

Litgrid

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**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 NINE-MONTHS PERIOD  
ENDED 30 SEPTEMBER 2018

## CONFIRMATION OF RESPONSIBLE PERSONS

November 14, 2018 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 nine months period ended 30 September 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



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The condensed interim financial statements were signed on 14 November 2018.



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Daivis Virbickas  
Chief executive officer



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Vytautas Tauras  
Finance Controller,  
Acting as Director of Finance Department



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Žydrūnas Augustas  
Chief Financier



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## REVIEW OF ACTIVITY OF THE GROUP

### REVIEW OF ACTIVITY OF AB LITGRID GROUP

#### I. GENERAL INFORMATION

The Consolidated Interim Report has been prepared for 9 months period, ending on September 30, 2018.

##### 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	<a href="mailto:info@litgrid.eu">info@litgrid.eu</a> ; <a href="http://www.litgrid.eu">www.litgrid.eu</a>

As of 30 September 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	+370 640 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



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## REVIEW OF ACTIVITY OF THE GROUP

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

Name	LitPol Link Sp.z.o.o	UAB Duomenų logistikos centras	Nord Pool Holding AS (since 2018 04 19, 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, Lithuania	PO Box 121, NO-1325 Lysaker, Norway
Country of operations	Lithuania and Poland	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia
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

## 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.



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## REVIEW OF ACTIVITY OF THE GROUP

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### 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.

#### *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*

Litgrid puts a lot of effort into facilitating fair competition among energy generators, importers, exporters and independent market participants; to 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 neighbouring 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)**

##### *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.

In 9 months of 2018, the Fall-back procedure was confirmed, which was made based on EU communions reglamentation 2015/1222. Litgrid also has prepared the methodology for Coordinated load distribution and compensational trade. All three parameters of codes were presented for the regulator's approval. In September 2018 two major methodologies - Methodology for coordinating operational security analysis and Methodology for assessing the relevance of assets for outage coordination were provided.



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## REVIEW OF ACTIVITY OF THE GROUP

### *Membership in international organizations*

International visibility of and support for projects implemented by Litgrid is ensured through participation in international associations. On 30th September 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. Its 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*

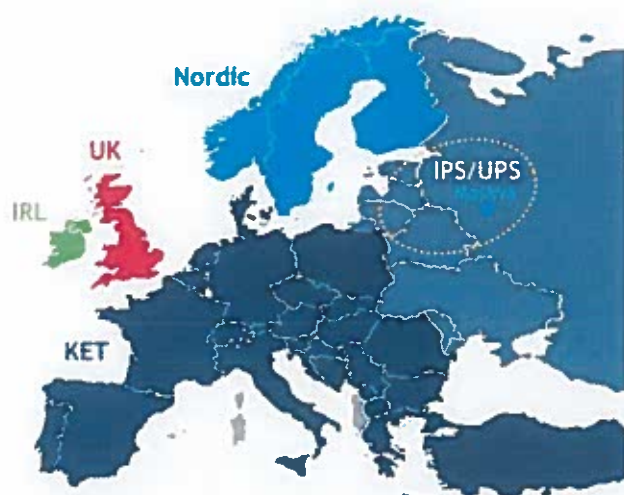
In 2018 Litgrid finished the process of development and installation of Asset Management Information System (AMIS) system. Since July 2018 the company plans uses a single asset management system. The main objective of the AMIS introduction was to improve and standardize asset management processes by covering technological assets of the entire Company. The AMIS is 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 is 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 is used, which is a more efficient and precise method to manage the actual asset data.

### *Development of the modern organization*

In 2017, the Company started to implement the LEAN principles in its activities. LEAN comprises exercises for the improvement, standardization of separate selected processes, standardization of problem solving, strategy for the implementation of the LEAN practices in strategic management and daily business operations. Lean program is about help employees 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 list of Kaizen ideas are being implemented (improvements of processes).

### **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.



28<sup>th</sup> June 2018 The President of the Commission Jean-Claude Juncker together with the Heads of State or Government of Lithuania, Latvia, Estonia and Poland agreed on the Political Roadmap for synchronizing the Baltic States' electricity grid with the continental European network by the target date of 2025. The President of the Commission Jean-Claude Juncker together with the Heads of State or Government of Lithuania, Latvia, Estonia and Poland today agreed on the Political Roadmap for synchronizing the Baltic States' electricity grid with the continental European network by the target date of 2025.

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

On 21st September the Baltic and Polish TSO's to addressed ENTSO-E 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.



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Based on the results of the studies. Litgrid initiated most important local grid improvement projects needed for the undersea cable integration.

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 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 economic 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.





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### III. BUSINESS ENVIRONMENT AND OVERVIEW OF ACTIVITIES

#### 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 organizes 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 organizes 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 authorized 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);
- Connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission grid as well as the transmission grid's optimization, 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.



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### *Electricity grid maintenance and repairs*

Tetas, daughter company of Litgrid, 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 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 specialized 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 is be organized by Litgrid.

### *Customers of the transmission system operator*

Litgrid 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.

## **2. Operating indicators of transmission services**

TSO's operating indicators	2018 January-September	2017 January-September	2016 January-September
Energy transmission volume, m kWh	7661	7358	7121
Process costs in transmission network, %	2,96	2,85	2,99
ENS (Energy Not Supplied due to interruptions), MWh**	0,77	1,34	1,03
AIT (Average Interruption Time), min. **	0,03	0,05	0,04

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

In nine months of 2018, Litgrid volumes of electricity transmission via high-voltage networks for national needs amounted to 7 661 million kilowatt-hours (kWh), which is 4.1 % more than in the same period of 2017. The volumes of transmission to customers of the electricity distribution operator amounted to 6 905 million kWh (+4,9 % compared to the same period of 2017), and to other customers 756 million kWh (less by 2.1 % compared to the same period of 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 97,4 % of the time throughout 9 months of 2018.

NordBalt electricity interconnection is one of the longest sea cables in the world, the operation of which significantly increases



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## REVIEW OF ACTIVITY OF THE GROUP

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safety of energy supply to Lithuania and the Baltic countries. NordBalt interconnection was available to the market 97.4 % of the time throughout 9 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 12<sup>th</sup> October, in total 120 joints were changed, 22 in Lithuania, 98 in Sweden.

### *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 3<sup>rd</sup> January 2018 ENTSO-E announced North and Baltic region ENS reports for 2016. Litgrid was nominated to have second best results in the region, following Denmark.

