

AB LIETUVOS GELEŽINKELIAI

ACTIVITIES REPORT OF THE RAILWAY TRANSPORT FOR 2018

ABBREVIATIONS AND EXPLANATIONS:

Company – AB Lietuvos geležinkeliai;

EU – European Union;

DK - freight transportation directorate;

DL - passenger transportation directorate;

DI - railway infrastructure directorate;

MSP – minimal service package;

RSF – railway service facilities;

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.

AB LIETUVOS GELEŽINKELIAI
Statements of financial position of the Activities Report of the Railway Transport for 2018
(in euro, unless otherwise indicated)

Statements of financial position

| Comments | DL | DK | DI | Other divisions | In total |
|--|--------------------|--------------------|----------------------|--------------------|----------------------|
| Non-current assets | | | | | |
| Intangible assets | 2,751 | 466,704 | 16,204,528 | 4,315,357 | 20,989,340 |
| Development work | - | - | - | 878 | 878 |
| Software | 696 | 450,720 | 16,000,539 | 3,734,331 | 20,186,286 |
| Licenses and similar rights | 377 | 5,994 | 32,050 | 547,158 | 585,579 |
| Other intangible assets | 1,678 | 9,990 | 171,939 | 32,990 | 216,597 |
| Property, plant and equipment | 154,703,525 | 227,096,448 | 1,375,206,178 | 19,169,006 | 1,776,175,157 |
| Land | - | 16,600 | 146,769,282 | - | 146,785,882 |
| Buildings and constructions | 5,962,272 | 22,806,142 | 846,101,921 | 7,899,808 | 882,770,143 |
| Machinery and plant | 1,400,191 | 7,751,087 | 140,527,656 | 3,079,423 | 152,758,357 |
| Vehicles | 146,486,236 | 191,692,188 | 13,306,651 | 2,124,332 | 353,609,407 |
| Other equipment, fittings and tools | 844,677 | 3,556,790 | 78,130,511 | 5,933,160 | 88,465,138 |
| Construction in progress and advance payments | 10,149 | 1,273,641 | 150,370,157 | 132,283 | 151,786,230 |
| including assets acquired by public funds transferred to other divisions | 2.1. | - | - | - | - |
| Investment property | 817,891 | 6,089,155 | 623,468 | 59,844 | 7,590,358 |
| Financial assets | - | - | 3,397 | 76,438,354 | 76,441,751 |
| Investment into subsidiaries and associated companies | 2.2. | - | - | 76,338,354 | 76,338,354 |
| Trade and other receivables | - | - | 3,397 | 100,000 | 103,397 |
| Total non-current assets | 155,524,167 | 233,652,307 | 1,392,037,571 | 99,982,561 | 1,881,196,606 |
| Current assets | | | | | |
| Inventories | 739,160 | 2,128,536 | 21,891,854 | 8,679,980 | 33,439,530 |
| Non-current assets held-for-sale | 360,000 | 158,651 | 79,732 | 1 | 598,384 |
| Contract assets | 35,255 | 415,543 | - | - | 450,798 |
| Prepayments | 255,173 | 681,265 | 112,041 | 203,270 | 1,251,749 |
| Trade receivables | 49,659 | 19,912,818 | 177,100 | 1,871,172 | 22,010,749 |
| Amounts receivable from associated parties | 311,402 | 554,708 | 8,693,527 | 37,464 | 9,597,101 |
| Other receivables | 175,921 | 12,461 | 11,953,746 | 2,093,270 | 14,235,398 |
| Cash and cash equivalents funds of the Company | 106,866 | 114,354 | 7 | 54,375,431 | 54,596,658 |
| Cash and cash equivalents Public funds | 2.4. | - | - | 176,855 | 176,855 |
| Total current assets | 2,033,436 | 23,978,336 | 42,908,007 | 67,437,443 | 136,357,222 |
| TOTAL ASSETS | 157,557,603 | 257,630,643 | 1,434,945,578 | 167,420,004 | 2,017,553,828 |

Statements of financial position (continued)

