

**AB AMBER GRID**

**CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2019**

**PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**AS ADOPTED BY THE EUROPEAN UNION**

## Statement of financial position

		Notes	Group	Company		
			As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
ASSETS						
A.	Non-current assets		206,726	206,885	206,827	207,117
I.	Intangible assets	4	3,007	2,699	2,616	2,259
II.	Property, plant and equipment	4	200,613	200,031	200,430	200,028
II.1.	Land		125	125	125	125
II.2.	Buildings		5,215	5,288	5,215	5,288
II.3.	Plant and equipment		143,391	141,518	143,391	141,518
II.4.	Machinery and equipment		39,073	39,922	39,073	39,922
II.5.	Motor vehicles		883	952	883	952
II.6.	Other		2,361	2,124	2,353	2,121
II.7.	The right-of-use assets		826	-	651	-
II.8.	Construction in progress	5	8,739	10,102	8,739	10,102
III.	Non-current financial assets		-	998	675	1,673
III.1	Investment in the subsidiary	1	-	-	675	675
III.2.	Noncurrent trade receivables	6	-	998	-	998
IV.	A deferred tax asset		3,106	3,157	3,106	3,157
B.	Current assets		28,971	38,670	26,732	28,299
I.	Inventories and prepayments		2,452	3,129	2,439	3,118
I.1.	Raw materials, spare parts and other inventories		2,135	2,795	2,135	2,795
I.2.	Prepayments		317	334	304	323
II.	Accounts receivable		24,067	23,302	23,983	23,524
II.1.	Trade receivables	6,18	4,871	6,038	4,800	6,113
II.2.	Other receivables	7,18	19,196	17,262	19,183	17,411
III.	Corporate income tax paid in advance		293	1,569	291	1,567
IV.	Other financial assets	8	9	56	9	56
V.	Cash and cash equivalents	9	2,150	10,616	10	34
Total assets			235,697	245,555	233,559	235,416

(cont'd on the next page)

The accompanying notes are an integral part of these financial statements.

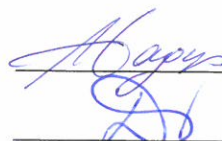
## Statement of financial position (cont'd)

		Group		Company	
	Notes	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
<b>EQUITY AND LIABILITIES</b>					
<b>C. Equity</b>		<b>131,068</b>	<b>131,242</b>	<b>136,163</b>	<b>131,596</b>
I. Share capital		51,731	51,731	51,731	51,731
II. Reserves		74,638	99,990	74,638	99,990
II.1. Legal reserve		5,173	5,173	5,173	5,173
II.2. Other reserves		69,465	94,817	69,465	94,817
III. Retained earnings (deficit)		4,699	(20,479)	4,970	(20,125)
III.1. Current year profit (loss)		4,699	(20,478)	4,970	(20,125)
<b>D. Accounts payable and liabilities</b>		<b>104,629</b>	<b>114,313</b>	<b>102,220</b>	<b>103,820</b>
I. Amounts payable after one year and non-current liabilities		53,955	55,805	53,800	55,805
I.1. Non-current borrowings	10	52,826	55,357	52,826	55,357
A right-of-use asset and corresponding liability	2	681	-	526	-
I.3. Non-current employee benefits		448	448	448	448
I.4. Deferred income tax liability		-	-	-	-
II. Accounts payable within one year and short-term liabilities		50,674	58,508	48,420	48,015
II.1. Current financial liability		2,440	6,791	2,440	6,791
Current portion of non-current borrowings	10	25,063	17,976	25,063	17,976
II.3. A right-of-use asset and corresponding liability	2	154	-	134	-
II.4. Current year portion of non-current employee benefits		83	83	83	83
II.5. Trade payables	12	3,261	6,273	2,773	5,970
II.6. Advance amounts	13	2,839	10,099	1,167	12
II.7. Income tax payable		-	-	-	-
II.8. Payroll related liabilities		1,978	1,355	1,921	1,305
II.9. Other payables and current liabilities	14	14,856	15,931	14,839	15,878
<b>Total equity and liabilities</b>		<b>235,697</b>	<b>245,555</b>	<b>233,559</b>	<b>235,416</b>

The accompanying notes are an integral part of these financial statements.

Technical Director acting as  
CEO

Andrius Dagys



7 August 2019

Chief Accountant

Dzintra Tamulienė



7 August 2019

## Income statement

		Notes	Group			
			For the period of three months ended 30 June 2019	For the period of three months ended 30 June 2018	For the period of six months ended 30 June 2019	For the period of six months ended 30 June 2018
I.	Revenue	16	10,929	11,924	25,965	27,566
II.	Expenses		(10,438)	(10,435)	(19,655)	(19,933)
II.1.	Cost of natural gas		(3,483)	(2,648)	(5,903)	(4,766)
II.2.	Depreciation and amortization		(2,574)	(3,199)	(5,015)	(6,345)
II.3.	Remuneration and related social security tax expenses		(2,495)	(2,194)	(4,910)	(4,223)
II.4.	Repair and technical maintenance expenses		(545)	1,223	(1,328)	(2,399)
II.5.	Taxes other than income tax		(459)	(441)	(912)	(881)
II.6.	Telecommunications and IT systems expenses		(211)	(198)	(419)	(343)
II.7.	Other expenses		(671)	(532)	(1,168)	(976)
III.	Operation profit (loss)		491	1,489	6,310	7,633
IV.	Financial activity		(81)	(82)	(183)	(158)
IV.1.	Income		5	6	8	14
IV.2.	Expense		(86)	(88)	(191)	(172)
V.	Profit (loss) before income tax		410	1,407	6,127	7,475
VI.	Income tax		(69)	(91)	(1,075)	(937)
VI.1.	Current period income tax		(33)	(117)	(1,024)	(601)
VI.2.	Deferred income tax		(36)	(26)	(51)	(336)
VII.	Net profit (loss)		341	1,316	5,052	6,538
Basic and diluted earnings (loss) per share (Eur)		15			0,04	0,04

The accompanying notes are an integral part of these financial statements.

