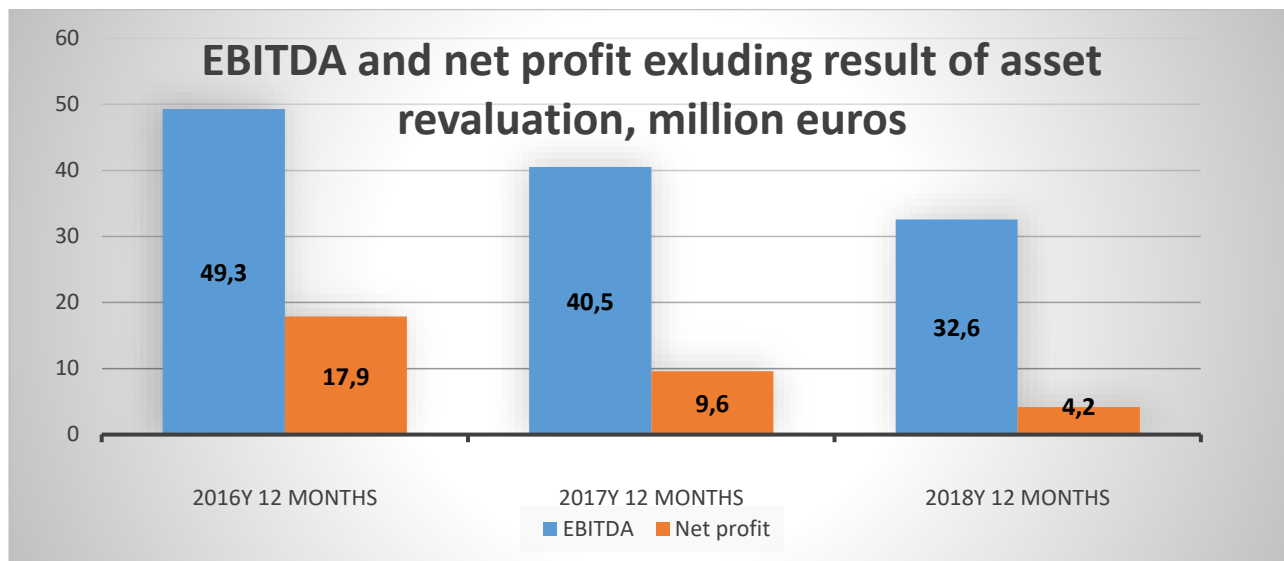


Costs of purchase of electricity and related services accounted for a major share of the Group’s operating expenses: EUR 118.4 million or 64% of total expenses. These costs increased by 48 % compared to 2017. Balancing (regulating) electricity costs increased by 105% to EUR 26 million. The system service costs increased by 48 % to EUR 59.8 million. Costs for electricity purchase for compensating technological losses in the transmission grid increased by 44 % to EUR 22.6 million. Transit (ITC) costs were EUR 2 million, PSO provision costs EUR 7.3 million, and costs of guaranteeing the allocated capacity of the Swedish and Polish interconnections totalled EUR 0.8 million.

Depreciation and amortisation expenses decreased by 2% compared to 2017 and amounted to EUR 25.9 million. Other expenses (excluding the revaluation of the Company’s tangible fixed assets) decreased by 2% in 2018 compared to 2017 and amounted to EUR 40 million.

The revaluation (conducted at the end of 2018) costs of the Company’s tangible fixed assets - EUR 51 million.