| | Comments | DL | DK | DI | Other divisions | In total |
|---|----------|--------------------|--------------------|----------------------|------------------------|----------------------|
| EQUITY | | | | | | |
| Authorised share capital | 2.6. | - | - | - | 1,058,632,636 | 1,058,632,636 |
| Legal reserve | | - | - | - | 28,343,717 | 28,343,717 |
| Other reserves | | - | - | - | 6,783,708 | 6,783,708 |
| Retained earnings | | - | - | - | 44,754,683 | 44,754,683 |
| Total equity | | - | - | - | 1,138,514,744 | 1,138,514,744 |
| Non-current liabilities | | | | | | |
| Grants | 2.7. | - | 17,283 | 537,955,848 | 841,413 | 538,814,544 |
| Loans | | 6,210,700 | 30,531,724 | 144,363,800 | - | 181,106,224 |
| Contract liabilities | | - | - | 540,597 | - | 540,597 |
| Trade payables | | - | - | 1,880,485 | - | 1,880,485 |
| Provisions | | - | - | 14,400,000 | 1,500,000 | 15,900,000 |
| Employee benefits | | 617,961 | 2,962,789 | 3,760,298 | 1,176,438 | 8,517,486 |
| Deferred income tax liabilities | 2.3. | - | - | - | 5,346,956 | 5,346,956 |
| Total non-current liabilities | | 6,828,661 | 33,511,796 | 702,901,028 | 8,864,807 | 752,106,292 |
| Current liabilities | | | | | | |
| Loans | | 1,386,008 | 12,917,022 | 15,360,800 | - | 29,663,830 |
| Contract liabilities | | 37,870 | 4,326,995 | 246,782 | 139,287 | 4,750,934 |
| Prepayments received | | - | - | 11,740,777 | - | 11,740,777 |
| Trade payables | | 57,495 | 1,271,139 | 6,991,574 | 7,106,904 | 15,427,112 |
| Amounts payable to associated parties | | 1,991,528 | 7,365,596 | 9,858,764 | 1,069,388 | 20,285,276 |
| Provisions | | - | - | - | 567,116 | 567,116 |
| Corporate income tax liabilities | | - | - | - | 15,660,264 | 15,660,264 |
| Employee benefits | | 1,726,187 | 6,855,733 | 8,119,908 | 4,162,325 | 20,864,153 |
| Other amounts payable | | 340,139 | 2,824,010 | 754,589 | 4,054,592 | 7,973,330 |
| Total current liabilities | | 5,539,227 | 35,560,495 | 53,073,194 | 32,759,876 | 126,932,792 |
| Total liabilities | | 12,367,888 | 69,072,291 | 755,974,222 | 41,624,683 | 879,039,084 |
| TOTAL EQUITY AND LIABILITIES (without internal transactions) | | | | | | |
| | | 12,367,888 | 69,072,291 | 755,974,222 | 1,180,139,427 | 2,017,553,828 |
| Net value of payables (receivables) of internal transactions * | | | | | | |
| Freight Transportation Directorate | 2.5. | 65,531,679 | - | (254,090,031) | - | (188,558,352) |
| Passenger Transportation Directorate | | - | (65,531,679) | (79,658,036) | - | (145,189,715) |
| Railway Infrastructure Directorate | | 79,658,036 | 254,090,031 | - | (1,012,719,423) | (678,971,356) |
| Other divisions | | - | - | 1,012,719,423 | - | 1,012,719,423 |
| Total net value of payables (receivables) of internal transactions | | 145,189,715 | 188,558,352 | 678,971,356 | (1,012,719,423) | - |
| TOTAL EQUITY AND LIABILITIES | | | | | | |
| | | 157,557,603 | 257,630,643 | 1,434,945,578 | 167,420,004 | 2,017,553,828 |

* Net value of payables/receivables of internal transactions after deduction of mutual balances and tripartite off-setting.

AB LIETUVOS GELEŽINKELIAI
Statements of profit (loss) and other comprehensive income of the Activities Report of the Railway Transport for 2018
(in euro, unless otherwise indicated)