Technical Director acting as  
CEO

Andrius Dagys



7 August 2019

Chief Accountant

Dzintra Tamulienė





7 August 2019

Statement of comprehensive income

		Group			
		For the period of three months ended 30 June 2019	For the period of three months ended 30 June 2018	For the period of six months ended 30 June 2019	For the period of six months ended 30 June 2018
I.	Net profit (loss)	341	1,316	5,052	6,538
II.	Total comprehensive income (loss)	341	1,316	5,052	6,538

The accompanying notes are an integral part of these financial statements.

Technical Director acting as CEO	Andrius Dagys		7 August 2019
Chief Accountant	Dzintra Tamulienė		7 August 2019

## Income statement

			Company			
		Notes	For the period of three months ended 30 June 2019	For the period of three months ended 30 June 2018	For the period of six months ended 30 June 2019	For the period of six months ended 30 June 2018
I.	Revenue	16	10,855	11,795	25,633	27,395
II.	Expenses		(10,303)	(10,346)	(19,406)	(19,790)
II.1.	Cost of natural gas		(3,483)	(2,648)	(5,903)	(4,766)
II.2.	Depreciation and amortization		(2,541)	(3,175)	(4,955)	(6,297)
II.3.	Remuneration and related social security tax expenses		(2,423)	(2,148)	(4,774)	(4,153)
II.4.	Repair and technical maintenance expenses		(545)	1,223	(1,328)	(2,399)
II.5.	Taxes other than income tax		(459)	(441)	(912)	(881)
II.6.	Telecommunications and IT systems expenses		(197)	(169)	(390)	(314)
II.7.	Other expenses		(655)	(542)	(1,144)	(980)
III.	Operation profit (loss)		1,552	1,449	6,227	7,605
IV.	Financial activity		(80)	(83)	(182)	(158)
IV.1.	Income		6	6	9	14
IV.2.	Expense		(86)	(89)	(191)	(172)
V.	Profit (loss) before income tax		472	1,366	6,045	7,447
VI.	Income tax		(69)	(91)	(1,075)	(937)
VI.1.	Current period income tax		(33)	(117)	(1,024)	(601)
VI.2.	Deferred income tax		(36)	(26)	(51)	(336)
VII.	Net profit (loss)		403	1,275	4,970	6,510
Basic and diluted earnings (loss) per share (Eur)					0,04	0,04

The accompanying notes are an integral part of these financial statements.

Technical Director acting as  
CEO

Andrius Dagys

7 August 2019

Chief Accountant

Dzintra Tamulienė

7 August 2019



Statement of comprehensive income

		Company			
		For the period of three months ended 30 June 2019	For the period of three months ended 30 June 2018	For the period of six months ended 30 June 2019	For the period of six months ended 30 June 2018
I.	Net profit (loss)	403	1,275	4,970	6,510
II.	Total comprehensive income (loss)	403	1,275	4,970	6,510

The accompanying notes are an integral part of these financial statements.

Technical Director acting as  
CEO

Andrius Dagys



7 August 2019

Chief Accountant

Dzintra Tamulienė





7 August 2019

## Statement of changes in equity

Group	Authorised share capital	Legal reserve	Other reserves	Retained earnings (deficit)	Total
<b>Balance as of</b>					
<b>31 December 2017</b>	<b>51,731</b>	<b>5,173</b>	<b>124,978</b>	<b>(10,199)</b>	<b>171,683</b>
Transfer from other reserves	-	-	(30,161)	30,161	-
Dividends declared				(20,300)	(20,300)
Total comprehensive income (loss)				6,200	6,200
<i>Net profit (loss) for the year</i>	-	-	-	6,200	6,200
<b>Balance as of</b>					
<b>30 June 2018</b>	<b>51,731</b>	<b>5,173</b>	<b>94,817</b>	<b>5,862</b>	<b>157,583</b>
<i>Impact of IFRS15 application</i>	-	-	-	1,467	1,467
Total comprehensive income (loss)	-	-	-	(27,808)	(27,808)
<i>Net profit (loss) for the year</i>	-	-	-	(27,808)	(27,808)
<b>Balance as of</b>					
<b>31 December 2018</b>	<b>51,731</b>	<b>5,173</b>	<b>94,817</b>	<b>(20,478)</b>	<b>131,243</b>
Transfer from other reserves			(25,352)	25,352	-
Dividends declared				(5,227)	(5,227)
Total comprehensive income (loss)	-	-	-	5,052	5,052
<i>Net profit (loss) for the year</i>	-	-	-	5,052	5,052
<b>Balance as of</b>					
<b>30 June 2019</b>	<b>51,731</b>	<b>5,173</b>	<b>69,465</b>	<b>4,699</b>	<b>131,068</b>

The accompanying notes are an integral part of these financial statements.