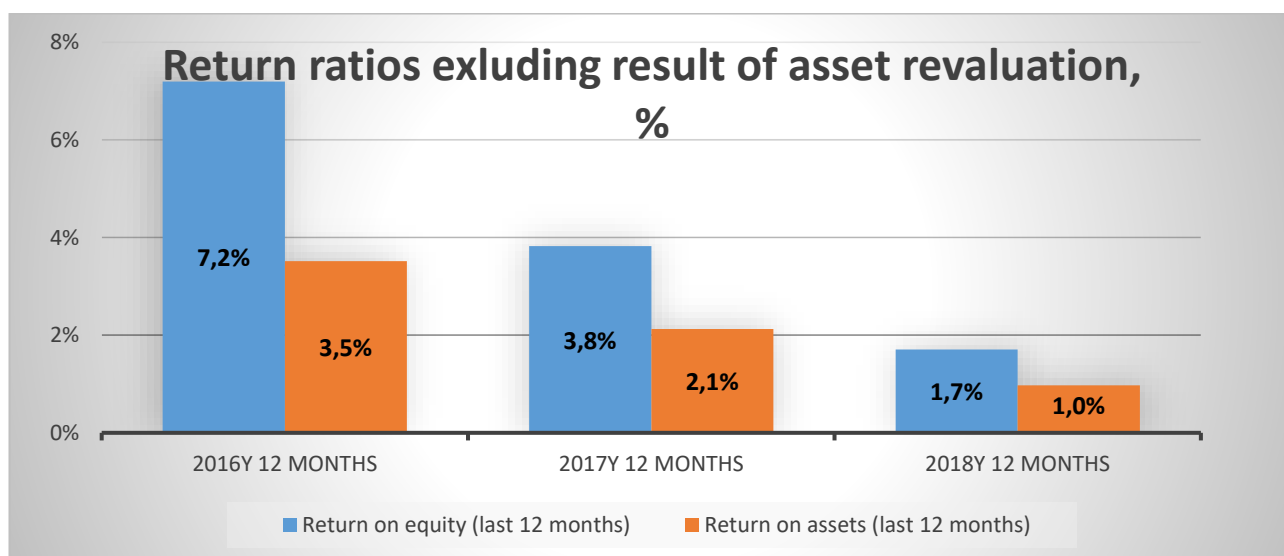
Profit



The EBITDA for 2018 amounted to EUR 32.6 million. Compared to 2017, the EBITDA decreased by EUR 7.9 million, or 20%; the EBITDA margin decreased to 17.2% (2017 - 26.1%). The Group’s net profit for 2018 (excluding the revaluation of the Company’s tangible fixed assets) was EUR 4.2 million (2017 - EUR 9.6 million). Including the revaluation of the Company’s tangible fixed assets the net loss was EUR 39.2 million.

The Group’s operating profit for 2018 (excluding the revaluation of the Company’s tangible fixed assets) consists of: profit of the transmission segment EUR 7.4 million (in 2017 EUR 9.1 million profit), loss in the system services segment EUR 1.1 million (in 2017 EUR 1.7 million profit), profit in the balancing (regulating) electricity segment EUR 0.1 million (in 2017 4.8 million profit), loss from other activities EUR 0.2 million (in 2017 EUR 2.7 million loss). Starting from January 1st 2018 the balancing market of three Baltic countries started, and according to the new pricing methodology the balancing income are equal to the balancing costs and operating costs of Litgrid, attributeable as balancing service costs.

Return ratios



In 2018, the annual ROE and ROA (excluding the revaluation of the Company’s tangible fixed assets) ratios decreased compared to 2017 from 3.8 % to 2.1 % and from 1.7% to 1% respectively.

Including the revaluation of the Company’s tangible fixed assets the annual ROE and ROA were negative and made -17.7% and -9.7 % respectively.

Balance sheet and cash flow

As of 31st December 2018 the Group's assets amounted to EUR 360.2 million. The Group's non-current assets amounted to 88 % of the Group's total assets. Shareholders' equity accounted for 53 % of the total assets of the Group.

As of 31 December 2018, the Group's financial liabilities to credit institutions amounted to EUR 121.8 million (a decrease of EUR 30.6 million compared to 2017). Financial liabilities to equity ratio was 62 %. Financial debts repayable within one year accounted for 22 % of the total financial debts. Cash and cash equivalents totalled EUR 0.6 million and the unwithdrawn overdraft and Group's account balance was EUR 11.8 million.

The Group's net cash flows from operating activities in 2018 amounted to EUR 25.7 million, while payments for non-current tangible and intangible assets were EUR 22.8 million; EUR 24.3 million were received as subsidies and EUR 12.2 million as congestion income for the financing of fixed assets investments.

The Group's net cash flow in 2018 (excluding cash flows from financial activities) totalled EUR 39.5 million.

Investments in non-current assets

The investments of transmission system operator Litgrid in 2018 (works performed and assets acquired irrespective of terms of payment) amounted to EUR 18.9 million, of which 25 % were earmarked for the implementation of electricity projects of strategic and high national importance, and 75 % for the reconstruction and development of the electricity transmission grid.

Dividends

On 18 August 2017, the Board of Litgrid made a decision apply in full the dividend policy of the EPSO-G UAB group, which was approved by the Board of EPSO-G UAB on 14 July 2017.

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.