Statements of profit (loss) and other comprehensive income

| | Comments | DL | DK | DI | Other divisions | In total |
|--|----------|---------------------|----------------------|----------------------|---------------------|----------------------|
| Sales revenue | | 29,702,916 | 432,687,830 | 247,745,495 | 57,519,822 | 767,656,063 |
| External sales revenue | | 29,185,221 | 428,836,252 | 3,652,509 | 812,890 | 462,486,872 |
| including used public funds to compensate unearned income | 3.1. | 2,616,501 | - | - | - | 2,616,501 |
| Revenue from sales to other Directorates | 3.2. | 517,695 | 3,851,578 | 244,092,986 | 56,706,932 | 305,169,191 |
| Freight Transportation Directorate | | 163,614 | - | 232,128,330 | 18,444,561 | 250,736,505 |
| Passenger Transportation Directorate | | - | 2,971,565 | 9,939,024 | 3,617,889 | 16,528,478 |
| Railway Infrastructure Directorate | | 220,716 | 440,159 | - | 28,560,500 | 29,221,375 |
| Other divisions | | 133,365 | 439,854 | 2,025,632 | 6,083,982 | 8,682,833 |
| Cost of sales | | (48,999,794) | (414,817,018) | (170,486,652) | (36,529,949) | (670,833,413) |
| Costs of the Directorate, except purchase from other divisions | | (32,471,316) | (164,080,513) | (141,265,277) | (27,847,116) | (365,664,222) |
| including used public funds to compensate costs | 3.3. | 702 | 32,202 | 1,348,101 | 886,796 | 2,267,801 |
| Costs of purchase from other Directorates | 3.4. | (16,528,478) | (250,736,505) | (29,221,375) | (8,682,833) | (305,169,191) |
| Freight Transportation Directorate | | (2,971,565) | - | (440,159) | (439,854) | (3,851,578) |
| Passenger Transportation Directorate | | - | (163,614) | (220,716) | (133,365) | (517,695) |
| Railway Infrastructure Directorate | | (9,939,024) | (232,128,330) | - | (2,025,632) | (244,092,986) |
| Other divisions | | (3,617,889) | (18,444,561) | (28,560,500) | (6,083,982) | (56,706,932) |
| Gross profit (loss) | | (19,296,878) | 17,870,812 | 77,258,843 | 20,989,873 | 96,822,650 |
| General and administrative expenses | | (1,493,854) | (12,671,238) | (15,758,441) | (24,353,485) | (54,277,018) |
| Profit (loss) from operations | | (20,790,732) | 5,199,574 | 61,500,402 | (3,363,612) | 42,545,632 |
| Income from other activities | | 27,425,078 | 201,237 | 2,804,232 | 53,911 | 30,484,458 |
| including used public funds to compensate costs | 3.1. | 27,000,000 | - | - | - | 27,000,000 |
| Expenses on other activities | | (383,913) | (231,882) | (731,897) | (390,047) | (1,737,739) |
| Profit (loss) | | 6,250,433 | 5,168,929 | 63,572,737 | (3,699,748) | 71,292,351 |
| Financial and investment activities | | (27,790) | (1,372,086) | (2,624,380) | 525,893 | (3,498,363) |
| Income | | 187,618 | 87,772 | 20,134 | 249,208 | 544,732 |
| Financial and investment income from external activity | | 16,469 | 70,364 | 12,306 | 249,208 | 348,347 |
| Financial and investment income from sales to other divisions | 3.2. | 171,149 | 17,408 | 7,828 | - | 196,385 |
| Freight Transportation Directorate | | - | - | 7,572 | - | 7,572 |
| Passenger Transportation Directorate | | - | - | 256 | - | 256 |
| Railway Infrastructure Directorate | | 171,149 | 17,408 | - | - | 188,557 |
| Other divisions | | - | - | - | - | - |
| Expenses | | (215,408) | (1,459,858) | (2,644,514) | 276,685 | (4,043,095) |
| Financial and investment expenses from external activity | | (215,152) | (1,452,286) | (2,455,957) | 276,685 | (3,846,710) |
| including used public funds to compensate expenses | | - | - | - | - | - |
| Financial and investment expenses from procurements from other divisions | 3.4. | (256) | (7,572) | (188,557) | - | (196,385) |
| Freight Transportation Directorate | | - | - | (17,408) | - | (17,408) |
| Passenger Transportation Directorate | | - | - | (171,149) | - | (171,149) |
| Railway Infrastructure Directorate | | (256) | (7,572) | - | - | (7,828) |
| Other divisions | | - | - | - | - | - |
| Part of the results of associated companies | | - | - | - | - | - |
| Profit (loss) before tax | | 6,222,643 | 3,796,843 | 60,948,357 | (3,173,855) | 67,793,988 |
| Profit tax | 3.5. | - | - | - | (14,274,797) | (14,274,797) |
| Net Profit (loss) | | 6,222,643 | 3,796,843 | 60,948,357 | (17,448,652) | 53,519,191 |

Explanatory Note to the Activities Report of the Railway Transport

1. General information

The activity reports of the Railway transport for 2018 of AB Lietuvos geležinkeliai have been prepared in order to implement the requirements of Article 4¹ and chapter 2 of Article 23 of the Code of Railway Transport of the Republic of Lithuania No IX-2152, as well as the requirements of the Order No 3-225 of 15 April 2013 of the Minister of Transport and Communications of the Republic of Lithuania On amendments of the Order No 3-3 of 3 January 2012 of the Minister of Transport and Communications of the Republic of Lithuania "On announcement of statements of profit (loss) and other comprehensive income and statements of financial position of separate activities of public railway infrastructure operator and railway companies (carriers)" and the Order No 3-40-(E) of 4 February 2014 of the Minister of Transport and Communications of the Republic of Lithuania On amendments of the Order No 3-3 of 3 January 2012 of the Minister of Transport and Communications of the Republic of Lithuania "On requirements for railway transport activities accounting and preparation of activities reports and announcement of the reports".

In order to ensure the compliance with the requirements of the aforementioned legal acts for the separation of railway transport activities accounting of AB Lietuvos geležinkeliai (hereinafter the Company) separate activities reports for each Directorate of the Company – the Freight Transportation Directorate, the Passenger Transportation Directorate and the Railway Infrastructure Directorate – are formed, and separate statements of profit (loss) and other comprehensive income and statements of financial position are drawn up. Besides, accounting of other divisions of the Company, i.e., Company administration, Information Technology Centre, Centre of Procurement Services, Centre of Assets management Services is also managed separately. In the package of the activities report of the Company, the financial data of the activities of these divisions are consolidated into a single statement of profit (loss) and other comprehensive income and statement of financial position.

In terms of business management the Directorates / divisions of the Company operate as independent economic entities. Each Directorate / division manages and accounts on its statement of financial position the assets used for its activities, the liabilities related to the division's activity and subsidies / grants (including public funds) received by the Directorate / division, accounts income for the services of the Directorate / division and expenses incurred of the provision of those services.

For the purposes of separating the accounting of activities of the Company, internal transactions between the Directorates / divisions (as well as between divisions of the Directorates and other structural units of the Company, i.e., the Company Administration, Information Technology Centre, Centre of Procurement Services, Centre of Assets Management Services and Rail Baltica project Directorate / division). It means that Directorates / divisions of the Company operate as separate economic entities both in relations with other individual and legal persons (customers, suppliers, etc.) and in relations with other Directorates / divisions of the Company. The Directorates / divisions of the Company sell their services to other Directorates / divisions of the Company and purchase services from them (i.e., sell / purchase of *internal services*). Sales revenue from *internal services* (or purchase expenses) are accounted in the same manner as sales income from *external services* (or purchase expenses).