### 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, and data collection and accounting. Plans for the construction and reconstruction of facilities are made for a 10-year period and updated on an annual basis. The plans are published on the corporate company website [www.litgrid.eu](http://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 made by ENTSO-E in cooperation with the partner from Germany, Consentec. The results of the study had significant influence for the results of the negotiations on the ways to synchronization of the Baltic states with the Continental Europe in June 2018.

At the end of June 2018, a frequency stability ensuring measures study was initiated and it was carried out Gdansk energy research Institute. Study was made in July-August, based on its results high level group of BEMIP decided to expand Continental European network to Baltic states.

On 18<sup>th</sup> April during the informal Energy Commission meeting in Sofia, an important agreement about financing of a study on Dynamic stability was signed. The agreement was signed by INEA, Litgrid, AST, Elering and PSE. Study was carried out by the scientists of Gdansk University. The study finalised in June 2018, EIPT CEF financed 5 percent of the costs of the study.

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 the costs of it, in 2017 the study was made, and in 2019 Baltic TSO's will make an isolation test, for a short period of time cutting the ties with neighbouring countries' networks and working in isolation mode.

In the light of the synchronization with the Continental Europe, on 18<sup>th</sup> January Litgrid signed the agreement with ESO to make a joint project to ensure the stable energy supply for the Eastern Lithuania clients. This contract will allow to save EUR 19 million.

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 its vision to become the smartest TSO in Europe. On 5<sup>th</sup> 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 its strategy is met. After thorough examination of proposed opportunities Litgrid will adopt the most appropriate measures and guidelines to its Strategic and Action plan for 2019.



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## REVIEW OF ACTIVITY OF THE GROUP

### IV. FINANCIAL INFORMATION

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

	2018 January-September		2017 January-September		2016 January-September	
	Group	Company	Group	Company	Group	Company
Financial indicators, EUR '000						
Revenue from electricity sales	126 031	126 031	105 756	105 756	107 982	107 982
Other operating income	14 398	707	11 346	888	15 160	5 523
EBITDA*	24 397	23 958	30 190	32 106	36 003	35 888
Profit (loss) before tax	3 397	3 414	9 243	7 498	13 895	14 041
Net profit (loss)	2 680	2 656	7 317	5 628	12 368	12 514
Cash flows from operations	16 254	15 895	31 361	32 780	18 969	18 581
Ratios						
EBITDA margin, %	17,4	18,9	25,8	30,1	29,2	31,6
Operating profit margin,	3,0	3,3	8,6	7,8	12,2	13,3
Return on equity, %	2,0	2,0	5,2	4,0	4,2	5,0
Return on assets, %	1,2	1,1	2,8	2,2	1,8	2,3
Shareholder's equity / Assets, %	58,0	59,2	55,1	56,1	53,5	54,5
Financial liabilities / Equity, %	53,3	52,6	65,6	64,0	70,8	69,5
Liquidity ratio	0,77	0,71	0,68	0,66	0,78	0,76

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

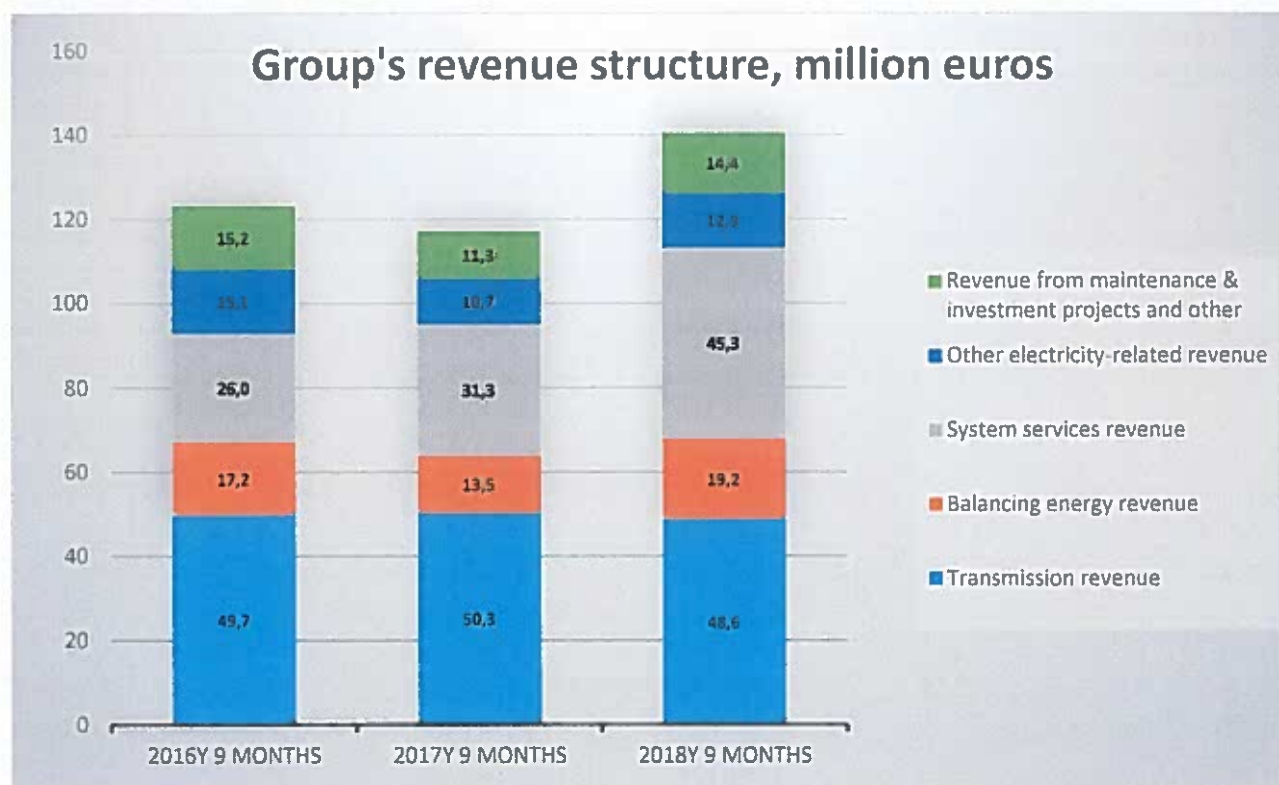


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### Income

Revenue earned by the Litgrid group in 9 months of 2018 amounted EUR 140.4 million, a 20 % increase compared to the same period of 2017.