Technical Director acting as CEO	Andrius Dagys		7 August 2019
Chief Accountant	Dzintra Tamulienė		7 August 2019



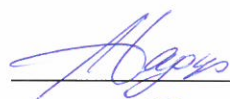
## Statement of changes in equity

Company	Authorised share capital	Legal reserve	Other reserves	Retained earnings (deficit)	Total
<b>Balance as of 31 December 2017</b>	<b>51,731</b>	<b>5,173</b>	<b>124,978</b>	<b>(9,681)</b>	<b>172,021</b>
Transfer from other reserves			<b>(30,161)</b>	<b>30,161</b>	-
Dividends declared				<b>(20,300)</b>	<b>(20,300)</b>
Total comprehensive income (loss)	-	-	-	6,510	6,510
<i>Net profit (loss) for the year</i>	-	-	-	6,510	6,510
<b>Balance as of 30 June 2018</b>	<b>51,731</b>	<b>5,173</b>	<b>124,978</b>	<b>(4,626)</b>	<b>177,256</b>
<i>Impact of IFRS15 application</i>	-	-	-	1,467	1,467
Total comprehensive income (loss)	-	-	-	(28,102)	(28,102)
<i>Net profit (loss) for the year</i>	-	-	-	(28,102)	(28,102)
<b>Balance as of 31 December 2018</b>	<b>51,731</b>	<b>5,173</b>	<b>94,817</b>	<b>(20,125)</b>	<b>131,596</b>
Transfer from other reserves			<b>(25,352)</b>	<b>25,352</b>	-
Dividends declared				<b>(5,227)</b>	<b>(5,227)</b>
Total comprehensive income (loss)	-	-	-	4,970	4,970
<i>Net profit (loss) for the year</i>	-	-	-	4,970	4,970
<b>Balance as of 30 June 2019</b>	<b>51,731</b>	<b>5,173</b>	<b>69,465</b>	<b>4,970</b>	<b>131,339</b>

The accompanying notes are an integral part of these financial statements.

Technical Director acting  
as CEO

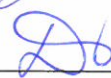
Andrius Dagys



7 August 2019

Chief Accountant

Dzintra Tamulienė



7 August 2019

## CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

AS OF 30 JUNE 2019

(all amounts are in euro thousand unless stated otherwise)

## Statement of cash flows

	Group		Company	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>I. Cash flows from (to) operating activities</b>				
I.1. Net profit (loss)	5,052	6,538	4,970	6,510
<b>Adjustments of non-cash items and other corrections:</b>				
I.2. Depreciation and amortisation	5,015	6,345	4,955	6,297
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	15	(12)	15	(12)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	(15)	(9)	(15)	(9)
I.5. Income tax expenses (income)	1,075	937	1,075	937
I.6. Interest (income)	(8)	(14)	(8)	(14)
I.7. Interest expenses	191	172	191	172
I.8. Amortisation of grants (deferred revenue)	775	(24)	775	(24)
I.9. Elimination of other non-cash items		-	-	-
	<b>12,100</b>	<b>13,933</b>	<b>11,958</b>	<b>13,857</b>
<b>Changes in working capital:</b>				
I.10. Decrease (increase) in inventories	810	161	810	161
I.11. Decrease (increase) in trade accounts receivable	1,161	553	1,308	3,302
I.12. Decrease (increase) in other accounts receivable and prepayments	846	1,665	1,013	1,831
I.13. Increase (decrease) in trade accounts payable	(9,866)	4,708	(1,639)	(307)
I.14. Increase (decrease) in other accounts payable and other current liabilities	831	(2,006)	710	(2,039)
I.15. Decrease (increase) in other financial assets	47	60	47	60
I.16. Income tax (paid)	(381)	(1,239)	(381)	(1,239)
<b>Total changes in working capital</b>	<b>(6,552)</b>	<b>3,902</b>	<b>1,868</b>	<b>1,769</b>
<b>Net cash flows from operating activities</b>	<b>5,548</b>	<b>17,835</b>	<b>13,826</b>	<b>15,626</b>
<b>II. Cash flows from (to) investing activities</b>				
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(10,321)	(11,399)	(10,312)	(11,399)
II.2. Proceeds from sales of property, plant and equipment	25	17	25	17
II.3. Grants received	1,553	4,636	1,553	4,636
II.4. Loans granted	-	-	150	(30)
II.5. Interest received	6	11	6	11
<b>Net cash flows (to) investing activities</b>	<b>(8,737)</b>	<b>(6,735)</b>	<b>(8,578)</b>	<b>(6,765)</b>

The accompanying notes are an integral part of these financial statements.  
(cont'd on the next page)

CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS



AS OF 30 JUNE 2019

(all amounts are in euro thousand unless stated otherwise)

Statements of cash flows (cont'd)

	Group		Company	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>III. Cash flows from (to) financing activities</b>				
III.1. Dividends (paid)	(5,225)	(20,286)	(5,225)	(20,286)
III.2. Proceeds from borrowings	10,000	11,309	10,000	11,339
III.3. (Repayments) of borrowings	(5,444)	(6,441)	(5,444)	(6,444)
III.4. The overdraft	(4,352)	-	(4,352)	-
III.5. Interest (paid)	(190)	(189)	(190)	(189)
III.6. The right-of-use assets	(74)	-	(69)	-
III.7. Other cash flows from (to) financial activities	8	4	8	3
<b>Net cash flows from (to) financing activities</b>	<b>(5,277)</b>	<b>(15,603)</b>	<b>(5,272)</b>	<b>(15,577)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>(8,466)</b>	<b>(4,503)</b>	<b>(24)</b>	<b>(6,716)</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>10,616</b>	<b>7,350</b>	<b>34</b>	<b>6,726</b>
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>2,150</b>	<b>2,847</b>	<b>10</b>	<b>10</b>

The accompanying notes are an integral part of these financial statements.

Technical Director acting as CEO	Andrius Dagys		7 August 2019
Chief Accountant	Dzintra Tamulienė		7 August 2019

## Notes to the Financial Statements

### 1 General information

The consolidated financial statements disclose the financial position and performance of the Company and its subsidiary UAB GET Baltic (hereinafter - GET Baltic).