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

	Notes	Group		Company	
		31-12-2018	31-12-2017	31-12-2018	31-12-2017
ASSETS					
Non-current assets					
Intangible assets	3	6,593	3,650	6,529	3,647
Property, plant and equipment	4	309,551	378,403	306,857	376,028
Investments in subsidiaries	5	-	-	1,174	174
Deferred income tax assets		4,526	33	4,469	-
Loans granted	6	-	-	2,203	1,203
Available-for-sale financial assets	7	2,693	2,693	2,693	2,693
Total non-current assets		323,363	384,779	323,925	383,745
Current assets					
Inventories		1,107	1,019	107	99
Prepayments		527	483	468	412
Trade receivables		21,233	22,210	17,012	17,022
Other amounts receivable		1,243	21,275	47	20,645
Prepaid income tax		414	12	390	-
Other financial assets	8	17,882	8,736	17,882	8,736
Cash and cash equivalents		627	696	397	434
Total current assets		43,033	54,431	36,303	47,348
TOTAL ASSETS		366,396	439,210	360,228	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		222	5,380	-	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)		(38,425)	8,171	(37,405)	8,257
Total equity		195,222	246,598	196,020	246,139
Liabilities					
Non-current liabilities					
Grants		-	22	-	22
Non-current borrowings	9	94,128	108,353	94,128	108,353
Finance lease liabilities	10	599	820	-	-
Deferred income tax liability		-	6,105	-	6,105
Deferred revenue		15,754	6,564	15,754	6,564
Other non-current amounts payable and liabilities		1,931	764	1,878	694
Total non-current liabilities		112,412	122,628	111,760	121,738
Current liabilities					
Current portion of non-current borrowings	9	14,225	8,082	14,225	8,082
Current borrowings	9	12,615	34,656	12,517	33,311
Current portion of finance lease liabilities	10	221	443	-	-
Trade payables		21,706	15,095	17,466	11,581
Advance amounts received		829	328	829	328
Income tax liability		5	1,468	-	1,468
Other current amounts payable and liabilities		9,161	9,912	7,411	8,446
Total current liabilities		58,762	69,984	52,448	63,216
Total liabilities		171,174	192,612	164,208	184,954
TOTAL EQUITY AND LIABILITIES		366,396	439,210	360,228	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	
	2018	2017	2018	2017
Revenue				
Revenue from electricity transmission and related services	169,758	143,292	169,758	143,292
Other income	20,862	16,896	2,191	1,065
Total revenue	11	190,620	160,188	171,949
Expenses				
Expenses of electricity transmission and related services	(118,550)	(80,081)	(118,550)	(80,081)
Revaluation of property, plant and equipment	4	(50,981)	(71)	(50,981)
Depreciation and amortisation	3,4	(25,898)	(26,360)	(25,387)
Wages and salaries and related expenses		(15,047)	(13,993)	(8,545)
Repair and maintenance expenses		(3,041)	(4,305)	(5,254)
Telecommunications and IT maintenance expenses		(1,666)	(1,563)	(1,508)
Property, plant and equipment write-off expenses		(977)	(1,212)	(977)
Impairment (reversal) of inventories and amounts receivable		515	79	499
Impairment of investments		-	-	1,000
Other expenses		(19,766)	(19,734)	(5,847)
Total expenses		(235,411)	(147,240)	(215,550)
Operating profit/(loss)		(44,791)	12,948	(43,601)
Financing activities				
Finance income		140	221	173
Finance costs		(1,282)	(1,375)	(1,251)
Total finance costs		(1,142)	(1,154)	(1,078)
Profit/(loss) before income tax		(45,933)	11,794	(44,679)
Income tax				
Current year income tax expenses		(3,014)	(4,351)	(3,008)
Deferred income tax (expenses)/income		9,783	2,142	9,780
Total income tax	12	6,769	(2,209)	6,772
Profit/(loss) for the period		(39,164)	9,585	(37,907)
Other comprehensive income that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	4	(5,289)	428	(5,289)
Effect of deferred income tax		793	(64)	793
Total other comprehensive income		(4,496)	364	(4,496)
Total comprehensive income/(expenses) for the period		(43,660)	9,949	(42,403)
Basic and diluted earnings/(deficit) per share (in EUR)		(0.078)	0.019	(0.075)
				0.015

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	
	01-10- 31-12-2018	01-10- 31-12-2017	01-10- 31-12-2018	01-10- 31-12-2017
Revenue				
Revenue from electricity transmission and related services	43,727	37,536	43,727	37,536
Other income	6,464	5,550	1,484	177
Total revenue	50,191	43,086	45,211	37,713
Expenses				
Expenses of electricity transmission and related services	(30,872)	(20,599)	(30,872)	(20,599)
Revaluation of property, plant and equipment	(50,981)	(71)	(50,981)	-
Depreciation and amortisation	(6,540)	(6,606)	(6,417)	(6,478)
Wages and salaries and related expenses	(4,269)	(4,014)	(2,504)	(2,151)
Repair and maintenance expenses	(759)	(1,224)	(1,380)	(1,626)
Telecommunications and IT maintenance expenses	(522)	(439)	(472)	(401)
Property, plant and equipment write-off expenses	(179)	(722)	(179)	(719)
Impairment (reversal) of inventories and amounts receivable	537	(83)	499	(60)
Impairment of investments	-	-	1,000	(397)
Other expenses	(5,616)	(6,488)	(1,696)	(2,213)
Total expenses	(99,201)	(40,246)	(93,002)	(34,644)
Operating profit/(loss)	(49,010)	2,840	(47,791)	3,069
Financing activities				
Finance income	-	53	12	8
Finance costs	(320)	(342)	(314)	(330)
Total finance costs	(320)	(289)	(302)	(322)
Profit/(loss) before income tax	(49,330)	2,551	(48,093)	2,747
Income tax				
Current year income tax expenses	(435)	(1,177)	(429)	(1,473)
Deferred income tax (expenses)/income	7,921	894	7,959	822
Total income tax	7,486	(283)	7,530	(651)
Profit/(loss) for the period	(41,844)	2,268	(40,563)	2,096
Other comprehensive income that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment	(5,289)	428	(5,289)	-
Effect of deferred income tax	793	(64)	793	-
Total other comprehensive income	(4,496)	364	(4,496)	-
Total comprehensive income/(expenses) for the period	(46,340)	2,632	(45,059)	2,096
Basic and diluted earnings/(deficit) per share (in EUR)	(0.083)	0.004	(0.080)	0.004