Revenue from electricity transmission decreased by 3.3 % (down to EUR 48.6 million) compared to the same period in 2017. Revenue from electricity transmission accounted for 35 % of the Group's total revenue. The decrease in revenue has resulted from a 7.1 % 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 42 % to EUR 19.2 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 45 % 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 volume of services (contracted) was over exceeded, which is charged double price.

Congestion revenue from the Lithuanian-Polish, the Lithuanian-Swedish and the Lithuanian-Latvian interconnections increased by 47 % in nine months of 2018 compared to the same period of 2017 and amounted to EUR 9.7 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 9 months of 2018, Litgrid recognized, in accordance with the Regulation: EUR 0.8 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 Kruonis HAE-



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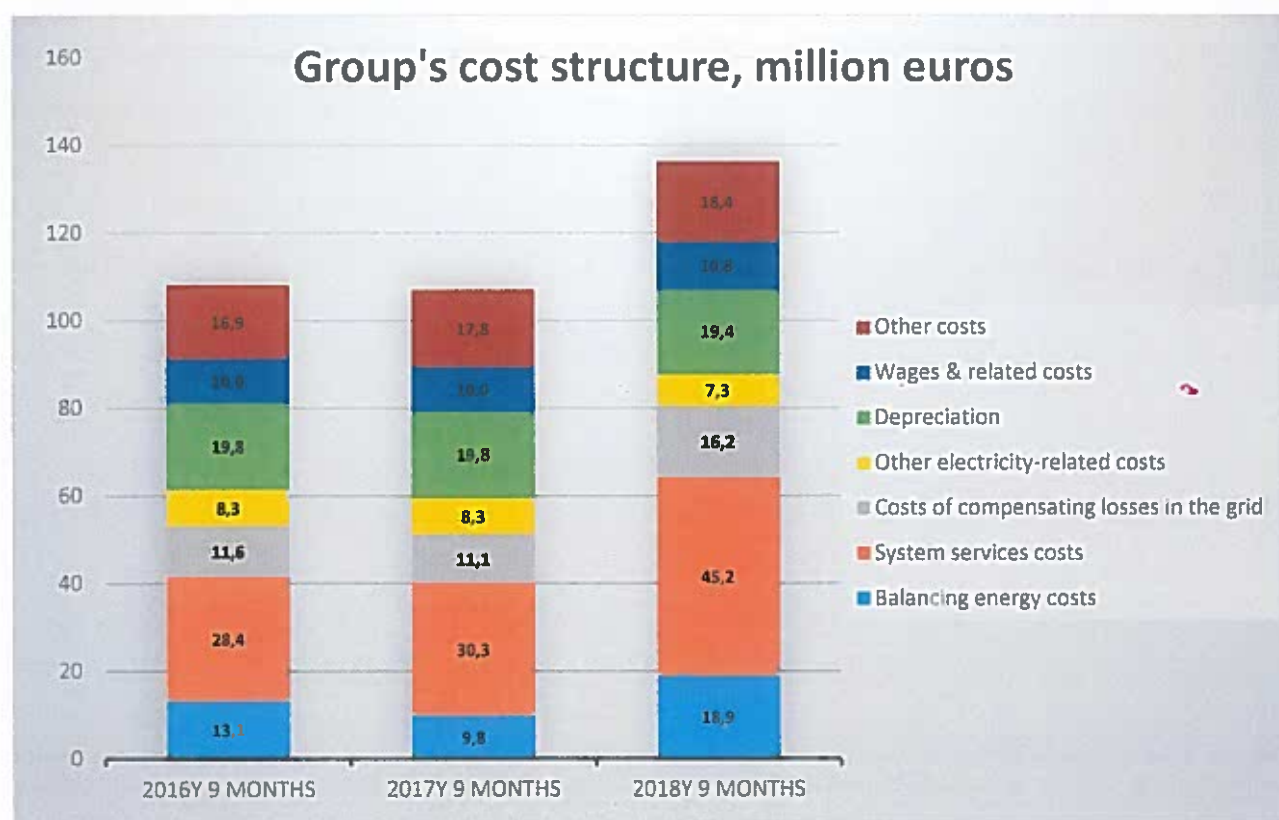
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Alytus construction; EUR 0.5 million for 330 kV Bitėnai switchyard extension and 110 kV transmission line Pagėgiai-Bitėnai construction. Remaining part of revenue was reported under deferred revenue in the statement of financial position.

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 2.7 million; PSO income - EUR 5.4 million; reactive energy income - EUR 1 million; connection of new customers - EUR 2.9 million. Income from services provided by Tetas, a subsidiary of Litgrid, accounts for the largest part of income from repair works, investment projects etc.

## Expenses

The Group's operating expenses totaled EUR 136.2 million in 9 months of 2018, which is 27 % more compared to 2017.



Costs of purchase of electricity and related services account for a major portion of the Group's operating expenses: EUR 87.7 million or 64 % of total expenses. These costs increased by 47 % compared to the same period of 2017. Balancing (regulating) electricity costs increased by 93 % to EUR 18.9 million. The system service costs increased by 49 % to EUR 45.2 million. Costs of compensating for electricity purchase technological losses in the transmission grid increased by 46 % to EUR 16.2 million. Transit (ITC) costs were EUR 1.2 million, PSO provision costs equaled EUR 5.3 million, and costs of ensuring the allocated capacity of the Swedish and Polish interconnections totaled EUR 0.8 million.

Depreciation and amortization expenses decreased by 2% in compared to the same period in 2017 and amounted to EUR 19.4 million. Other expenses increased by 5 % in January-September of 2018 compared to the same period in 2017 and amounted to EUR 29.2 million.

