

AB LIETUVOS GELEŽINKELIAI

ACTIVITIES REPORT OF THE RAILWAY TRANSPORT FOR 2019

AB LIETUVOS GELEŽINKELIAI

Company code 110053842, Mindaugo St. 12, Vilnius, Lithuania

Activities Report of the Railway Transport for 2019

(all amounts are in EUR thousand)

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General information

The 2019 Activities Report of the Railway Transport of AB Lietuvos Geležinkeliai have been prepared in implementation of the requirements Order No. 3-3 of 3 January 2012 of the Republic of Lithuania Minister of Transport and Communications on the Publication of Statements of Profit or Loss and Balance Sheets of Railway Transport Activities and Setting of the Method for Determining Expenses for Services Provided by the Public Railway Infrastructure Manager, with further amendments thereto.

In view of the EU regulatory framework for railway transport in 2019 a reform of AB Lietuvos Geležinkeliai operations and governance was finalised by establishing 3 new legal entities – AB LG Cargo, UAB LG Keleiviams and AB Lietuvos Geležinkelių Infrastruktūra – where to the relevant activities of freight transportation, passenger and luggage transportation and of the public railway infrastructure manager have been transferred respectively:

- On 28 December 2018, AB LG Cargo was registered in the Register of Legal Entities, and the business activities of the Freight Transportation Directorate of AB Lietuvos Geležinkeliai have been transferred to it since 1 May 2019;
- On 28 February 2019, UAB LG Keleiviams was registered in the Register of Legal Entities, and the business activities of the Passenger Transportation Directorate of AB Lietuvos Geležinkeliai have been transferred to it since 1 September 2019;
- On 1 July 2019, AB Lietuvos Geležinkelių Infrastruktūra was registered in the Register of Legal Entities, and the business activities of LG Railway Infrastructure Directorate have been transferred to it since 8 December 2019.

The audited financial statements for the period of 2019 of the newly established legal entities, which continue business operations of the three structural units (directorates) of the Company after their split-off are published on the website of AB Lietuvos Geležinkeliai at <https://www.litrail.lt/veiklos-rezultatai>.

Abbreviations and explanations:

Company – AB Lietuvos Geležinkeliai.

DK – Freight Transportation Directorate.

DL – Passenger Transportation Directorate.

DI – Railway Infrastructure Directorate.

Other divisions – Administration of the Company, Centre of Information technologies, Centre of Procurement Services, Centre of Assets Management Services.

Revenue from external sales – revenue from services provided by the Directorate of the Company / division to other economic entities and revenue from products intended for reselling.

Costs of the Directorate / division, except procurements from other directorates / divisions – depreciation of assets or a value hereof of the Directorate of the Company / division or assumption of obligations during the reporting period to provide services.

Revenue from sales to other directorates / divisions (internal revenue) – revenue of the Directorate of the Company / division from services provided to other Directorate of the Company / division.

Costs of procurements from other directorates / divisions (internal costs) – costs of the Directorate of the Company / division on the procurement of services from other Directorate of the Company / division.

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Statements of financial position of AB Lietuvos Geležinkeliai for the financial year ended 31 12 2019

	DL	DK	DI	Other divisions	In total
NON-CURRENT ASSETS					
Property, plant and equipment	-	-	-	47,913	47,913
Land	-	-	-	-	-
Buildings and structures	-	-	-	28,006	28,006
Machinery and plant	-	-	-	7,039	7,039
Vehicles	-	-	-	1,347	1,347
Other equipment, fittings and tools	-	-	-	8,512	8,512
Construction in progress and prepayments	-	-	-	3,009	3,009
Right-of-use assets	-	-	-	2,045	2,045
Intangible assets	-	-	-	2,261	2,261
Software	-	-	-	2,058	2,058
Licences and similar rights	-	-	-	203	203
Other intangible assets	-	-	-	-	-
Investment property	-	-	-	8,284	8,284
Financial assets	-	-	-	1,046,329	1,046,329
Investments	-	-	-	902,690	902,690
Loans to related and other companies	-	-	-	143,539	143,539
Trade and other receivables	-	-	-	100	100
Deferred income tax asset	-	-	-	1,476	1,476
Total non-current assets	-	-	-	1,108,308	1,108,308
CURRENT ASSETS					
Inventories	-	-	-	5,787	5,787
Loans to related and other companies	-	-	-	15,142	15,142
Trade and other receivables	-	-	-	38,064	38,064
Prepayments	-	-	-	1,169	1,169
Cash and cash equivalents	-	-	-	50,533	50,533
Total current assets	-	-	-	110,695	110,695
TOTAL ASSETS	-	-	-	1,219,003	1,219,003

AB Lietuvos Geležinkeliai statement of financial position as of 31 12 2019 reflects the Company's assets, equity and liabilities as at the end of 2019 in view of the transfer of all businesses (freight transportation, passenger and luggage transportation and railway infrastructure) to the newly established legal entities – AB LG Cargo, UAB LG Keleiviams, AB Lietuvos Geležinkelių Infrastruktūra.