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	Share capital	Share premium	Revaluation reserve	Reserve of	Legal reserve	Other reserves	Retained earnings	Total
				changes in fair value of financial assets				
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	-	-	364	-	-	-	9,585	9,949
Depreciation of revaluation reserve and amounts written off	-	-	(592)	-	-	-	592	-
Transfer to reserves	-	-	-	-	64	20	(84)	-
Dividends	-	-	-	-	-	-	(18,156)	(18,156)
Balance at 31 December 2017	146,256	8,579	5,380	655	14,790	62,767	8,171	246,598
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	-	-	(4,496)	-	-	-	(39,164)	(43,660)
Depreciation of revaluation reserve and amounts written off	-	-	(618)	-	-	-	618	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Transfer to retained earnings	-	-	(44)	-	(164)	-	208	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 31 December 2018	146,256	8,579	222	655	14,626	63,309	(38,425)	195,222

Company	Share capital	Share premium	Revaluation reserve	Reserve of	Legal reserve	Other reserves	Retained earnings	Total
				changes in fair value of financial assets				
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	-	-	-	-	-	-	7,724	7,724
Depreciation of revaluation reserve and amounts written off	-	-	(534)	-	-	-	534	-
Transfer to reserves	-	-	-	-	-	20	(20)	-
Dividends	-	-	-	-	-	-	(18,156)	(18,156)
Balance at 31 December 2017	146,256	8,579	4,999	655	14,626	62,767	8,257	246,139
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	-	-	(4,496)	-	-	-	(37,907)	(42,403)
Depreciation of revaluation reserve and amounts written off	-	-	(503)	-	-	-	503	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 31 December 2018	146,256	8,579	-	655	14,626	63,309	(37,405)	196,020

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	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit/(loss) for the period	(39,164)	9,585	(37,907)	7,724
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	3,4 25,898	26,360	25,387	26,055
Impairment of financial assets	-	-	(1,000)	4,312
Revaluation of property, plant and equipment	4 50,981	71	50,981	-
(Reversal of)/impairment of assets	(2,941)	(816)	(2,925)	(840)
Written-off bad debts	2,426	737	2,426	737
Income tax expenses	(6,769)	2,209	(6,772)	2,521
(Gain)/loss on disposal/write-off of property, plant and equipment	977	1,212	977	1,209
Elimination of results of financing and investing activities:				
Interest income	(31)	-	(36)	(5)
Interest expenses	1,290	1,365	1,228	1,327
Dividend income	(130)	(134)	(130)	(134)
Other finance (income)/costs	13	(77)	16	(77)
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable	1,444	1,838	1,043	2,996
(Increase) decrease in inventories, prepayments and other current assets	33	2,845	85	(101)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	5,298	1,393	4,375	2,552
Changes in other financial assets	(9,146)	1,276	(9,146)	1,276
Income tax (paid)	(4,519)	(4,448)	(4,486)	(4,424)
Net cash generated from (used in) operating activities	25,660	43,416	24,116	45,128
Cash flows from investing activities				
(Purchase) of property, plant and equipment and intangible assets	(22,807)	(26,214)	(21,966)	(26,066)
Grants received	24,283	8,133	24,283	8,133
Loans granted	-	-	(1,000)	(1,600)
Revenue generated from congestion management	12,208	8,691	12,208	8,691
Interest received	-	-	17	-
Dividends received	130	134	130	134
Net cash generated from (used in) investing activities	13,814	(9,256)	13,672	(10,708)
Cash flows from financing activities				
Repayments of borrowings	(8,082)	(8,082)	(8,082)	(8,082)
Overdraft	(34,558)	(6,330)	(33,311)	(6,860)
Borrowings from related parties	12,517	-	12,517	-
Finance lease payments	(443)	(160)	-	-
Interest paid	(1,290)	(1,528)	(1,259)	(1,490)
Dividends paid	(7,690)	(18,212)	(7,690)	(18,212)
Other cash flows from financing activities	3	50	-	50
Net cash generated from (used in) financing activities	(39,543)	(34,262)	(37,825)	(34,594)
Increase (decrease) in cash and cash equivalents	(69)	(102)	(37)	(174)
Cash and cash equivalents at the beginning of the period	696	798	434	608
Cash and cash equivalents at the end of the period	627	696	397	434