AB Amber Grid (hereinafter referred to as the 'Company') was registered on 25 June 2013 after the spin-off from AB Lietuvos Dujos of the natural gas transmission activity with respective assets, rights and obligations attributed to the activity in question. The Company's operations date back to 1 August 2013.

On 10 April 2015, upon the obtaining of a positive decision from the European Commission, the NCC issued in respect of the Company an open-ended License No. L2-3 (GDP) for the engagement in the Transmission System Operator's activity within the territory of Lithuania.

The Company is engaged in the natural gas transmission system operator's activity and provides to system users, other operators, and gas market players the following services:

- transmission of natural gas in the territory of the Republic of Lithuania;
- balancing of natural gas flows in the transmission system;
- administration of the funds intended to compensate for the installation and fixed operating costs of the Liquefied Natural Gas Terminal, its infrastructure and connector and, as from 2016, for reasonable costs of the designated supplier for the supply of an obligatory quantity of liquefied natural gas.

On 30 June 2019, the Company had 104 contracts for natural gas transmission services with the users of natural gas transmission system (natural gas costumers, natural gas distribution system operators, natural gas supply companies that supply gas up to costumers systems). In addition, Company had entered into natural gas balancing agreements with 2 natural gas trade companies that trade natural gas, but do not use Company's transmission system infrastructure.

The Company's largest shareholder is UAB EPSO-G. UAB EPSO-G is 100-percent owned by the Republic of Lithuania and is managed by trust by the Ministry of Energy of the Republic of Lithuania. UAB EPSO-G is in charge of the management of the shareholdings of the electricity and gas transmission system operators of the Republic of Lithuania.

Since 1 August 2013, the Company's shares have been traded on a stock exchange; they are listed on the Baltic Secondary Trading List of NASDAQ OMX Vilnius Stock Exchange (ISIN code LT0000128696, instrument AMG1L).

As of 30 June 2019, the Company's shareholders were as follows:

	Number of shares owned	Ownership share (percent)
UAB EPSO-G (Company Code 302826889, A. Juozapavičiaus g. 13, Vilnius)	172,279,125	96.58
Other shareholders	6,103,389	3.42
	<b>178,382,514</b>	<b>100.00</b>

The Company's share capital amounts to EUR 51,730,929.06. It is divided into 178,382,514 ordinary registered shares with par value of EUR 0.29 each.

## 2 Accounting principles

Company	Company code	Registered address of the company	Stake of shares held as of 30 June 2019	Stake of shares held as of 31 December 2018
UAB GET Baltic	302861178	Geležinio Vilko 18 A, Vilnius	100 %	100 %

GET Baltic is a Joint Stock Company registered in the Republic of Lithuania. The Company was registered in the Register of Legal Entities on 13 September 2012. The Company is the sole shareholder of GET Baltic, which owns 100% of the authorized capital. On 30 June 2019 and in 2018 the authorized capital of GET Baltic was valued of EUR 580,450 and it consists of 3,055,000 ordinary registered shares with a nominal value of EUR 0.19.

GET Baltic is a licensed natural gas market operator with a status of Registered Reporting Mechanism status provided by the ACER. The Company administrates the electronic trading system for trading spot and forward natural gas products with physical delivery in the market areas located in Lithuania, Latvia, and Estonia. The Company also provides the following services to wholesale natural gas market participants:

- Providing REMIT data to the ACER;
- Providing inside information;
- Distribution of indirect natural gas transmission capacity at interconnection points between the Baltic States;
- organizing LNG auction;
- announcement of balancing marginal pricing.

On 30 June 2019 Get Baltic had 77 registered stock exchange participants.

On 30 June 2019 the average number of employees of the Group and the Company consisted 334 (as at 31 December 2018 – 343); on 30 June 2019 the Company consisted of 328 employees (as at 31 December 2018 - 339).

The financial statements present the figures in thousands of euros. The financial year of the Group and the Company coincides with the calendar year.

These condensed interim financial statements, including the 30 June 2019 statements of financial standing and profit (loss) accounts, statements of comprehensive income, cash flow statement and the statements of changes in equity have not been audited. The financial statements as of 31 December 2018 of the Company and Get Baltic have been audited and prepared in accordance with International Financial Reporting Standards (IFRS).

In previous periods, GET Baltic was not required to be consolidated in financial statements for insignificance according to national legislation, which complies with Seventh Council Directive.

Consolidated financial statement have been prepared from 1 January 2019, including retrospective reflection for previous periods. The financial statements as of 31 December 2018 of the Group also haven't been audited. For a better understanding of the information presented in these financial statements, these condensed financial statements should be read together with the annual financial statements of 2018 of the Company and Get Baltic. UAB Deloitte Lietuva carried out an audit of Annual Financial Statements for the year that ended on 31 December 2018. The Group's and the Company's condensed interim consolidated financial statements as of 30 June 2019 were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The Group and the Company have been following the same accounting principles as the ones that were followed in the preparation of financial statements for the year 2018.

The statements were prepared based on an acquisition cost, excluding tangible fixed assets, which were presented at revalued amount.

As of 2017, after the Group and the Company changed its accounting policy in accordance with the accounting principles of fixed assets of EPSO–G UAB group companies, assets are accounted at revalued amount deducting accumulated depreciation and impairment losses, whereas grants are accounted for by reducing the carrying amount of the related asset.



## 2 Accounting principles (cont'd)

The Group and Company applied IFRS 16 starting from 1 January 2019, on initial application of IFRS 16, the lease liability will be initially measured at the present value of the remaining lease payments, discounted using the lessee's additional borrowing rate at the date of initial application. The Group and the Company recognizes an asset that is controlled by the right to use with value that is equal to the lease liabilities.