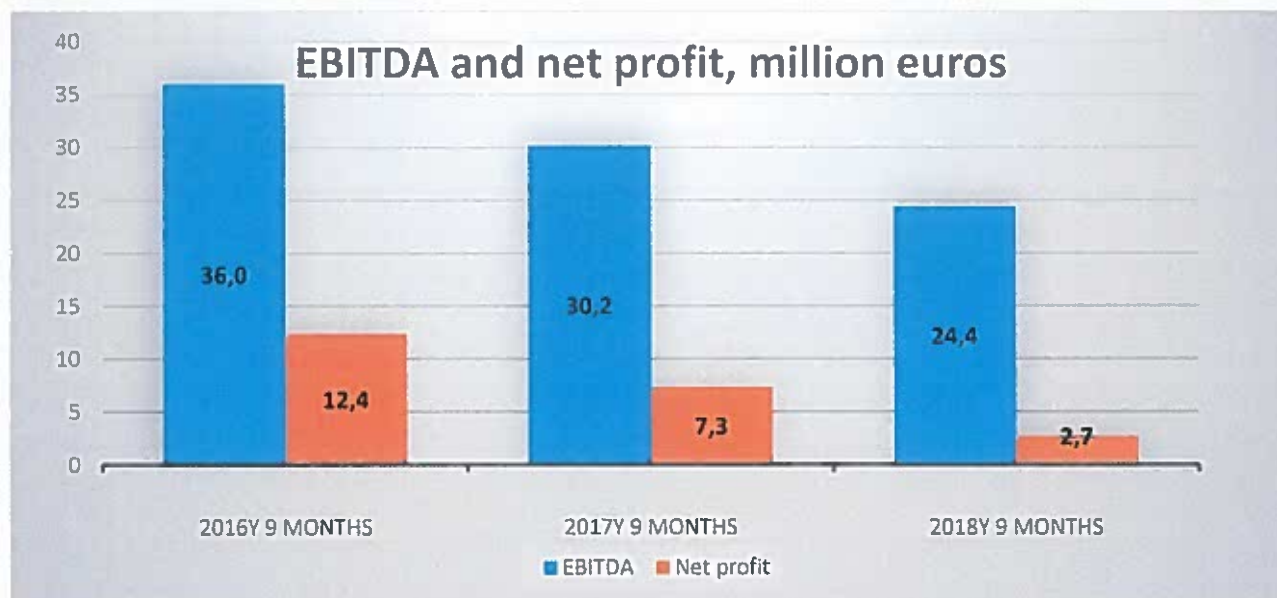




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## REVIEW OF ACTIVITY OF THE GROUP

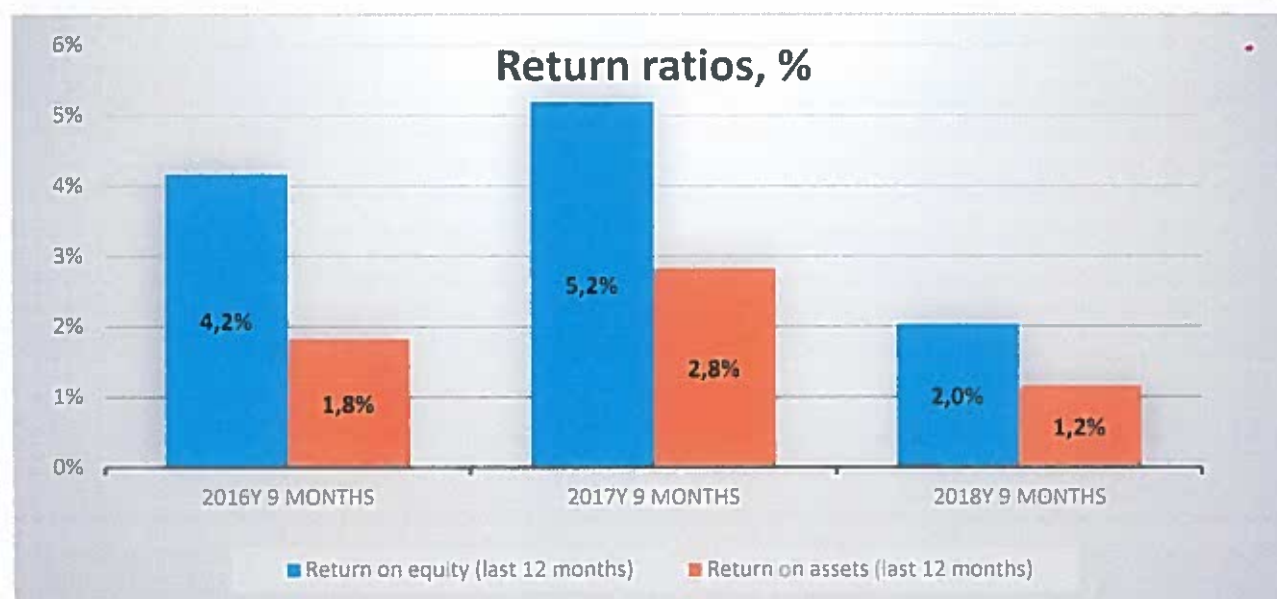
### Profit



EBITDA for 9 months of 2018 amounted to EUR 24.4 million. Compared to the same period of 2017, EBITDA decreased by EUR 5.8 million, or 15%; the EBITDA margin decreased to 17.4 % (same period of 2017: 26.1%). The Group's net profit for the first half of 2018 was EUR 2.7 million (2017: EUR 7.3 million).

The Group's operating profit for 9 months of 2018 consists of: profit of the transmission segment EUR 4.3 million (2017: EUR 7.9 million profit), loss in the system services segment EUR 0.2 million (2017: EUR 0.7 million loss), profit in the balancing (regulating) electricity segment EUR 0.1 million (2017: 3.5 million profit), result from other activities EUR 0.0 million (2017: EUR 2.1 million loss). Starting from January 1<sup>st</sup> of 2018 the balancing market of three Baltic countries started, and the new methodology price calculations was applied. The balancing income is equal to the balancing costs and operating costs of Litgrid, recognized as balancing service costs.

### Return ratios



In 9 months of 2018, the annual ROE and ROA ratios decreased compared to 2017 from 5.2% to 2.8 % and from 2 % to 1.2 % respectively.



Litgrid

## REVIEW OF ACTIVITY OF THE GROUP

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### ***Balance sheet and cash flow***

As of 30 September 2018, the Group's assets amounted to EUR 416.4 million. The Group's non-current assets represented 90 % of the Group's total assets. Shareholders' equity accounted for 58 % of the total assets of the Group.

As of 30 September 2018, the Group's financial liabilities to credit institutions amounted to EUR 128.7 million (a decline of EUR 23.6 million during half year). Financial liabilities to equity ratio was 53 %. Financial debts repayable within one year accounted for 22 % of the total financial debts. Cash and cash equivalents totaled EUR 1.8 million and the unwithdrawn overdraft balance were EUR 7.9 million.

The Group's net cash flows from operations in the first half of 2018 amounted to EUR 16.3 million, while payments for non-current tangible and intangible assets were EUR 15.6 million; EUR 23.3 million were received as subsidies, EUR 9.1 million of congestion management inflow invested into long term assets.