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 31 December 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 31 December 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 31 December 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 31 December 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 High Voltage Direct Current 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 of mentioned interconnection facilities 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 13 June 2018 the Company’s Board adopted decision to terminate share sale - purchase agreement of 20,36 percent package of UAB Duomenų Logistikos Centras shares, 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 31 December 2018, the Group had 638 employees (31 December 2017: 633), and the Company had 267 employees (31 December 2017: 233).

2. Summary of principal accounting policies

These condensed interim Consolidated and the Company's financial statements, for the period ended 31 December 2018 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union and applicable to interim financial statements (IAS 34 „Interim Financial Reporting“). When preparing these financial statements the Company and the Group first time adopted the requirements of IFRS 15 Revenue from contracts with customers and of IFRS 9 Financial instruments. In other 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 31 December 2018 are not audited. Financial statements for the year ended 31 December 2017 are audited by the external auditor UAB PricewaterhouseCoopers.

Adoption of new standards effective after 1 January 2018

On 1 January 2018, the Company and the Group first time adopted IFRS 15 *Revenue from contracts with customers* and its amendments, so they had no impact on these financial statements. The Company and the Group does not have any long-term contracts with multiple-element modifications, sale incentives or material contracting costs. The main sale contracts are signed for the term of one year and coincide with the reporting period. All subsequent value adjustments for previous periods are not made.

The adoption of IFRS 15 not affected recognition of revenue from the services of the connection of electricity producers to the electricity transmission network or relocation (reconstruction) of electricity equipment. The producer's connection and relocation of electricity equipment works are separated from other services, provided by the Company and the Group and the adoption of IFRS 15 didn't affected the recognition of connection services.

On 1 January 2018, the Company and the Group first time adopted IFRS 9 *Financial instruments: Classification and measurement*. The first-time adoption of the standard had no impact on these financial statements, since historically the impairment loss of amounts receivable has been insignificant, and its cash and cash equivalents and other current financial assets are held with credit institutions with high credit rating. The adoption of Standard have no impact on the classification of financial assets and financial liabilities: loans and amounts receivable continue to be classified as measured at amortised cost, financial assets at fair value through profit or loss continue to be measured using the same method; following to requirements of standard there are changes in classification of financial liabilities reported through profit or loss but the Company and the Group has no such financial liabilities.

New standards, effective on or after 1 January 2019, yet not applied in preparing these financial statements

IFRS 16, Leases (effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company and the Group will apply IFRS 16 starting from 1 January 2019. The Company will capitalise the assets and obligations under non-cancellable operating lease contracts in the statement of financial position. At the reporting date, the Company had non-cancellable operating lease agreements of vehicles and real - estate objects, with the rest value of EUR 0.7 million over 4 years period. The Company's management is assessing the impact of IFRS 16 on its financial statements, including adoption of standard to Company's payments to municipalities for use of government land, which hosts certain equipment of the Company. The Company is currently evaluating whether these agreements are in scope of IFRS 16 or whether they are effectively a form of land tax.

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

There were no other new standards, amendments and interpretations that were mandatory for the Company with effect from 2018, and that would have a material impact on the Company's financial information.

3. Intangible assets

	Group	Company
Net book amount at 31 December 2016	1,491	1,486
Additions	2,146	2,146
Transfer from PP&E	768	768
Amortization charge	(755)	(753)
Net book amount at 31 December 2017	3,650	3,647
Net book amount at 31 December 2017	3,650	3,647
Additions	4,090	4,026
Transfer to PP&E	(93)	(93)
Amortization charge	(1,054)	(1,051)
Net book amount at 31 December 2018	6,593	6,529

In the line of intangible assets additions was accounted the Goodwill with value of EUR 60 thousand, recognised by subsidiary UAB "Tetas" during acquisition transaction of part of business (activity) - laboratory activity. Laboratory activity - certified services for verification of power lines, electric facilities, machinery and equipment, acquired from UAB "Energetikos paslaugu ir rangos organizacija". Laboratory activity was acquired together with related assets, employees, liabilities, rights and duties. The Goodwill was recognised as surplus of purchase price comparing to net assets value. The Group plans to benefit from acquired laboratory activity in long term period in provision of specific services to outside clients and in reduction costs for currently provided services of the Group.