The Company applies the IFRS 16 a modified retrospective method, which means that the comparative figures are not recalculated. The general impact of applying IFRS 16 is recognized in 1 January 2019, o GET Baltic applying since 2019 April 30.

The Group and the Company recognised depreciation of right-of-use assets and interest on lease liabilities in the profit (loss) statement; and separate the total amount of cash paid into a principal portion and interest, both presented in separate lines within financing activities in the statement of cash flows.

The only material operating lease agreement relates the Group and the Company to rent of premises and car parking spaces for the registered office of the Company. The Group and the Company holds an option to extend the lease term by up to 3 years. If extended for the full period of the option, the lease term the Company would be end in May 2024, or the GET Baltic end in April 2027. Management estimates that the Group and the Company will use this opportunity and therefore included the period covered by the option into the lease term when measuring the lease liability and right-of-use asset. Since of April 2019, the Company right-of-use assets decreased by EUR 30 thousand.

The summary of the financial impact on adopting IFRS 16 is presented in the table below:

	Group		Company	
	30 June 2019	1 January 2019	30 June 2019	1 January 2019
Right-of-use assets	826	715	651	715
Lease liability – current portion	154	106	134	106
Lease liability – non-current portion	681	618	526	618
Expected impact on profit (loss) statement:				
- Increase of depreciation	74	-	69	-
- Increase of interest expense	1	-	1	-

The Company also makes payments to municipalities for use of state-owned land, which hosts certain equipment of the Company. Generally, the Company obtains a right to use such land for 99 years with a possibility to extend the term. Amounts to be paid to the state treasury are calculated as a product of a) the cadastral value of land which can be reassessed by municipalities every 3 years, and b) tax rate determined by municipalities. Taking into account the right of municipalities to recalculate the rent, changing the specified amounts with a period of 3 years, the lease of land has features of variable payments that are not related to the intensity of use of the property. Also, these payments generally do not reflect the market rate for rent of similar land. The Company made total payments of EUR 25 thousand for use of approximately 200 plots of state-owned land in 2018, or during the first six months of 2019 total payments of EUR 6 thousand. The Company is currently evaluating whether these agreements are in scope of IFRS 16 or whether they are effectively a form of land tax.

## 3 Information by segments

The Group is engaged in natural gas transmission and the activities of a gas exchange operates, and operates as one segment. All non-current assets of the Group are located in Lithuania, where the Group carries out its activity.

During the first six months of 2019, the Group earned 70 percent of its revenue from Lithuanian system users (in 2018: 66 percent) and 30 percent of its revenue was received from the transit service, i.e. transportation of gas to adjacent transmission systems (in 2018: 34 percent) and 1 percent revenue from gas exchange transactions.



## CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

AS OF 30 JUNE 2019

(all amounts are in euro thousand unless stated otherwise)

**4 Property, plant and equipment and non-current intangible assets**

In the Group and the Company, long-term assets are accounted at revalued amount of assets, reducing the grants received for that asset. On 30 June 2019 – EUR 71,706 thousand (On 31 December 2018: EUR 69,283 thousand).

The amount of the depreciation of the grants in the income statement is reflected by deducting the depreciation costs of the related assets with the grant income. As of 30 June 2019, it stood at EUR 1,192 thousand (in 2018 – EUR 972 thousand).

Group	As of 30 June, 2019 incl. subsidised assets with	As of 30 June, 2019 excl. subsidised assets	As 31 Dec 2018 Incl. subsidised assets	AS 31 Dec 2018 excl. subsidised assets
<b>Property, plant and equipment /Non-current intangible assets</b>	<b>275,326</b>	<b>203,620</b>	<b>272,013</b>	<b>202,730</b>
Intangible assets	3,414	3,007	3,169	2,699
Property, plant and equipment	271,912	200,613	268,844	200,031
Land	125	125	125	125
Buildings	5,562	5,215	5,567	5,288
Plant and equipment	200,647	143,391	195,461	141,518
Machinery and equipment	45,055	39,073	45,313	39,922
Motor vehicles	883	883	952	952
Other	3,775	2,361	2,999	2,124
A right-of-use managed asset	826	826	-	-
Construction in progress	15,039	8,739	18,427	10,102
<b>Deferred revenue</b>	<b>71,706</b>	<b>-</b>	<b>69,283</b>	<b>-</b>

Company	As of 30 June, 2019 incl. subsidised assets with	As of 30 June, 2019 excl. subsidised assets	As 31 Dec 2018 Incl. subsidised assets	AS 31 Dec 2018 excl. subsidised assets
<b>Property, plant and equipment /Non-current intangible assets</b>	<b>274,752</b>	<b>201,790</b>	<b>271,570</b>	<b>202,287</b>
Intangible assets	3,023	2,616	2,729	2,259
Property, plant and equipment	271,729	200,430	268,844	200,028
Land	125	125	125	125
Buildings	5,562	5,215	5,567	5,288
Plant and equipment	200,647	143,391	195,461	141,518
Machinery and equipment	45,055	39,073	45,313	39,922
Motor vehicles	883	883	952	952
Other	3,767	2,353	2,999	2,121
A right-of-use managed asset	651	651	-	-
Construction in progress	15,039	8,739	18,427	10,102
<b>Deferred revenue</b>	<b>71,706</b>	<b>-</b>	<b>69,283</b>	<b>-</b>

## 5 Construction in progress

The largest objects of construction in progress of the Group and Company as of 30 June 2019 were as follows:

Object	Group	
	30 June 2019	31 December 2018
Implementation of the Gas Interconnection Poland-Lithuania (GIPL) Project in the territory of the Republic of Lithuania	4,031	4,019
Launch of monitoring devices and installation of receiving cameras	-	4,576
Reconstruction of Jonava and Alytus M/R Stations	-	991
Construction of a gas transmission pipeline link between Vilnius-Kaunas and Kaunas-Šakiai pipelines	551	551
Reconstruction of separate sections of Riga-Panevėžys-Vilnius gas transmission pipeline	3,119	-
Installation of remote gas process control system and gas metering system data collection system	197	-
Other	1,421	545
* Less: Impairment of construction in progress	(580)	(580)
	<b>8,739</b>	<b>10,102</b>

\* Impairment for the Project "Construction of interconnection between the gas transmission pipelines Vilnius-Kaunas and Kaunas-Šakiai (spatial planning and design services)" was made for the amount of EUR 551 thousand because the construction of the pipeline was postponed for later periods and there arose certain uncertainties regarding the resolution of its funding issues and its further development.

## 6. Trade receivables

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Non-current trade receivables</b>				
Other trade receivables	-	998	-	998
<b>Current trade receivables</b>				
Gas transmission services receivables	4,759	6,076	4,759	6,076
Other trade receivables	183	49	112	124
Less: allowance for the decrease in value of trade receivables	(71)	(87)	(71)	(87)
	<b>4,871</b>	<b>7,036</b>	<b>4,800</b>	<b>7,111</b>

At the end of 2018, Intergas UAB and Mažeikiai Oil Refinery (Orlen Lietuva, AB) signed a connection to the natural gas system agreement. From 1 of January 2019 after joining Orlen Lietuva AB and starting to distribute natural gas, in 2019 the amount of gas transported through the interconnection point of the Company and Intergas UAB, and the ordered capacity quantities has increased significantly, compared to the minimum parameters specified in the agreement.

Following these new circumstances, on 3 April 2019 Company and Intergas UAB concluded amendment to the agreement. In accordance with the terms of the amendment, the Company shall issue a credit invoice for the remaining part of the connection fee and return the received bank guarantee.

Short-term trade receivables were interest-free; their payment period ranged from 9 to 30 calendar days. In 2017, impairment of EUR 41 thousand was established in respect of "Geoterma" UAB, a producer of thermal energy. Whereas in December of 2018 "Geros dujos" UAB formed impairment of EUR 30 thousand.

CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

AS OF 30 JUNE 2019

(all amounts are in euro thousand unless stated otherwise)

**7. Other receivables**

	Group		Company	
	30 June 2018	31 December 2017	30 June 2019	31 December 2018
LNG terminal funds receivable (administered by the Company)	14,118	14,942	14,118	14,942
Grants receivable	4,992	1,715	4,992	1,715
Receivables accrued for natural gas transportation	-	493	-	493
Other receivables	86	114	73	261
	<b>19,196</b>	<b>17,264</b>	<b>19,183</b>	<b>17,411</b>

The LNG terminal funds receivable as at 30 June 2019 include the overdue amount of EUR 4.480 thousand of which total the overdue amount of AB "Achema's" was EUR 4,377 thousand, the overdue amount of UAB "Geros dujos" was EUR 19 thousand, and the overdue amount of UAB "Geoterma" was EUR 65 thousand, the overdue amount of "Pravieniškių pataisos namai" was EUR 16 thousand and the overdue UAB "Roalsa" was EUR 3 thousand. For more information about AB "Achema" see note 17 Commitments and Contingencies.

For the Company's Other Receivables, no impairment loss was formed

**8 Other financial assets**

As of 30 June 2019, the Group and Company's other financial assets consisted of cash collected from the additional natural gas supply security component to be included in the natural gas transmission price, referred to as the LNG terminal funds. These funds are received from the system users, kept in line with the requirements of legal acts in a separate bank account for the LNG terminal funds and designated for the payment to the recipients of the LNG terminal funds – i.e. the LNG terminal operator (Klaipėdos Nafta AB), the designated supplier (UAB „Lietuvos energijos tiekimas“), and Amber Grid AB – to cover the administration expenses of the LNG terminal funds. Based on the Resolution No O3E-479 of 31 December 2018 the new natural gas supply security component has been effect from 1 January 2019.

**9 Cash and cash equivalents**

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Cash at bank	2,150	10,616	10	34
	<b>2,150</b>	<b>10,616</b>	<b>10</b>	<b>34</b>

The Group and the Company keeps its cash in the accounts of those banks, which meet reliability requirements.

## CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

AS OF 30 JUNE 2019

(all amounts are in euro thousand unless stated otherwise)

## 10 Loans

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Long-term loans</b>				
Loans from credit institutions of Lithuania	30,000	31,444	30,000	31,444
Loan from international financial institutions	22,826	23,913	22,826	23,913
<b>Short-term loans</b>				
Loans from credit institutions of Lithuania	-	6,791	-	6,791
Short-term loan (EPSO-G UAB)	2,440	-	2,440	-
Current portion of long-term loans	25,063	17,976	25,063	17,976
	<b>80,329</b>	<b>80,124</b>	<b>80,329</b>	<b>80,124</b>

For the balancing of working capital on 27 February 2019 the Company and EPSO-G UAB entered into lending and borrowing via cash pool agreement. The agreement sets a maximum borrowing limit of EUR 15.000 thousand from EPSO-G UAB.

## 11. Income tax

In 2019, the standard corporate income tax rate applicable to the companies of the Republic of Lithuania was 15 per cent (in 2018: 15 per cent). The income tax expenses for the period comprise the current income tax and the deferred income tax.