Determination of the rate for *Internal services* depends on the type of the *Internal services* (revenue and expenses from grouped internal services are provided in Tables No 3.2 and 3.4 of the Explanatory Note) and complies with the requirements set forth for the internal transactions in the Order No 3-225 of 15 April 2013 of the Minister of Transport and Communications of the Republic of Lithuania On amendments of the Order No 3-3 of 3 January 2012 of the Minister of Transport and Communications of the Republic of Lithuania "On announcement of statements of profit (loss) and other comprehensive income and statements of financial position of separate activities of public railway infrastructure operator and railway companies (carriers)".

Below are presented explanations to the separate items of the Company activities' statements of financial position and statements of profit (loss) and other comprehensive income.

2. Explanation of the items of Financial Statement Report

2.1. Assets acquired by public funds transferred to / received from other directorates / divisions

By internal transactions the Directorates / divisions of the Company may transfer to each other property, plant and equipment and /or intangible assets. The item of the balance sheet "Assets acquired from public funds and transferred to / received from other Directorates / divisions" discloses information on the transfer / receipt of assets acquired from public funds.

In 2018, the Directorates / divisions of the Company did not transfer such assets to each other.

2.2. Investment into subsidiaries and associated companies

As a shareholder / partner in the subsidiaries and associated companies, the Company operates as a single legal entity. The rights of the shareholder / partner are implemented by the Company Administration. Orders of the Chief Executive Officer are held equal to decisions of general meetings of shareholders of the subsidiaries and other associated companies, therefore investments into subsidiaries and associated companies are assigned to the Company Administration and are not distributed to other Directorates / divisions.

2.3. Deferred corporate income tax assets, liabilities

The Company accounts deferred income tax assets, liabilities in the Company Administration because the Company accounts and pays corporate income tax as a single legal entity.

2.4. Public funds

A separate bank account is opened for the receipt of public funds for each project thus ensuring that no other funds, except for those intended for the project, are transferred to it.

The balance of public funds at the end of a year shows the public funds that were received but not used by the end of the year as well as accrued interest on these accounts.

On exceptional occasions, when several Directorates / divisions of the Company participate in projects financed from public funds (for instance, Internal Safety Fund programme), a single special account of the Company is opened for the receipt of public funds for each project, the balances of the funds available on which are accounted on the statement of financial position of the Company Administration before their distribution to the Directorates / divisions.

The amount of EUR 176,855 on the statement of financial position for 2018 are funds received from the EU funds not distributed by the end of the year. Funds received from the EU funds not distributed by the end of the year 2017 amounted to EUR 59,371.

2.5. Net value of payables / receivables of internal transactions

The items "Receivables of internal transactions" and "Payables of internal transactions" reflect the balances of accumulated accounts receivable and accounts payable between the company divisions, which are formed in the course of executing economic and financial transactions between the Directorates / divisions of the Company. The following are examples of transactions between the Directorates / divisions:

- registration of internal services (as described in noted 3.2., 3.4.), which the Directorates / divisions render to each other;
- assignment of assets from one Directorate / division to another (e.g., to minimise reserve balance in the Company, the Directorate / division which is short of reserves first of all searches for possibilities to use for own needs the reserves accumulated in other Directorates / divisions rather than purchasing from external suppliers; accordingly, the Directorate / division which has sufficient amount of reserves can transfer such reserves to another Directorate / division according to the value entered in the books). The assets are transferred from one Directorate / division to another according to the non-current asset balance value and current asset value entered in the books, i.e., the Directorates / divisions earn no profit and have no losses from such mutual transactions;
- transfer of funds (payments for services, transfer of funds borrowed in a centralised manner, transfer of funds to the Administration of the centralised payments, etc.);
- distribution of expenses incurred while purchasing services in a centralised manner to the Directorates / divisions (e.g., training services, telecommunication services, representation services procured in a centralised manner, taxes paid in a centralised manner; the services or taxes are paid by one Directorate / division, whereas the expenses are registered in the other Directorates / divisions where such expenses are incurred);
- distribution of centralised sales revenues to the Directorates / Divisions (e.g., when performing centralises sales of metal scrap, the income from which is transferred to the Directorates / Divisions that generated the corresponding quantity of metal scrap);
- settlement of accounts between the Directorates / divisions;
- settlement of accounts between the Directorates / divisions (accounts receivable and accounts payable formed between the Directorates / divisions are consolidated at the end of the month), etc.

Over 100 thousand transactions between the Directorates / divisions are registered in the Company in the course of one year.

Transaction between the Directorates / divisions are registered by making records in accounts of receivables / payables. For example, after the Directorates / divisions render each other services and document the fact with a work completion certificate, the Directorate / division which rendered services registers in the accounting internal revenues and amount receivable (accounts receivable), whereas the Directorate / division which received services registers costs and amount payable (accounts payable).