The Group's net cash flows in the first half of 2018 (excluding cash flows from financial activities) totaled EUR 33.1 million.

### ***Investments in non-current assets***

In 9 months of 2018, investments of Litgrid (works performed, and assets acquired irrespective of terms of payment) amounted to EUR 12.5 million, of which 31 % were earmarked for the implementation of strategic electric energy projects of high economic importance to the State, and 69 % for the reconstruction and development of the electricity transmission grid.

### ***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.

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.





Litgrid

## REVIEW OF ACTIVITY OF THE GROUP

### V. PERSONNEL

Litgrid is building a value-based organizational 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.

There were 265 employees at Litgrid on 30<sup>th</sup> September. 250 employees have a university education, 14 employees have post-secondary education, and one employee has a secondary education.

### GOVERNANCE

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).

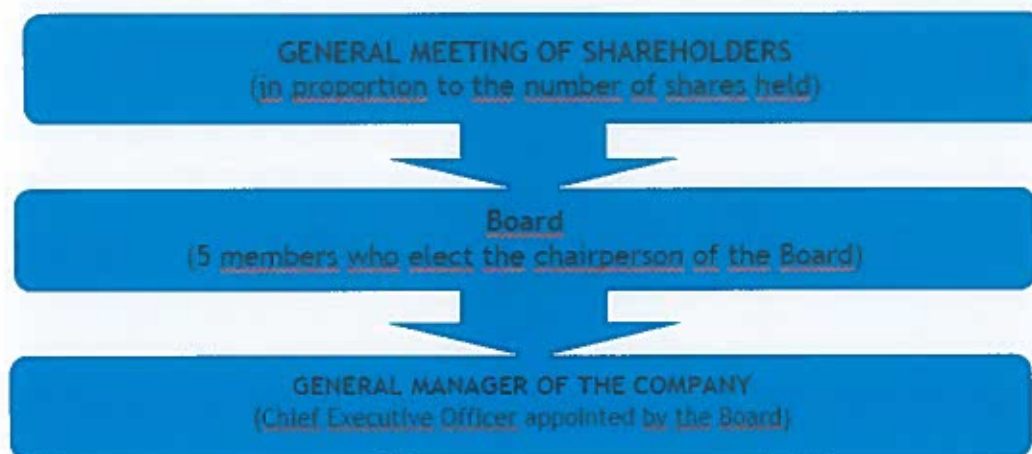


Fig. 1. LITGRID AB managing bodies

#### *The Company's Board*

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 new principles on forming the Board.

ON 7th September 2018 the Extraordinary General Meeting of Shareholders of LITGRID AB decided to revoke Vidmantas Grušas from the Board of LITGRID AB, to elect Algirdas Juozaponis, Director for Finance of UAB EPSO-G, to the position of a Board member of LITGRID AB as nominated by the parent company and also to elect Šarūnas Nedzinskas, Head of Banking Portfolios at UAB Intrum Lietuva, to the position of an independent Board member of LITGRID AB.

The term of office of the Board of LITGRID AB will be until 29 July 2020, other Board members: R. Štilinis (Chairman), Nemunas Biknius and Domas Sidaravičius.



Litgrid

## REVIEW OF ACTIVITY OF THE GROUP

As of 2018 September30: Litgrid Board members, the General Manager and the Chief Financier

Position	Full name	Start date	End date	Number of the issuer's shares held
<b>Board</b>				
Chairman of the board	Rimvydas Štilinis	2016 07 29		-
Board member	Šarūnas Nedzinskas	2018 09 07		-
Board member	Algirdas Juozaponis	2018 09 07		-
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](http://www.litgrid.eu).

### 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](http://www.litgrid.eu)) and the website of NASDAQ Vilnius stock exchange ([www.nasdaqbaltic.com](http://www.nasdaqbaltic.com)).

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

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

On 24<sup>th</sup> 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 2<sup>nd</sup> 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 19<sup>th</sup> of April 2018, Litgrid owns 2 per cent (306 shares) of the sole owner of Nord Pool Holding AS.

On 24<sup>th</sup> May Litgrid and Conresta UAB signed the agreement for building the secure data centre and system operational 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 make own investment.

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.



Litgrid

## REVIEW OF ACTIVITY OF THE GROUP

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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 Tetras. The three-year loan will be granted for investment and working capital financing.

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.

By the decision of the Board of Litgrid, starting from 1<sup>st</sup> August the operations of Litgrid Power Link Service UAB were seized. All the activities and company employees were transferred to Litgrid, AB. Since then NordBalt and LitPol Link maintenance is carried out by Litgrid.

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 12<sup>th</sup> October, in total 120 joints were changed, 22 in Lithuania, 98 in Sweden.

21<sup>st</sup> August the symbolic capsule was embedded into the foundation of the new system management and data storage building. It is planned that the building will be built at the end of 2019. The centre will be essential for secure grid management and system operation in starting synchronous operations with the continental Europe, where high level of physical security and cybersecurity will be met.

On 27 September 2018 Litgrid entered into a cash pool agreement with the parent shareholder UAB EPSO-G. Both companies will be able to lend and borrow using the group cash pool service.

### Significant events subsequent to the end of the reporting period

On 9<sup>th</sup> 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 11<sup>th</sup> 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.

NordBalt replacement of the underground cable joints was finished 2 weeks earlier than planned, on 12<sup>th</sup> October. In total 120 joints were changed, 22 in Lithuania, 98 in Sweden. The replacement works were done by the Danish company NKT.

*On 17th October in the extraordinary shareholders meeting of Litgrid it was decided to elect audit company Deloitte Lietuva UAB to audit financial statements of LITGRID AB of 2018 and the remuneration scheme for the services was set.*