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Statements of financial position (continued) of AB Lietuvos Geležinkeliai for the financial year ended 31 12 2019

	DL	DK	DI	Other divisions	In total
EQUITY					
Authorised share capital	-	-	-	1,059,282	1,059,282
Legal reserve	-	-	-	31,020	31,020
Other reserves	-	-	-	5,863	5,863
Retained earnings (losses)	-	-	-	39,339	39,339
Total equity	-	-	-	1,135,504	1,135,504
LIABILITIES					
Non-current liabilities					
Grants	-	-	-	725	725
Loans and borrowings	-	-	-	23,849	23,849
Lease liabilities	-	-	-	1,223	1,223
Employee benefits	-	-	-	1,102	1,102
Trade and other payables	-	-	-	-	-
Provisions	-	-	-	1,500	1,500
Deferred tax liabilities	-	-	-	-	-
Total non-current liabilities	-	-	-	28,399	28,399
Current liabilities					
Loans and borrowings	-	-	-	12,894	12,894
Loan interest	-	-	-	308	308
Lease liabilities	-	-	-	917	917
Corporate income tax liabilities	-	-	-	2,861	2,861
Employee benefits	-	-	-	6,064	6,064
Trade and other payables	-	-	-	30,172	30,172
Prepayments received	-	-	-	1,169	1,169
Provisions	-	-	-	715	715
Total current liabilities	-	-	-	55,100	55,100
Total liabilities	-	-	-	83,499	83,499
TOTAL EQUITY AND LIABILITIES	-	-	-	1,219,003	1,219,003
Net value of payables (receivables) of internal transactions					
Freight Transportation Directorate	-	-	-	-	-
Passenger Transportation Directorate	-	-	-	-	-
Railway Infrastructure Directorate	-	-	-	-	-
Other divisions	-	-	-	-	-
Total net value of payables (receivables) of internal transactions	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	-	-	-	1,219,003	1,219,003

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Balance of transfer of Freight Transportation business (at carrying values of AB Lietuvos Geležinkeliai 30 04 2019)

NON-CURRENT ASSETS	
Intangible assets	475
Software	464
Licences and similar rights	3
Other intangible assets	8
Property, plant and equipment	4,287
Land	-
Buildings and structures	592
Machinery and plant	1,562
Vehicles	1,447
Other equipment, fittings and tools	215
Construction in progress and prepayments	471
Investment property	-
Deferred income tax asset	-
Total non-current assets	4,762
CURRENT ASSETS	
Inventories	2,208
Non-current assets held-for-sale	5
Prepayments	122
Trade receivables	21,823
Amounts receivable from associated parties	220
Other receivables	424
Cash and cash equivalents funds of the Company	-
Total current assets	24,802
TOTAL ASSETS	29,564
NON-CURRENT LIABILITIES	
Grants	-
Loans and borrowings	-
Employee benefits	3,569
Deferred tax liabilities	-
Total non-current liabilities	3,569
CURRENT LIABILITIES	
Loans and borrowings	-
Lease liabilities	-
Prepayments received	3,906
Trade payables	424
Amounts payable to associated parties	483
Provisions	-
Corporate income tax liabilities	-
Employee benefits	5,692
Other amounts payables	1,894
Total current liabilities	12,399
Net assets	13,596
TOTAL LIABILITIES	29,564

As of 30 04 2019 the balance of business transferred by the Freight Transportation Directorate (DK) reflects the assignment of freight transportation business to AB LG Cargo in accordance with the reorganization policy chosen by the Company. The difference between the carrying values of assets and liabilities transferred during the reorganization, i.e. net assets, constituted EUR 13,596 thousand. The net assets were estimated at fair value amounting to EUR 30,410 thousand.