Turnover of payables / receivables of internal transactions.

| | DK | DL | DI | Other divisions | In total |
|--|------------|--------------|-------------|-----------------|-------------|
| Receivables from DK (payables to DK) | | | | | |
| Balance on the beginning of the reporting period 31/12/2017 | - | (62,705,881) | 254,197,364 | - | 191,491,483 |
| Receivables accumulated during 2018 | - | (2,825,798) | (107,333) | - | (2,933,131) |
| Balance on the end of the reporting period 31/12/2018 | - | (65,531,679) | 254,090,031 | - | 188,558,352 |
| Receivables from DL (payables to DL) | | | | | |
| Balance on the beginning of the reporting period 31/12/2017 | 62,705,881 | - | 85,769,086 | - | 148,474,967 |
| Receivables accumulated during 2018 | 2,825,798 | - | (6,111,050) | - | (3,285,252) |
| Balance on the end of the reporting period 31/12/2018 | 65,531,679 | - | 79,658,036 | - | 145,189,715 |

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| Receivables from DI (payables to DI) | | | | | |
|--|---------------|---------------|-----------------|---------------|-----------------|
| Balance on the beginning of the reporting period 31/12/2017 | (254,197,364) | (85,769,086) | - | 997,768,409 | 657,801,959 |
| Receivables accumulated during 2018 | 107,333 | 6,111,050 | - | 14,951,014 | 21,169,397 |
| Balance on the end of the reporting period 31/12/2018 | (254,090,031) | (79,658,036) | - | 1,012,719,423 | 678,971,356 |
| Receivables from the other divisions (payables to the other divisions) | | | | | |
| Balance on the beginning of the reporting period 31/12/2017 | - | - | (997,768,409) | - | (997,768,409) |
| Receivables accumulated during 2018 | - | - | (14,951,014) | - | (14,951,014) |
| Balance on the end of the reporting period 31/12/2018 | - | - | (1,012,719,423) | - | (1,012,719,423) |
| Amounts of payables / receivables of internal transaction in total on 31/12/2018 | (188,558,352) | (145,189,715) | (678,971,356) | 1,012,719,423 | - |

Note. In the Table receivables are specified with no brackets, while payables are specified in brackets.

None of assets acquired by public funds was transferred to / received from other directorates / divisions.

Since the Company's equity is registered in the Company Administration balance (note 2.6.), in the past after the first preparation of activity reports a debt to the Company Administration was registered in the accounting while forming the assets of the Directorates / divisions; accordingly, these amounts are reflected in the balance of receivables of the Company Administration and in the balance of payables of the Directorates / divisions to the Company Administration.

2.6. Shareholders' equity

2.6.1. Equity and reserves

Since the Company is registered as a single legal entity, which has its own authorised capital, the Company shows the available equity and reserves in the scale of the whole Company and assigns them to the Company Administration. All movements of the equity and reserves are also shown in the accounts of the Company Administration.

2.6.2. Retained profit (loss)

Pursuant to the legal acts of the Republic of Lithuania, the general meeting of shareholders of the Company approves the distribution of the profit (loss), which is shown on the balance sheet of the Company Administration.

2.7. Grants

| | DK | DL | DI | Other divisions | In total |
|---|----------|--------------|--------------|-----------------|--------------|
| Balance on 31/12/2017 | 18,082 | - | 519,868,919 | 980,577 | 520,867,578 |
| Funds received/receivable during 2018 | 32,202 | 29,852,859 | 34,680,883 | 1,536,992 | 66,102,936 |
| Including funds for the part of partner assets | - | - | 1,162,760 | - | 1,162,760 |
| Repaid / transferred / written off during 2018 | - | - | (7) | - | (7) |
| Public funds used for the compensation of non-received income during 2018 | - | (2,616,501) | - | - | (2,616,501) |
| VAT paid on non-received income compensation during 2018 | - | (235,656) | - | - | (235,656) |
| Used (+) and unused (-) funds allocated to the Directorates / divisions within 2018 | - | - | 5,407 | (5,407) | - |
| Used for the compensation of expenses during 2018 | - | (27,000,000) | - | - | (27,000,000) |
| Used for reducing expenses of non-current assets depreciation during 2018 | (799) | - | (15,166,045) | (133,757) | (15,300,601) |
| VAT paid on expenses compensation during 2018 | - | - | (85,208) | - | (85,208) |
| Used for reducing other expenses during 2018 | (32,202) | (702) | (1,348,101) | (886,796) | (2,267,801) |
| Increased share capital during 2018 | - | - | - | (650,196) | (650,196) |
| Balance on 31/12/2018 | 17,283 | - | 537,955,848 | 841,413 | 538,814,544 |

Major part of grants is directly related to funding of investment programmes, grants and assets received under the trust agreement to be used for minimisation of depreciation expenses and compensation of other expenses.

Public funds received in 2018

Hereinunder we provide main public funds received in 2018 for the following purposes:

- a) State budget funds allocated to the Company in accordance with 16 May 2018 Agreement No SK-132 and its amendments (hereinafter Agreement) between the Ministry of Transport and Communications of the Republic of Lithuania and AB Lietuvos geležinkeliai regarding the use of the State Budget funds for the program "Assurance of rail transportation provision" by the Company. Under this Agreement, the Company has committed itself to fulfill the objectives of the Program "Assurance of rail transportation provision" described in the Strategic Action Plan of the Minister of Transport and Communications of the Republic of Lithuania for the years 2018-2020 approved by 7 February 2018 Order No 3-54 of the Minister of Transport and Communications of the Republic of Lithuania;
- b) State budget funds allocated to the Company for the implementation the Strategic Action Plan in the fields of 2018-2020 of the Ministry of Transport and Communications of the Republic of Lithuania in accordance with 7 February 2018 Order No 3-54 assuring Transport and Communications Policy Implementation Program "Ensure Joint Lithuanian, Latvian and Estonian operations in implementation of project "Rail Baltica 2" in accordance with 19 December 2018 Order No 1F-130 between the Ministry of Transport and Communications of the Republic of Lithuania and AB Lietuvos geležinkeliai;
- c) The funds of the Internal Security Fund are allocated in accordance with 21 April 2016 Support Agreement No 2016 / 4-17-6 / 1S-60 / SK-148 regarding allocating part of the Internal Security Fund the "Activity Support for the Special Transit Scheme" to additionally allocate financial aid to the 2016-2018 Project No LT / 2015 / VSF / 4.6.1.14 to compensate operating costs of AB Lietuvos Geležinkeliai;
- d) Funds of the State Budget and the European Infrastructure Network (EIN) Fund are allocated to the Company in accordance with:
- i. 13 November 2015 Grant Agreement No INEA/CEF/TRAN/M2014/1046150 signed by Agency of Innovation and Networking Programs Implementation and the Ministry of Transport and Communications of the Republic of Lithuania regarding the Action No 2014-LT-TMC-0109-M "*Development of the missing links of the Rail Baltica European gauge railway line from the Polish-Lithuanian border to Kaunas and the readiness to install the European gauge railway line from Kaunas to the Lithuanian-Latvian border*" and 6 October 2016 Implementation Agreement No SK-354 / EITP-1 on the development of the missing gateway connections between the Polish-Lithuanian border to Kaunas and the European gauge railway line from Kaunas to the Lithuanian-Latvian state boarder financed by the European Infrastructure Network (EIN) Fund under the Rail Baltica project signed between AB Lietuvos geležinkeliai and Transport Investment Directorate;
 - ii. 15 November 2016 Grant Agreement No INEA / CEF / TRAN / M2015 / 1129482 signed between Agency of Innovation and Networking Programs Implementation and Coordinator RB Rail AS "*European Infrastructure Network (EIN).Transport Network*" and under 6 October 2017 Implementation Agreement No SK-170 / EITP-2 between AB Lietuvos geležinkeliai and the Transport Investment Directorate regarding the transport infrastructure project No 2015-EU-TM-0347-M financed by the European Infrastructure Network (EIN) Fund "*Standard (1435 MM) railway line on the Rail Baltica / Rail Baltica corridor (RB) via Estonia, Latvia and Lithuania (Part II)*";
- e) To carry out the project "Construction of the second road section in Telšiai - Lieplauké" based on 29 January 2015 signed Joint Arrangement Agreement No SP-17 with the Telšiai District Municipality Administration (Amendment No SP-778 as of 28 December 2018); 29 January 2015 signed Joint Arrangement Agreement No SP-18 (8 October 2018 Amendment No SP-564) between Lithuanian Road Administration Directorate under the Ministry of Transport and Communications, under which all partners have committed to collaborate for this project. Under the Joint Arrangement Agreement, the Company is an executive partner and accounts for the value of the partners' unfinished construction and funding received (grants received) during the implementation of the project. After the implementation of the project, the value of the grants received to finance the acquisition of assets and assets of the partners will have to be transferred to the partners in the manner prescribed by the legal acts. 5 October 2016 signed Contract No 1F-97 / SK-367 co-financing project No 06.1.1-TID-V-503-01-0002 "*Construction of the second road section in Telšiai-Lieplauké*" from the European Union Structural Funds;
- f) 25 April 2016 signed Agreement No 1F-47 / SK-155 regarding co-financed by the European Union Structural Funds project No 06.1.1-TID-V-503-01-0001 "Electrification of route Kena - N.Vilnia";
- g) 16 December 2016 signed Agreement No 1F-138 / SP-704 regarding co-financing by the European Union Structural Funds project No 06.1.1-TID-V-503-01-0003 "Construction of the IXB Corridor Pušynas-Paneriai Second Road Construction".