Litgrid

## STATEMENTS OF FINANCIAL POSITION

(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		30-09-2018	31-12-2017	30-09-2018	31-12-2017
ASSETS					
Non-current assets					
Intangible assets	3	4,031	3,650	4,028	3,647
Property, plant and equipment	3	366,515	378,403	364,115	376,028
Investments in subsidiaries	4	-	-	174	174
Deferred income tax assets		95	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		373,334	384,779	373,213	383,745
Current assets					
Inventories		1,486	1,019	37	99
Prepayments		726	483	658	412
Trade receivables		19,492	22,210	16,503	17,022
Other amounts receivable		4,782	21,275	532	20,645
Prepaid income tax		24	12	-	-
Other financial assets	7	14,782	8,736	14,782	8,736
Cash and cash equivalents		1,796	696	1,576	434
Total current assets		43,088	54,431	34,088	47,348
TOTAL ASSETS		416,422	439,210	407,301	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		4,863	5,380	4,614	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)		3,274	8,171	3,040	8,257
Total equity		241,562	246,598	241,079	246,139
Liabilities					
Non-current liabilities					
Grants		-	22	-	22
Non-current borrowings	8	100,140	108,353	100,140	108,353
Finance lease liabilities	9	655	820	-	-
Deferred income tax liability		4,284	6,105	4,284	6,105
Deferred revenue		12,885	6,564	12,885	6,564
Other non-current amounts payable and liabilities		753	764	694	694
Total non-current liabilities		118,717	122,628	118,003	121,738
Current liabilities					
Current portion of non-current borrowings	8	11,154	8,082	11,154	8,082
Current borrowings	8	16,559	34,656	15,500	33,311
Current portion of finance lease liabilities	9	238	443	-	-
Trade payables		17,366	15,095	13,248	11,581
Advance amounts received		808	328	808	328
Income tax liability		318	1,468	318	1,468
Other current amounts payable and liabilities		9,700	9,912	7,191	8,446
Total current liabilities		56,143	69,984	48,219	63,216
Total liabilities		174,860	192,612	166,222	184,954
TOTAL EQUITY AND LIABILITIES		416,422	439,210	407,301	431,093

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



Litgrid

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

		Group		Company	
		30-09-2018	30-09-2017	30-09-2018	30-09-2017
<b>Revenue</b>					
Revenue from electricity transmission and related services		126,031	105,756	126,031	105,756
Other income		14,398	11,346	707	888
<b>Total revenue</b>	10	<b>140,429</b>	<b>117,102</b>	<b>126,738</b>	<b>106,644</b>
<b>Expenses</b>					
Expenses of electricity transmission and related services		(87,678)	(59,482)	(87,678)	(59,482)
Depreciation and amortisation	3	(19,358)	(19,754)	(18,970)	(19,577)
Wages and salaries and related expenses		(10,778)	(9,979)	(6,041)	(5,144)
Repair and maintenance expenses		(2,282)	(3,081)	(3,874)	(4,811)
Telecommunications and IT maintenance expenses		(1,144)	(1,124)	(1,036)	(1,018)
Property, plant and equipment write-off expenses		(798)	(490)	(798)	(490)
Impairment (reversal) of inventories and amounts receivable		(22)	162	-	163
Impairment of investments		-	-	-	(3,915)
Other expenses		(14,150)	(13,246)	(4,151)	(4,083)
<b>Total expenses</b>		<b>(136,210)</b>	<b>(106,994)</b>	<b>(122,548)</b>	<b>(98,357)</b>
<b>Operating profit/(loss)</b>		<b>4,219</b>	<b>10,108</b>	<b>4,190</b>	<b>8,287</b>
<b>Financing activities</b>					
Finance income		140	168	161	218
Finance costs		(962)	(1,033)	(937)	(1,007)
<b>Total finance costs</b>		<b>(822)</b>	<b>(865)</b>	<b>(776)</b>	<b>(789)</b>
<b>Profit/(loss) before income tax</b>		<b>3,397</b>	<b>9,243</b>	<b>3,414</b>	<b>7,498</b>
<b>Income tax</b>					
Current year income tax expenses		(2,579)	(3,174)	(2,579)	(3,159)
Deferred income tax (expenses)/income		1,862	1,248	1,821	1,289
<b>Total income tax</b>	11	<b>(717)</b>	<b>(1,926)</b>	<b>(758)</b>	<b>(1,870)</b>
<b>Profit/(loss) for the period</b>		<b>2,680</b>	<b>7,317</b>	<b>2,656</b>	<b>5,628</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>		<b>2,680</b>	<b>7,317</b>	<b>2,656</b>	<b>5,628</b>
<b>Basic and diluted earnings/(deficit) per share (in EUR)</b>		<b>0.005</b>	<b>0.015</b>	<b>0.005</b>	<b>0.011</b>

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



Litgrid

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

	<b>Group</b>		<b>Company</b>	
	<b>01-07- 30-09-2018</b>	<b>01-07- 30-09-2017</b>	<b>01-07- 30-09-2018</b>	<b>01-07- 30-09-2017</b>
<b>Revenue</b>				
Revenue from electricity transmission and related services	42,872	35,615	42,872	35,615
Other income	6,435	3,379	339	228
<b>Total revenue</b>	<b>49,307</b>	<b>38,994</b>	<b>43,211</b>	<b>35,843</b>
<b>Expenses</b>				
Expenses of electricity transmission and related services	(31,346)	(20,402)	(31,346)	(20,402)
Depreciation and amortisation	(6,500)	(6,625)	(6,366)	(6,565)
Wages and salaries and related expenses	(3,758)	(3,211)	(2,008)	(1,632)
Repair and maintenance expenses	(700)	(950)	(1,288)	(1,678)
Telecommunications and IT maintenance expenses	(353)	(381)	(321)	(347)
Property, plant and equipment write-off expenses	(517)	(247)	(517)	(247)
Impairment (reversal) of inventories and amounts receivable	(22)	55	-	54
Impairment of investments	-	-	-	(3,915)
Other expenses	(6,050)	(4,270)	(1,568)	(1,401)
<b>Total expenses</b>	<b>(49,246)</b>	<b>(36,031)</b>	<b>(43,414)</b>	<b>(36,133)</b>
<b>Operating profit/(loss)</b>	<b>61</b>	<b>2,963</b>	<b>(203)</b>	<b>(290)</b>
<b>Financing activities</b>				
Finance income	5	6	13	6
Finance costs	(317)	(342)	(308)	(335)
<b>Total finance costs</b>	<b>(312)</b>	<b>(336)</b>	<b>(295)</b>	<b>(329)</b>
<b>Profit/(loss) before income tax</b>	<b>(251)</b>	<b>2,627</b>	<b>(498)</b>	<b>(619)</b>
<b>Income tax</b>				
Current year income tax expenses	(427)	(789)	(447)	(782)
Deferred income tax (expenses)/income	117	277	132	278
<b>Total income tax</b>	<b>(310)</b>	<b>(512)</b>	<b>(315)</b>	<b>(504)</b>
<b>Profit/(loss) for the period</b>	<b>(561)</b>	<b>2,115</b>	<b>(813)</b>	<b>(1,123)</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>(561)</b>	<b>2,115</b>	<b>(813)</b>	<b>(1,123)</b>
<b>Basic and diluted earnings/(deficit) per share (in EUR)</b>	<b>-0.001</b>	<b>0.004</b>	<b>-0.002</b>	<b>-0.002</b>