In accordance with amendments to the Law on Corporate Income Tax, which provide for a possibility of taking advantage of the corporate income tax relief on investments in new technologies, as at 30 June 2019, the Company had calculated a corporate income tax relief amounting to EUR 51 thousand (as at 31 June 2018: EUR 1,653 thousand).

## 12. Trade payables

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Payables to suppliers under investment programme (new construction)	-	-	-	-
Payables to suppliers under investment programme (reconstruction and modernisation)	1,437	2,995	1,437	2,995
Payables to suppliers of goods and providers of services	1,074	1,422	586	1,119
Payables to providers of repairs services under non-current assets repairs programme	162	295	162	295
Payables to suppliers of natural gas	588	1,561	588	1,561
	<b>3,261</b>	<b>6,273</b>	<b>2,773</b>	<b>5,970</b>

As at 30 June 2019, the trade payables were interest-free and the payment terms of the largest share of them ranged from 30 to 60 days.

**13. Received advanced payments**

Advance payments received by the Company is payments received from the EU for investment projects. GET Baltic advance payments paid by the participants of Exchange are accounted for as prepayments received from the exchange participants and are used on the settlement date, unless a request is made from the participants not to use the advance paid for reduction of the amount due for gas and exchange services. An unused advance or part thereof remains with the other participant's settlements. If the participant does not use the advance for more than 1 year, it is returned back to him.

**14. Other payables and current liabilities**

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Payable LNG terminal funds administrated by the Company	13,290	12,310	13,290	12,311
Accrued LNG terminal funds subject to administration by the Company*	835	2,684	835	2,684
Real Estate Tax payable	-	429	-	429
Value Added Tax (VAT) payable	388	28	88	-
Other payables	343	479	326	454
	<b>14,856</b>	<b>15,930</b>	<b>14,839</b>	<b>15,878</b>

\*Accrued LNG terminal funds subject to administration by the Company are accounted when natural gas transmission system users are issued VAT invoices. Accrued funds subject to administration by the Company are included into the account of LNG terminal funds payable when AB "Klaipėdos Nafta" and UAB „Lietuvos energijos tiekimas“ issue a VAT invoice to the Company in respect of the security-of-supply-related extra tariff component added to the regular natural gas tariff.

**15. Earnings per share**

Basic earnings per share reflect the Group net profit divided by the weighted average number of shares. There are no diluting instruments, therefore basic and diluted earnings per share are equal. Calculations of the basic earnings per share are presented below:

	Group	
	30 June 2019	30 June 2018
Net profit (loss) attributable to the shareholders (EUR thousand)	5,052	5,222
Weighted average number of shares (thousand)	178,383	178,383
Earnings per share (EUR)	<b>0.04</b>	<b>0.04</b>

**16. Revenue**

	Group			
	For the period of three months ended 30 June 2019	For the period of three months ended 30 June 2018	For the period of six months ended 30 June 2019	For the period of six months ended 30 June 2018
Income from natural gas transmission in the territory of Lithuania	9,218	8,890	22,526	22,803
Income from balancing services in the transmission system	2,452	2,818	3,765	4,432
Grants recognised as income	26	13	50	24
Income from LNG terminal fund administration	19	11	37	22
Exchange trading income	123	119	317	158
Other income	(909)	73	(730)	127
	<b>10,929</b>	<b>11,924</b>	<b>25,965</b>	<b>27,566</b>

	Company			
	For the period of three months ended 30 June 2019	For the period of three months ended 30 June 2018	For the period of six months ended 30 June 2019	For the period of six months ended 30 June 2018
Income from natural gas transmission in the territory of Lithuania	9,218	8,891	22,526	22,803
Income from balancing services in the transmission system	2,452	2,818	3,765	4,432
Grants recognised as income	26	13	50	24
Income from LNG terminal fund administration	19	11	37	22
Other income	(860)	62	(745)	114
	<b>10,855</b>	<b>11,795</b>	<b>25,633</b>	<b>27,395</b>

**17 Commitments and contingencies****Legal disputes**

By the Ruling of 13 June 2019, the Court of Appeal of Lithuania upheld unchanged the court decision of 18 August 2018 whereby it dismissed the legal action of the plaintiff UAB Kauno termofikacinė elektrinė (Kaunas CHP plant) (hereinafter – KTE) by which it claimed recognition that the Company has no claim rights of EUR 133 thousand towards the plaintiff KTE for exceeding natural gas consumption capacity in 2017.

The Group and the Company have commenced two civil proceedings for the award of natural gas transmission price (hereinafter referred to as LNG Terminal Funds) from AB "Achema" and are currently in dispute regarding overdue payments. Both proceedings have been stayed pending until a procedural decision in a proceedings brought before the General Court of the European Union becomes effective.

The Company only acts as the LNG Terminal Funds Administrator and transfers LNG terminal funds to their recipients only when they collect from customers and therefore do not incur credit risk due to disputed amounts.



## CONDENSED CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

AS OF 30 JUNE 2019

(all amounts are in euro thousand unless stated otherwise)

## 18 Related party transactions

For the purpose of disclosure of related parties in accordance with the Article 37<sup>2</sup> of the Law on Companies of the Republic of Lithuania, the disclosures comprise transactions and their balances with EPSO-G UAB group companies, with the subsidiary Get Baltic, as well as associates, and all entities controlled by or under significant influence of the state (transactions with these entities are disclosed only if they are material), and management, as well as their close family members. A list of state-controlled or significantly affected companies is provided at: <https://vkc.sipa.lt/apie-imonas/vvi-sarasas/>.