The Company and the Group in the intangible assets group 'Statutory servitudes' accounted the Company's rights to use the land plots owned by third persons in which electric networks were established. As from 31 July 2018, the methodology for the calculation of compensations came into force. The methodology sets forth the conditions for the payment of compensations. The Company calculated and recognised EUR 2 300 thousand of intangible assets and provisions, as possible amount of compensations based on available information on servitudes used. The amount of compensations was recognised by discounted value using a discount rate of 2.24%.

The useful lives of intangible assets are indefinite, therefore, these assets are not subject to amortisation. The Company and the Group tests the intangible assets of statutory servitudes for potential impairment, by comparing their recoverable value with the carrying value at least once per year or when there are signs of impairment.

4. Property, plant and equipment

	Group	Company
Net book amount at 31 December 2016	399,160	398,269
Additions	26,609	25,162
Prepayments for property, plant, equipment	(450)	(450)
Revaluation	357	-
Write-offs	(1,266)	(1,263)
Transfer to inventories	(43)	(43)
Transfer to assets held for sale	(14)	-
Transfer to intangible assets	(768)	(768)
Set-off of grants with non-current assets	(19,577)	(19,577)
Depreciation charge	(25,605)	(25,302)
Net book amount at 31 December 2017	378,403	376,028
Net book amount at 31 December 2017	378,403	376,028
Additions	18,379	17,552
Prepayments for property, plant, equipment	2,020	2,020
Revaluation	(56,270)	(56,270)
Write-offs	(1,045)	(1,045)
Transfer to inventories	(131)	(131)
Transfer from intangible assets	93	93
Set-off of grants with non-current assets	(7,054)	(7,054)
Depreciation charge	(24,844)	(24,336)
Net book amount at 31 December 2018	309,551	306,857

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

The National Control Commission for Prices and Energy (hereinafter referred to as NCC) on 2nd October 2018 by Decree No. O3-E-300 "Recalculating of LITGRID AB transmission service price cap for 2019" adopted a decision on the Company's return on investment exceeding the set amount in 2016-2017, by which the Company's actual capital costs in 2016-2017 were assessed using historical cost method and did not apply the long run average incremental costs (LRAIC) model approved by the Commission for the valuation of the capital costs of optimised assets using current costs method. The Company, taking into account the decision of the Commission and having forecasted that for the years 2018-2020 the Commission will apply the same method of capital costs evaluation that it applied in 2016-2017 and the possible change in the LRAIC model application since the start of the new regulatory period in 2021, assessed the impact of these assumptions on the Company's future cash flows and performed a valuation of long-term tangible assets at the end of 2018 using a discounted cash flow calculation method with a 4.02% discount rate. As a result of the asset valuation, EUR 56 270 thousand impairment was accounted, of that number EUR 4 496 thousand as decrease of revaluation reserve. The impact of the valuation on the decrease in equity in the income statement was EUR 43 334 thousand.

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 revenue funds. If the value of the Property, plant, and equipment was not reduced by the grants, the book value of these assets as of 31 December 2018 would be higher by EUR 296,763 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	7,054
Depreciation charge	(7,929)
Write-offs	(11)
Net book amount at 31 December 2018	<u>296,763</u>

5. Investments in subsidiaries

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

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest, %
At 31 December 2018				
TETAS UAB	4,754	(3,754)	1,000	100
Litgrid Power Link Service UAB	174	-	174	100
Total	<u>4,928</u>	<u>(3,754)</u>	<u>1,174</u>	
At 31 December 2017				
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>	

Due to reached positive EBITDA ratio in the year 2018 and due to forecasted effective results in future periods, the recoverable amount of investment in 100% shares of TETAS UAB was calculated as at 31 December 2018 and impairment of EUR 1 000 thousand was reversed. The recoverable amount was determined using the discounted cash flow technique, based on forecast financial result for future periods and post-tax discount rate (WACC) of 11%.

6. Loans granted

On 31 December 2017 the amount of granted loans to UAB TETAS concluded EUR 1,202,523. Annual interest rate was 2.09% and loan repayment date is 25 October 2020.

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 31 December 2018 the amount of granted loans to UAB TETAS concluded EUR 2,202,523.

7. 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 Holding AS (after reorganization)

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

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 - Nord Pool Holding AS, which ultimately holds subsidiaries: Nord Pool AS (PEO activity) and Market Coupling Operator AS (MCO 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.