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Balance of transfer of Passenger Transportation business (at carrying values of AB Lietuvos Geležinkeliai 31 08 2019)

NON-CURRENT ASSETS	
Intangible assets	179
Software	159
Licences and similar rights	-
Other intangible assets	20
Development work	-
Property, plant and equipment	143,743
Land	-
Buildings and structures	2,998
Machinery and plant	572
Vehicles	139,592
Other equipment, fittings and tools	581
Construction in progress and prepayments	-
Investment property	735
Deferred income tax asset	674
Total non-current assets	145,331
CURRENT ASSETS	
Inventories	1,530
Non-current assets held-for-sale	180
Prepayments	72
Trade receivables	19
Amounts receivable from associated parties	84
Other receivables	37
Cash and cash equivalents funds of the Company	9
Total current assets	1,931
TOTAL ASSETS	147,262
NON-CURRENT LIABILITIES	
Grants	-
Loans and borrowings	-
Employee benefits	713
Deferred tax liabilities	-
Total non-current liabilities	713
CURRENT LIABILITIES	
Loans and borrowings	-
Lease liabilities	-
Prepayments received	35
Trade payables	561
Amounts payable to associated parties	1,389
Provisions	-
Corporate income tax liabilities	-
Employee benefits	1,827
Other amounts payables	109
Total current liabilities	3,921
Net assets	142,628
TOTAL LIABILITIES	147,262

As of 31 08 2019 the balance of business transferred by the Passenger Transportation Directorate (DL) reflects the assignment of passenger and luggage transportation business to AB LG Keleiviams in accordance with the reorganization policy chosen by the Company. The difference between the carrying values of assets and liabilities transferred during the reorganization, i.e. net assets, constituted EUR 142,628 thousand. The net assets were estimated at fair value amounting to EUR 156,087 thousand.

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Balance of transfer of Railway Infrastructure business (at carrying values of AB Lietuvos Geležinkeliai 07 12 2019)

NON-CURRENT ASSETS	
Property, plant and equipment	1,361,919
Land	150,869
Buildings and structures	836,023
Machinery and plant	131,008
Vehicles	12,631
Other equipment, fittings and tools	71,994
Construction in progress and prepayments	159,394
Right-of-use assets	20
Intangible assets	15,994
Software	15,897
Licences and similar rights	8
Other intangible assets	89
Investment property	571
Deferred income tax asset	-
Total non-current assets	1,378,504
CURRENT ASSETS	
Inventories	18,532
Trade receivables	4,794
Amounts receivable from associated parties	51,082
Other receivables	11,822
Prepayments	4,036
Cash and cash equivalents funds of the Company	223
Non-current assets held-for-sale	-
Total current assets	90,489
TOTAL ASSETS	1,468,993
NON-CURRENT LIABILITIES	
Loans and borrowings	129,792
Lease liabilities	14
Trade payables	2,682
Grants	554,666
Provisions	18,665
Deferred tax liabilities	17,322
Total non-current liabilities	723,141
CURRENT LIABILITIES	
Loans and borrowings	14,572
Lease liabilities	6
Corporate income tax liabilities	-
Employee benefits	5,898
Trade payables	8,063
Other amounts payables	5,628
Amounts payable to associated parties	9,430
Prepayments received	8,210
Contract liabilities	20,528
Provisions	-
Total current liabilities	72,335
Net assets	673,517
TOTAL LIABILITIES	1,468,993

As of 07 12 2019 the balance of business transferred by Railway Infrastructure Directorate (DI) reflects the assignment of railway infrastructure business to AB Lietuvos Geležinkelių Infrastruktūra in accordance with the reorganization policy chosen by the Company. The difference between the carrying values of assets and liabilities transferred during the reorganization, i.e. net assets, constituted EUR 673,517 thousand. The net assets were estimated at fair value amounting to EUR 654,778 thousand.

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Statements of profit or loss and other comprehensive income of AB Lietuvos Geležinkeliai for 2019