The related parties of the Company, where one party has the opportunity to control another party or has significant influence over the other party in making financial and operating decisions on 30 June 2019 were the following:

- UAB GET Baltic (a subsidiary of AB Amber Grid);
- UAB EPSO-G (the parent company);
- LITGRID AB (a subsidiary of UAB EPSO-G);
- UAB Baltpool (a subsidiary of UAB EPSO-G);
- UAB Tetas (a subsidiary of AB LITGRID);
- UAB LITGRID Power Link Service (a subsidiary of AB LITGRID);
- UAB Duomenų Logistikos Centras (an associated company of AB LITGRID Group);
- Lit Pol Link Sp.z.o.o. (a joint venture co-owned by AB LITGRID and the Polish electricity network operator PSE S.A.);
- Lietuvos Energija UAB group;
- Ministry of Energy (incl. AB Klaipėdos Nafta);
- Other state-owned companies;
- The Management.

As of 30 June, 2019	Group			
	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB EPSO-G	29	-	-	5
Lietuvos Energija, UAB group of companies	13,543 <sup>2)</sup>	30,723 <sup>2)</sup>	5,739 <sup>2)</sup>	503 <sup>2)</sup>
Ministry of Energy (incl. AB Klaipėdos Nafta)	48,387 <sup>2)</sup>	1,199 <sup>2)</sup>	24 <sup>2)</sup>	3,807 <sup>2)</sup>
Other state-owned companies	77	118	136	43
	<b>62,036</b>	<b>32,040</b>	<b>5,899</b>	<b>4,358</b>
As of 30 June, 2018				
	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB EPSO-G	56	-	-	26
Lietuvos Energija UAB group of companies	13,835 <sup>2)</sup>	30,323 <sup>2)</sup>	5,617 <sup>2)</sup>	2,954 <sup>2)</sup>
Ministry of Energy (incl. AB Klaipėdos Nafta)	41,471 <sup>2)</sup>	4,159 <sup>2)</sup>	2,398 <sup>2)</sup>	14,581 <sup>2)</sup>
Other state-owned companies	19	385	232	4
	<b>55,381</b>	<b>34,867</b>	<b>8,247</b>	<b>17,565</b>
As of 30 June, 2019				
	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB GET Baltic	3,876 <sup>1)</sup>	54 <sup>1)</sup>	3	478
UAB EPSO-G	29	-	-	5
Lietuvos Energija, UAB group of companies	13,543 <sup>2)</sup>	30,723 <sup>2)</sup>	5,739 <sup>2)</sup>	503 <sup>2)</sup>
Ministry of Energy (incl. AB Klaipėdos Nafta)	28,702 <sup>2)</sup>	57 <sup>2)</sup>	23 <sup>2)</sup>	3,238 <sup>2)</sup>
Other state-owned companies	77	118	136	43
	<b>46,227</b>	<b>30,952</b>	<b>5,501</b>	<b>4,267</b>

## 18 Related party transactions (cont'd)

As of 30 June, 2018	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB GET Baltic	3,155 <sup>1)</sup>	10 <sup>1)</sup>	156	176
UAB EPSO-G	56	-	-	26
Lietuvos Energija UAB group of companies	13,835 <sup>2)</sup>	30,323 <sup>2)</sup>	5,617 <sup>2)</sup>	2,954 <sup>2)</sup>
Ministry of Energy (incl. AB Klaipėdos Nafta)	31,919 <sup>2)</sup>	53 <sup>2)</sup>	23 <sup>2)</sup>	9,268 <sup>2)</sup>
Other state-owned companies	19	385	232	4
	<b>48,984</b>	<b>30,771</b>	<b>6,028</b>	<b>12,428</b>

1) The Company is a participant of the Natural Gas Exchange operated by Get Baltic UAB and has a participation agreement. The agreement is on standard terms and the under the same terms and conditions as with the other participants. The amount represents the purchases and sales made through this Exchange.

2) LNG terminal funds included.

There have been none guaranties received to the revenue obtained and payable by the related parties. On 31 June 2019 the Company did not form and accounted the depreciation of value to the revenue received from the related parties.

## Benefits to the Management

	Group		Company	
	2019 m. 30 June	2018 m. 30 June	2019 m. 30 June	2018 m. 30 June
Earnings-related benefits	366	261	339	238
Benefits for Board Members	10	10	10	10
	<b>376</b>	<b>271</b>	<b>349</b>	<b>248</b>

The management of the Group and the Company includes the CEO and the Directors of Technical, Legal and Administrative, Commercial and Finance. No loans, guarantees or assets have been granted to the Management of the Group and the Company.

## 19 Subsequent events

On 10 July 2019 Company and LITGRID AB concluded an energy savings transfer agreement. Under the agreement the Company transfers gratuitous and LITGRID AB accepts a part of the energy savings (30 875.5 MWh) planned to be saved by the Company until the end of 2020. This transaction will not affect the Company's financial results.

The Extraordinary General Meeting of Shareholders of the Company held on 23 July 2019 made a decision extend the audit agreement with the audit company UAB Deloitte Lietuva and set the terms of payment for the audit services for 2019.

On July 25 2019 Company and Polish company Izostal S.A. signed an agreement for the purchase of the pipes for the construction of a cross-border gas interconnection between Poland and Lithuania (GIPL). The value of the contract is EUR 26.4 million. (excluding VAT). The Extraordinary General Meeting of Shareholders of the Company approved the decision to conclude the agreement in 23 July 2019.

As decided by the Board of Company on 6 August 2019, the Extraordinary General Meeting of Shareholders of Company will be convened regarding the approval Company Board decision on the conclusion of the agreement with Alvora UAB and Šiaulių dujotiekio statyba UAB consortium for the construction of gas interconnection between Poland and Lithuania (GIPL) and the approval of its essential terms.