8. Other financial assets

	Group		Company	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Funds deposited for guarantees and deposits	1,769	1,877	1,769	1,877
Fund received for congestion management	15,361	6,107	15,361	6,107
Financial assets held for sale (The shares of UAB „Duomenų logistikos centras“)	752	752	752	752
Total	17,882	8,736	17,882	8,736

9. Borrowings

Borrowings of the Group/Company were as follows:

	Group		Company	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Non-current borrowings				
Borrowings from banks	94,128	108,353	94,128	108,353
Current borrowings				
Current portion of non-current borrowings	14,225	8,082	14,225	8,082
Borrowings from related parties	12,517	-	12,517	-
Overdraft	98	34,656	-	33,311
Total borrowings	120,968	151,091	120,870	149,746

Maturity of non-current borrowings:

	Group		Company	
	31-12-2018	31-12-2017	31-12-2018	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	37,227	51,452	37,227	51,452
Total	94,128	108,353	94,128	108,353

On 27 September 2018 the Company entered into a cash pool agreement with the shareholder UAB EPSO-G. The Agreement sets forth the maximum borrowing limit for UAB EPSO-G - up to EUR 23 000 000 and the lending limit for LITGRID AB - up to EUR 20 000 000. As at 31 December 2018 the outstanding balance of borrowing is equal to EUR 12,517 thousand.

As at 31 December 2018, the weighted average interest rate on the Group's and the Company's borrowings was 0.95% (31 December 2017: 0.87%).

As at 31 December 2018, the Group's unwithdrawn balance of loans and overdrafts amounted to EUR 11,785 thousand (31 December 2017: EUR 10,944 thousand), the Company's unwithdrawn balance of loans - EUR 10,483 thousand (31 December 2017: EUR 9,689 thousand).

10. Finance lease liabilities

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

Group	31-12-2018		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	234	221	462	443
Later than 1 year and not later than 5 years	615	599	849	820
Minimum finance lease payments	849	820	1,311	1,263
Less: future finance charges	(29)	-	(48)	-
Present value of minimum finance lease payments	820	820	1,263	1,263

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

11. 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.

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 (By decision of ultimate shareholder, from 1 st August 2018 Company's activity is suspended). 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.

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

The Group's information on segments for the period ended 31 December 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	79,036	26,441	59,058	7,414	21,881	193,830
Inter-segment revenue	-	-	-	-	(3,210)	(3,210)
Revenue after elimination of intercompany revenue within the Group	79,036	26,441	59,058	7,414	18,671	190,620
Operating profit/(loss)	(43,569)	116	(1,148)	-	(190)	(44,791)
Finance income/(cost), net*	x	x	x	x	x	(1,142)
Profit/(loss) before income tax	x	x	x	x	x	(45,933)
Income tax*	x	x	x	x	x	6,769
Profit/(loss) for the period	x	x	x	x	x	(39,164)
Depreciation and amortisation expenses	25,126	65	196	-	511	25,898
Write-offs of property, plant and equipment	974	-	-	-	3	977

* 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's information on segments for the period ended 31 December 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	75,561	17,779	42,530	8,487	20,172	164,529
Inter-segment revenue	-	-	-	-	(4,341)	(4,341)
Revenue after elimination of intercompany revenue within the Group	75,561	17,779	42,530	8,487	15,831	160,188
Operating profit/(loss)	9,159	4,769	1,741	(1)	(2,720)	12,948
Finance income/(cost), net*	x	x	x	x	x	(1,154)
Profit/(loss) before income tax	x	x	x	x	x	11,794
Income tax*	x	x	x	x	x	(2,209)
Profit/(loss) for the period	x	x	x	x	x	9,585
Depreciation and amortisation expenses	25,797	64	193	-	306	26,360
Write-offs of property, plant and equipment	1,209	-	-	-	3	1,212

* 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 93% of total revenue.

12. 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).

On 13 July 2018, the board of the Company approved decision to conclude agreements between the parent company, UAB EPSO-G and LITGRID AB for the transfer of tax losses for remuneration. 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 680,000.00 for the year 2014 and EUR 680,000.00 for the year 2015. These transactions were performed following to provisions of the Law on Income Tax.

13. 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;

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- 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.

The Group's transactions conducted with related parties in 2018 and balances arising from these transactions as at 31 December 2018 were as follows:

Related parties	Loans granted	Borrowings		Trade receivables	Trade payables	Sales	Purchases	Finance income	Finance costs
		from related parties							
The Group's parent company (EPSO-G UAB)	-	12,517	-	-	415	-	155	-	18
EPSO-G UAB group companies	-	-	849	-	-	7,681	116	-	-
Lietuvos energija, UAB group companies	-	-	18,805	7,435	148,314	66,416	-	-	22
Other state-owned companies	-	-	178	31	1,434	228	-	-	-
	-	12,517	19,832	7,881	157,429	66,915	-	-	40

The Company's transactions conducted with related parties in 2018 and balances arising from these transactions as at 31 December 2018 were as follows:

Related parties	Loans granted	Borrowings		Trade receivables	Trade payables	Sales	Purchases	Finance income	Finance costs
		from related parties							
The Group's parent company (EPSO-G UAB)	-	12,517	-	-	413	-	143	-	18
EPSO-G UAB group companies	-	-	849	-	-	7,680	116	-	-
The Company's subsidiaries	2,203	-	23	411	355	2,832	36	-	-
Lietuvos energija, UAB group companies	-	-	14,700	7,032	130,724	64,897	-	-	-
Other state-owned companies	-	-	146	30	1,430	214	-	-	-
	2,203	12,517	15,718	7,886	140,189	68,202	36	-	18