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| Seq. No. | Purpose of public funds | Total on 31 December 2018 | |
|---|---|---------------------------|-------------------|
| | | Received* | Used** |
| 1. Passenger transportation directorate | | | |
| 1.1. Compensation of loss and unearned income | | | |
| 1.1.1. | State budget funds | 29,852,157 | 29,852,157 |
| | total | 29,852,157 | 29,852,157 |
| 1.2. Compensation of expenses | | | |
| 1.2.1 | Funds from European Infrastructure Network (EIN) Fund | 702 | 702 |
| | total | 702 | 702 |
| | TOTAL (1): | 29,852,859 | 29,852,859 |
| 2. Railway infrastructure directorate | | | |
| 2.1. Compensation of expenses | | | |
| 2.1.1. | State budget funds | 942,316 | 942,316 |
| 2.1.2. | Funds from the Internal Safety Fund | 150,000 | 7,173 |
| 2.1.3. | Funds from European Infrastructure Network (EIN) Fund | 47,837 | 133,653 |
| | total | 1,140,153 | 1,083,142 |
| 2.2. Grants related to assets used for minimisation of depreciation expenses | | | |
| 2.2.1. | State budget funds | 4,052,336 | 240,658 |
| 2.2.2. | Funds from the EU Structural Funds | 22,800,293 | 12,173,160 |
| 2.2.3. | Funds from Trans-European Transport Network (TEN-T) Fund | - | 761,638 |
| 2.2.4. | Funds from European Infrastructure Network (EIN) Fund | 5,339,901 | 266,900 |
| 2.2.5. | Funds from European Regional Development Fund (ERDF) | - | 823,665 |
| 2.2.6. | Road maintenance and development funding program | - | 20,617 |
| 2.2.7. | Assets received free of charge | 2,595 | 1,226,425 |
| 2.2.8. | Other sources of funding | - | 3,149 |
| | total | 32,195,125 | 15,516,212 |
| 2.3. | Land plots provided by municipalities under the right of trust | 188,245 | - |
| | total | 188,245 | - |
| 2.4. Funding received for partners' part of assets | | | |
| 2.4.1. | Funds from the EU Structural Funds | 1,162,760 | - |
| | total | 1,162,760 | - |
| | TOTAL (2): | 34,686,283 | 16,599,354 |
| 3. Freight transportation directorate | | | |
| 3.1. Compensation of expenses | | | |
| 3.1.1. | Funds from European Infrastructure Network (EIN) Fund | 32,202 | 32,202 |
| | total | 32,202 | 32,202 |
| 3.2. Grants related to assets used for minimisation of depreciation expenses | | | |
| 3.2.1. | State budget funds | - | 28 |
| 3.2.2. | Funds from Trans-European Transport Network (TEN-T) Fund | - | 106 |
| 3.2.3. | Road maintenance and development funding program | - | 617 |
| 3.2.4. | Assets received free of charge | - | 48 |
| | total | - | 799 |
| | TOTAL (3): | 32,202 | 33,001 |
| 4. Administration and other divisions | | | |
| 4.1. Compensation of expenses | | | |
| 4.1.1. | Funds from European Infrastructure Network (EIN) Fund | 9,556 | 9,556 |
| 4.1.2. | State budget funds | 877,240 | 877,240 |
| | total | 886,796 | 886,796 |
| 4.2. Grants related to increased share capital | | | |
| 4.2.1. | State budget funds | 650,196 | 650,196 |
| | total | 650,196 | 650,196 |
| 4.3. Grants related to assets used for minimisation of depreciation expenses | | | |
| 4.3.1. | State budget funds | - | 19,601 |
| 4.3.2. | Funds from the EU Structural Funds | (2,805) | 3,434 |
| 4.3.3. | Funds from European Regional Development Fund (ERDF) | - | 110,348 |
| 4.3.4. | Assets received free of charge | (2,602) | 374 |
| | total | (5,407) | 133,757 |
| | TOTAL (4): | 1,531,585 | 1,670,749 |
| | In total (1+2+3+4) | 66,102,929 | 48,155,963 |

*Received under consideration of receivable grants, returns and transfers between the Directorates.

** Used under consideration of balances and VAT paid on expense compensation.

3. Explanation of Profit (loss) and other comprehensive income statement items

3.1. Used public funds to compensate loss and unearned income

The item Public funds used for the compensation of non-received income shows the funds received by the Company from the State budget and used for the compensation of non-received income in the course of carriage of passengers by local transportation routes under privileged conditions (as per the agreement described in note 2.7).

In the implementation of the provisions of the Law of the Republic of Lithuania on Transport Privileges, the Company carries by local transport routes those passengers who are entitled to acquire tickets with an 80 % and 50 % discount. The non-received income as a result of the grant of privileges under actually provided services is compensated from the State budget by providing assignments to the Company.

The State budget funds for compensation of loss for provision of passenger carriage services by the routes which are commercially unprofitable for the Company. The State budget funds were allocated to the Company under the Law of the Republic of Lithuania on Transport Privileges and the agreement No SK-132 signed between the Company and the Ministry of Transport and Communications of the Republic of Lithuania on 16 May 2018 on the use of state budget funds.

3.2. Revenue from sales to other Directorates

The item Revenue from sales to other Directorates shows the income received by the Directorates / divisions (by each Directorate / division) for the services provided to other Directorates / divisions. The table below presents detailed data on the income received by each Directorate / division from another Directorate / division broken down by the main groups of services.