	DL	DK	DI	Other divisions	In total
Sales revenue	21,528	140,712	221,013	93,710	476,963
External sales revenue	21,009	140,402	141,076	55,383	357,870
including used public funds to compensate unearned income	1,655	-	-	-	1,655
Revenue from sales to other Directorates/divisions	519	310	79,937	38,327	119,093
Freight Transportation Directorate	100	-	71,665	5,705	77,470
Passenger Transportation Directorate	-	94	6,552	4,070	10,716
Railway Infrastructure Directorate	308	101	-	22,857	23,266
Other divisions	111	115	1,720	5,695	7,641
Cost of sales	(34,347)	(129,810)	(164,710)	(69,909)	(398,776)
Costs of the Directorate, except purchase from other divisions	(23,632)	(52,340)	(141,443)	(62,268)	(279,683)
including used public funds to compensate costs	1	20	1,006	8	1,035
Costs of purchase from other Directorates/divisions	(10,716)	(77,470)	(23,266)	(7,641)	(119,093)
Freight Transportation Directorate	(94)	-	(101)	(115)	(310)
Passenger Transportation Directorate	-	(100)	(308)	(111)	(519)
Railway Infrastructure Directorate	(6,552)	(71,665)	-	(1,720)	(79,937)
Other divisions	(4,070)	(5,705)	(22,857)	(5,695)	(38,327)
Gross profit (loss)	(12,819)	10,902	56,303	23,801	78,187
General and administrative expenses	(1,202)	(4,447)	(17,523)	(25,892)	(49,064)
Profit (loss) from operations	(14,021)	6,455	38,780	(2,091)	29,123
Other activities	19,763	3	270	124	20,160
Income from other activities	19,967	3	270	453	20,693
including used public funds to compensate costs	19,684	-	-	-	19,684
Expenses on other activities	(204)	-	-	(329)	(533)
Profit (loss)	5,742	6,458	39,050	(1,967)	49,283
Financial and investment activities	(78)	(310)	(2,028)	2,545	129
Income	48	54	(41)	3,275	3,336
Financial and investment income from external activity	25	52	(43)	3,275	3,309
Financial and investment income from sales to other Directorates/divisions	23	2	2	-	27
Freight Transportation Directorate	-	-	1	-	1
Passenger Transportation Directorate	-	-	1	-	1
Railway Infrastructure Directorate	23	2	-	-	25
Other divisions	-	-	-	-	-
Expenses	(126)	(364)	(1,987)	(730)	(3,207)
Financial and investment expenses from external activity	(125)	(363)	(1,962)	(730)	(3,180)
including used public funds to compensate expenses	-	-	-	-	-
Financial and investment expenses from procurements from other Directorates/divisions	(1)	(1)	(25)	-	(27)
Freight Transportation Directorate	-	-	(2)	-	(2)
Passenger Transportation Directorate	-	-	(23)	-	(23)
Railway Infrastructure Directorate	(1)	(1)	-	-	(2)
Other divisions	-	-	-	-	-
Share of profit of equity accounted investees	-	-	-	-	-
Profit (loss) before taxation	5,664	6,148	37,022	578	49,412
Corporate income tax	-	-	-	(10,073)	(10,073)
Net profit (loss)	5,664	6,148	37,022	(9,495)	39,339

The 2019 statement of profit or loss of AB Lietuvos Geležinkeliai reflects the Company's operating result of 2019 in view of the assignment of all businesses (freight transportation, passenger and luggage transportation and railway infrastructure) to the newly established legal entities. The result from freight transportation activities carried out by the Company until 30 04 2019 corresponds to the operating result of Freight Transportation Directorate (DK); the result from passenger and luggage transportation activities carried out by the Company until 31 08 2019 corresponds to the operating result of the Passenger Transportation Directorate (DL); railway infrastructure activities carried out by the Company until 07 12 2019 corresponds to the operating result of the Railway Infrastructure Directorate (DI).

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Profit distribution of AB Lietuvos Geležinkeliai by the Company Directorates/divisions for 2019

Items	DL	DK	DI	Other divisions	In total*
Retained earnings of the previous financial year at the end of the reporting period	-	-	-	-	-
Net profit (loss) of the 2019 reporting period	5,664	6,148	37,022	(9,495)	39,339
Profit (loss) of the reporting period not recognized in the Statement of profit or loss	-	-	-	-	-
Transfers from reserves	-	-	628	-	628
Shareholders' contributions to cover losses of the Company	-	-	-	-	-
Distributive profit (loss) in total:	5,664	6,148	37,650	(9,495)	39,967
Transferred to Other divisions (Company Administration)	(5,664)	(6,148)	(37,650)	49,462	-
Part of the profit allocated to the compulsory reserve	-	-	-	1,967	1,967
Part of the profit allocated for dividends payment	-	-	-	38,000	38,000
Retained earnings at the end of the reporting period	-	-	-	-	-

*Profit distribution of AB Lietuvos Geležinkeliai is regulated by Order No 3-549 of 16 September 2020 "On the approval of financial statements of AB Lietuvos Geležinkeliai for the year 2019, approval of consolidated financial statements of AB Lietuvos Geležinkeliai for the year 2019, distribution of profit (loss) of AB Lietuvos Geležinkeliai for the year 2019" of the Minister of Transport and Communications of the Republic of Lithuania.

The 2019 profit distribution of AB Lietuvos Geležinkeliai reflects the distribution of the Company's operating result of 2019 in view of the assignment of all businesses (freight transportation, passenger and luggage transportation and railway infrastructure) to the newly established legal entities. The result from freight transportation activities carried out by the Company until 30 04 2019 corresponds to the operating result of the Freight Transportation Directorate (DK); the result from passenger and luggage transportation activities carried out by the Company until 31 08 2019 corresponds to the operating result of the Passenger Transportation Directorate (DL); railway infrastructure activities carried out by the Company until 07 12 2019 corresponds to the operating result of the Railway Infrastructure Directorate (DI).