The Group's transactions conducted with related parties in 2017 and balances arising from these transactions as at 31 December 2017 were as follows:

Related parties	Loans granted	Borrowings		Trade receivables	Trade payables	Sales	Purchases	Finance income	Finance costs
		from related parties							
The Group's parent company (EPSO-G UAB)	-	-	-	-	-	-	89	-	-
EPSO-G UAB group companies	-	-	646	-	-	5,274	158	51	-
Lietuvos energija, UAB group companies	-	-	17,003	6,511	126,902	54,926	-	-	12
Other state-owned companies	-	-	385	30	1,441	321	-	-	-
	-	-	18,034	6,541	133,617	55,494	51	-	12

The Company's transactions conducted with related parties in 2017 and balances arising from these transactions as at 31 December 2017 were as follows:

Related parties	Loans granted	Borrowings		Trade receivables	Trade payables	Sales	Purchases	Finance income	Finance costs
		from related parties							
The Group's parent company (EPSO-G UAB)	-	-	-	-	-	-	81	-	-
EPSO-G UAB group companies	-	-	646	-	-	5,274	158	51	-
The Company's subsidiaries	1,203	-	14	746	137	4,408	5	-	-
Lietuvos energija, UAB group companies	-	-	12,011	6,075	111,289	53,532	-	-	-
Other state-owned companies	-	-	130	28	1,178	306	-	-	-
	1,203	-	12,801	6,849	117,878	58,485	56	-	-

Payments to the key management personnel

	Group		Company	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Employment-related payments	820	826	602	537
Whereof: termination benefits	35	31	32	-
Number of the key management personnel (average annual)	12	13	7	7

During the nine 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.

14. 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.

15. 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:

	31-12-2018	31-12-2017
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	(39,164)	9,585
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	<u>-0.078</u>	<u>0.019</u>

16. Contingent liabilities

Litigations

On 26 January 2016, a claim was received from Tetas UAB with the request to recognise the Company's set-offs of EUR 249,707.73 default interest in total charged against amounts payable to contractor Tetas UAB for delay in the implementation of the reconstruction works of 110/35/10 kV Marių transformer substation as null and void and to award from the Company this amount owed, interest on late payment, procedural interest, litigation expenses amounting to EUR 12,734.10.

On 30 October 2017, the court of first instance dismissed the claim and recognised LITGRID AB's set-off as legitimate and grounded. On 30 November 2017, Tetas UAB filed an appeal. On 8 November 2018, the Court of Appeal of Lithuania abandoned the unchanged decision of first instance, e.i. recognised LITGRID AB's set-off as legitimate and grounded. The Company restated in previous periods accounted provision in amount of EUR 201 thousand.

On 6 March 2017, A. Žilinskis ir Ko UAB filed a claim against the Company with request to recognise the set-off of a homogeneous counter-claim as null and void and to award payment for construction works and interest on late payment. The claim amount was equal to EUR 1,021,804.16. The court of first instance satisfied the claim in full. The court awarded to A. Žilinskis ir Ko UAB as follows: amount of EUR 953,175.53 for the construction works, amount of EUR 68,628.63 for interest on late payment, 8% annual interest on amount awarded in relation to the civil case payable from the date of its initiation (9 March 2017) to the date the court decision has been executed in full, as well as litigation expenses of EUR 13,262.61. Litgrid AB filed an appeal. On 4 December 2018 the Court of Appeal of Lithuania amended the decision of first instance: to award the Company a payment for A. Žilinskis ir Ko UAB for construction works in amount of EUR 236,599.63, and default interests in amount of EUR 1,010.57. Residual part of claim was dismissed.

The Company implemented the decision of the Court, performed payment to A. Žilinskis ir Ko UAB in amount of EUR 240,904.2 and restated in previous periods accounted provision in amount of EUR 900,286.3.

On 26 May 2017, A. Žilinskis ir Ko UAB filed a claim against the Company in relation to the payment for additional construction works. The amount claimed was EUR 157,833.77. The claimant argued that additional construction works were carried out, for which the Company failed to make payment. The court of first instance satisfied the claim in full. The court ordered the Company to pay EUR 157,833.77 to A. Žilinskis ir Ko UAB for additional construction works, plus 8% annual interest thereon from the date of initiation court proceedings (31 May 2017) to complete execution of the court ruling, plus stamp duty of EUR 2,053 and legal assistance costs of EUR 6,833.11. The Company filed an appeal.

On 14 November 2018, the Court of Appeal of Lithuania abandoned the unchanged decision of first instance. The Company implemented the decision of the Court, performed the awarded payment to A. Žilinskis ir Ko UAB.