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



Litgrid

## 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	-	-	-	-	-	-	7,317	7,317
Depreciation of revaluation reserve and amounts written off	-	-	(384)	-	-	-	384	-
Transfer to reserves	-	-	-	-	64	20	(84)	-
Dividends	-	-	-	-	-	-	(18,156)	(18,156)
Balance at 30 September 2017	146,256	8,579	5,224	655	14,790	62,767	5,695	243,966
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	-	-	-	-	-	-	2,680	2,680
Depreciation of revaluation reserve and amounts written off	-	-	(473)	-	-	-	473	-
Transfer to retained earnings	-	-	(44)	-	(164)	-	208	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 30 September 2018	146,256	8,579	4,863	655	14,626	63,309	3,274	241,562

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	-	-	-	-	-	-	5,628	5,628
Depreciation of revaluation reserve and amounts written off	-	-	(376)	-	-	-	376	-
Transfer to reserves	-	-	-	-	-	20	(20)	-
Dividends	-	-	-	-	-	-	(18,156)	(18,156)
Balance at 30 September 2017	146,256	8,579	5,157	655	14,626	62,767	6,003	244,043
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	-	-	-	-	-	-	2,656	2,656
Depreciation of revaluation reserve and amounts written off	-	-	(385)	-	-	-	385	-
Transfer to reserves	-	-	-	-	-	542	(542)	-
Dividends	-	-	-	-	-	-	(7,716)	(7,716)
Balance at 30 September 2018	146,256	8,579	4,614	655	14,626	63,309	3,040	241,079

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



Litgrid

## STATEMENTS OF CASH FLOWS

(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	30-09-2018	30-09-2017	30-09-2018	30-09-2017
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period	2,680	7,317	2,656	5,628
<b>Adjustments for non-cash items and other adjustments:</b>				
Depreciation and amortisation expenses	19,358	19,754	18,970	19,577
Impairment of financial assets	-	-	-	3,915
(Reversal of)/impairment of assets	22	(899)	-	(900)
Written-off bad debts	-	737	-	737
Income tax expenses	717	1,926	758	1,870
Adjustments for other non-cash items	-	(1,139)	-	(1,139)
(Gain)/loss on disposal/write-off of property, plant and equipment	798	490	798	490
<b>Elimination of results of financing and investing activities:</b>				
Interest income	-	-	(24)	-
Interest expenses	959	1,028	934	1,002
Dividend income	(130)	(134)	(130)	(184)
Other finance (income)/costs	(7)	(29)	(4)	(29)
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other amounts receivable	(1,111)	2,771	310	1,425
(Increase) decrease in inventories, prepayments and other current assets	(653)	1,438	(105)	(91)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	3,407	(2,394)	1,507	(36)
Changes in other financial assets	(6,046)	3,682	(6,046)	3,682
Income tax (paid)	(3,740)	(3,187)	(3,729)	(3,167)
<b>Net cash generated from (used in) operating activities</b>	<b>16,254</b>	<b>31,361</b>	<b>15,895</b>	<b>32,780</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	(15,629)	(15,886)	(14,898)	(15,682)
Grants received	23,309	3,216	23,309	3,216
Loans granted	-	-	(1,000)	-
Revenue generated from congestion management	9,072	6,845	9,072	6,845
Interest received	-	-	17	-
Dividends received	130	134	130	134
<b>Net cash generated from (used in) investing activities</b>	<b>16,882</b>	<b>(5,691)</b>	<b>16,630</b>	<b>(5,487)</b>
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(5,141)	(5,141)	(5,141)	(5,141)
Overdraft	(18,097)	(1,703)	(17,811)	(3,433)
Finance lease payments	(370)	(66)	-	-
Interest paid	(743)	(922)	(743)	(896)
Dividends paid	(7,688)	(18,107)	(7,688)	(18,107)
Other cash flows from financing activities	3	-	-	-
<b>Net cash generated from (used in) financing activities</b>	<b>(32,036)</b>	<b>(25,939)</b>	<b>(31,383)</b>	<b>(27,577)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,100</b>	<b>(269)</b>	<b>1,142</b>	<b>(284)</b>
Cash and cash equivalents at the beginning of the period	696	798	434	608
Cash and cash equivalents at the end of the period	<b>1,796</b>	<b>529</b>	<b>1,576</b>	<b>324</b>

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





Litgrid

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

## 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 September 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 September 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
<b>Total:</b>	<b>504,331,380</b>	<b>100</b>

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 September 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 September 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 30 September 2018, the Group had 616 employees (31 December 2017: 633), and the Company had 265 employees (31 December 2017: 229).



Litgrid

**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 nine months period ended 30 September 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 September 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	182	20,804
Prepayments for property, plant, equipment	-	124
Write-offs	-	(516)
Transfer to inventories	-	(48)
Reclassification	2,295	(2,295)
Set-off of grants with non-current assets	-	(12,162)
Depreciation and amortization charge	(526)	(19,228)
Net book amount at 30 September 2017	3,442	385,839
Net book amount at 31 December 2017	3,650	378,403
Additions	1,141	11,994
Prepayments for property, plant, equipment	-	1,324
Write-offs	-	(854)
Transfer from inventories	-	(23)
Reclassification	(2)	2
Set-off of grants with non-current assets	-	(5,731)
Depreciation and amortization charge	(758)	(18,600)
Net book amount at 30 September 2018	4,031	366,515
Company	Intangible assets	Property, plant and equipment
Net book amount at 31 December 2016	1,486	398,269
Additions	182	19,364
Prepayments for property, plant, equipment	-	124
Write-offs	-	(516)
Transfer to inventories	-	(48)
Reclassification	2,295	(2,295)
Set-off of grants with non-current assets	-	(12,162)
Depreciation and amortization charge	(524)	(19,053)
Net book amount at 30 September 2017	3,439	383,683
Net book amount at 31 December 2017	3,647	376,028
Additions	1,138	11,584
Prepayments for property, plant, equipment	-	1,324
Write-offs	-	(854)
Transfer from inventories	-	(23)
Reclassification	(2)	2
Set-off of grants with non-current assets	-	(5,731)
Depreciation and amortization charge	(755)	(18,215)
Net book amount at 30 September 2018	4,028	364,115



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## 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 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 30 September 2018 would be higher by EUR 297,497 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	5,731
Depreciation charge	(5,883)
Net book amount at 30 September 2018	<u>297,497</u>

### 4. Investments in subsidiaries

As at 30 September 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 September 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 Holding AS (after reorganization)

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.

### 7. Other financial assets

	Group		Company	
	30-09-2018	31-12-2017	30-09-2018	31-12-2017
Funds deposited for guarantees and deposits	1,300	1,877	1,300	1,877
Fund received for congestion management	12,730	6,107	12,730	6,107
Financial assets held for sale (The shares of UAB „Duomenų logistikos centras“)	752	752	752	752
Total	<u>14,782</u>	<u>8,736</u>	<u>14,782</u>	<u>8,736</u>



Litgrid

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

## 8. Borrowings

Borrowings of the Group/Company were as follows:

	Group		Company	
	30-09-2018	31-12-2017	30-09-2018	31-12-2017
<b>Non-current borrowings</b>				
Borrowings from banks	100,140	108,353	100,140	108,353
<b>Current borrowings</b>				
Current portion of non-current borrowings	11,154	8,082	11,154	8,082
Other borrowings	15,500	-	15,500	-
Overdraft	1,059	34,656	-	33,311
<b>Total borrowings</b>	<b>127,853</b>	<b>151,091</b>	<b>126,794</b>	<b>149,746</b>

Maturity of non-current borrowings:

	Group		Company	
	30-09-2018	31-12-2017	30-09-2018	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	43,239	51,452	43,239	51,452
<b>Total</b>	<b>100,140</b>	<b>108,353</b>	<b>100,140</b>	<b>108,353</b>

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 30 September 2018 the outstanding balance of borrowing is equal to EUR 15,500 thousand.

As at 30 September 2018, the weighted average interest rate on the Group's and the Company's borrowings was 0.94% (31 December 2017: 0.87%).

As at 30 September 2018, the Group's unwithdrawn balance of loans and overdrafts amounted to EUR 7,941 thousand (31 December 2017: EUR 10,944 thousand), the Company's unwithdrawn balance of loans - EUR 7,500 thousand (31 December 2017: EUR 9,689 thousand).

## 9. Finance lease liabilities

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

Group	30-09-2018		31-12-2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
<b>Finance lease payments:</b>				
Not later than 1 year	254	238	462	443
Later than 1 year and not later than 5 years	673	655	849	820
<b>Minimum finance lease payments</b>	<b>927</b>	<b>893</b>	<b>1,311</b>	<b>1,263</b>
Less: future finance charges	(34)	-	(48)	-
<b>Present value of minimum finance lease payments</b>	<b>893</b>	<b>893</b>	<b>1,263</b>	<b>1,263</b>

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



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

## 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.

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 Tetas 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 September 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	56,794	19,232	45,325	5,387	15,968	142,706
Inter-segment revenue	-	-	-	-	(2,277)	(2,277)
Revenue after elimination of intercompany revenue within the Group	56,794	19,232	45,325	5,387	13,691	140,429
Operating profit/(loss)	4,342	89	(241)	-	29	4,219
Finance income/(cost), net*	x	x	x	x	x	(822)
Profit/(loss) before income tax	x	x	x	x	x	3,397
Income tax*	x	x	x	x	x	(717)
Profit/(loss) for the period	x	x	x	x	x	2,680
Depreciation and amortisation expenses	18,769	50	151	-	388	19,358
Write-offs of property, plant and equipment	798	-	-	-	-	798

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



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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in EUR thousands unless otherwise stated)

The Group's information on segments for the period ended 30 September 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	55,838	13,525	31,314	5,967	13,837	120,481
Inter-segment revenue					(3,379)	(3,379)
Revenue after elimination of intercompany revenue within the Group	55,838	13,525	31,314	5,967	10,458	117,102
Operating profit/(loss)	7,926	3,533	730	13	(2,094)	10,108
Finance income/(cost), net*	x	x	x	x	x	(865)
Profit/(loss) before income tax	x	x	x	x	x	9,243
Income tax*	x	x	x	x	x	(1,926)
Profit/(loss) for the period	x	x	x	x	x	7,317
Depreciation and amortisation expenses	19,410	42	125	-	177	19,754
Write-offs of property, plant and equipment	490	-	-	-	-	490

\* 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.

### 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).

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.

### 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	
	30-09-2018	30-09-2017	30-09-2018	30-09-2017
EPSO-G UAB group companies	5,706	3,754	5,706	3,754
The Company's subsidiaries	-	-	177	112
	5,706	3,754	5,883	3,866



Litgrid

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

*Purchases of goods and services*

	Group		Company	
	30-09-2018	30-09-2017	30-09-2018	30-09-2017
The Group's parent company (EPSO-G UAB)	118	77	108	69
EPSO-G UAB group companies	116	158	116	158
The Company's subsidiaries	-	-	2,199	3,191
	<b>234</b>	<b>235</b>	<b>2,423</b>	<b>3,418</b>

*Amounts receivable from related parties*

	Group		Company	
	30-09-2018	31-12-2017	30-09-2018	31-12-2017
EPSO-G UAB group companies	909	646	909	646
The Company's subsidiaries	-	-	2,214	1,217
	<b>909</b>	<b>646</b>	<b>3,123</b>	<b>1,863</b>

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

*Amounts payable to related parties*

	Group		Company	
	30-09-2018	31-12-2017	30-09-2018	31-12-2017
The Group's parent company (EPSO-G UAB)	15,518	-	15,515	-
The Company's subsidiaries	-	-	687	746
	<b>15,518</b>	<b>-</b>	<b>16,202</b>	<b>746</b>

As indicated in the Note No 8, at 30 September 2018 the outstanding balance of borrowings from UAB „EPSO-G“ is equal to EUR 15,500 thousand

*Payments to the key management personnel*

	Group		Company	
	30-09-2018	30-09-2017	30-09-2018	30-09-2017
Employment-related payments	620	610	445	403
Whereof: termination benefits	22	25	19	-
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.

### 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:

	30-09-2018	30-09-2018
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	2,680	7,317
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	<b>0.005</b>	<b>0.015</b>



Litgrid

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

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## 15. 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 LITGRI 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 LITGRI AB's set-off as legitimate and grounded. In case, there will be no enquiry to the Supreme Administrative Court of Lithuania, the Company will restate in previous periods accounted provision of EUR mln. 201. Restated provision will not impact the consolidated results of the group.

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