| | DL | DK | DI | Other divisions | In total |
|--|-------------------|--------------------|-------------------|------------------|--------------------|
| Income of the Passenger Transportation Directorate for internal services: | - | 163,614 | 220,716 | 133,365 | 517,695 |
| Transportation of LG staff by local trains | - | 93,399 | 211,284 | 77,859 | 382,542 |
| Carriage of office correspondence | - | 35,133 | 7,541 | 11,634 | 54,308 |
| Electricity, gas, steam and water supply | - | 3,377 | - | 14,741 | 18,118 |
| Lease of passenger wagons | - | 25,579 | 1,891 | 6,484 | 33,954 |
| Other services | - | 6,126 | - | 22,647 | 28,773 |
| Income of the Freight Transportation Directorate for internal services: | 2,971,565 | - | 440,159 | 439,854 | 3,851,578 |
| Electricity, gas, steam and water supply | - | - | 3,676 | 60,441 | 64,117 |
| Technical maintenance and repair | 464,171 | - | 55 | - | 464,226 |
| Production carriages | 3,147 | - | 124,759 | 9,121 | 137,027 |
| Services of rolling stock and crews thereof | 2,320,747 | - | 172,679 | - | 2,493,426 |
| Other services | 183,500 | - | 138,990 | 370,292 | 692,782 |
| Income of the Railway Infrastructure Directorate for internal services: | 9,939,024 | 232,128,330 | - | 2,025,632 | 244,092,986 |
| Payment for MSP | 4,631,758 | 215,503,517 | - | - | 220,135,275 |
| Payment for the contact electrical network | 758,816 | 48,578 | - | - | 807,394 |
| Payment for use of RSF and other services | 3,192,930 | 15,079,058 | - | 5,772 | 18,277,760 |
| Commercial services of intermodal terminal | - | 12,083 | - | 414 | 12,497 |
| Technical maintenance and repair | 13,934 | 23,561 | - | 1,500 | 38,995 |
| Electricity, gas, steam, and water supply | 1,172,989 | 999,881 | - | 987,567 | 3,160,437 |
| Communication services | 12,562 | 79,694 | - | 78,441 | 170,697 |
| Use of non-current assets | 60,350 | 243,472 | - | 663,420 | 967,242 |
| Premise cleaning | 44,385 | 96,712 | - | 186,773 | 327,870 |
| Other services | 51,300 | 41,774 | - | 101,745 | 194,819 |
| Income of the other divisions for internal services: | 3,617,889 | 18,444,561 | 28,560,500 | - | 50,622,950 |
| Administration services | 1,882,034 | 8,013,093 | 8,442,421 | - | 18,337,548 |
| Information Technology Centre services | 958,486 | 2,691,477 | 15,590,068 | - | 19,240,031 |
| Centre of Asset Management services | 771,302 | 7,654,100 | 4,385,623 | - | 12,811,025 |
| Other services | 6,067 | 85,891 | 142,388 | - | 234,346 |
| total | 16,528,478 | 250,736,505 | 29,221,375 | 2,598,851 | 299,085,209 |
| Income from internal transactions between other divisions | - | - | - | 6,083,982 | 6,083,982 |
| Total, including internal transactions between other divisions | 16,528,478 | 250,736,505 | 29,221,375 | 8,682,833 | 305,169,191 |
| Income from financial and investment activities | | | | | |
| Income of the Passenger Transportation Directorate for internal services: | - | - | 256 | - | 256 |

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| | | | | | |
|--|----------------|---------------|--------------|---|----------------|
| Fines and compensation for delays and cancellations of passenger trains | - | - | 256 | - | 256 |
| Income of the Freight Transportation Directorate for internal services: | - | - | 7,572 | - | 7,572 |
| Fines and compensation for delays and cancellations of freight trains | - | - | 7,572 | - | 7,572 |
| Income of the Railway Infrastructure Directorate for internal services: | 171,149 | 17,408 | - | - | 188,557 |
| Fines and compensation for delays and cancellations of trains | 171,149 | 17,408 | - | - | 188,557 |
| Total internal income from financial and investment activities | 171,149 | 17,408 | 7,828 | - | 196,385 |

3.3. Public funds used for the compensation of expenses

The item Public funds used for the compensation of expenses of the cost of sales shows the public funds received by the Company from the State budget, the EU and other funds and used for the compensation of operating expenses incurred in the execution of the following:

obligations of the services for the public on terms and conditions commercially unfavourable for the Company, compensation of public assets registration charges, arrangement of railway protection areas plantations in the implementation of projects supported by the EU, TEN-T and other funds programmes and other projects (as per the agreements described in Note 2.7.).

In the implementation of the provisions of the laws of the Republic of Lithuania (the Law of the Republic of Lithuania on the Basics of Transport Activities, the Code of Railway Transport of the Republic of Lithuania), the Company carries passengers by local transportation routes on commercially unfavourable conditions. The expenses incurred by the Company in the course of the execution of loss-making activities are compensated from the State budget by providing assignments to the Company. The assignment of the funds of the State budget is regulated by the agreement concluded on an annual basis between the Ministry of Transport and Communications of the Republic of Lithuania as the manager of assignments, on the one part, and the Company as the implementing authority, on the other part.

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3.4. Costs of purchase from other Directorates / divisions

The item Costs of purchase from other Directorates shows the expenses of the Directorates / division (by each Directorate / division) incurred in the course of purchasing services from another Directorate / division. The table below presents detailed data on the expenses of each Directorate / division incurred in the course of purchasing services from another Directorate / division broken down by the main groups of services.

| | DL | DK | DI | Other divisions | In total |
|---|----------------|------------------|--------------------|-------------------|--------------------|
| Costs of the Passenger Transportation Directorate: | - | 2,971,565 | 9,939,024 | 3,617,889 | 16,528,478 |
| Payment for MSP | - | - | 4,631,758 | - | 4,631,758 |
| Payment for the contact electrical network | - | - | 758,816 | - | 758,816 |
| Payment for use of RSF and other services | - | - | 3,192,930 | - | 3,192,930 |
| Technical maintenance and repair | - | 464,171 | 13,934 | - | 478,105 |
| Production carriages | - | 3,147 | - | - | 3,147 |
| Services of rolling stock and crews thereof | - | 2,320,747 | - | - | 2,320,747 |
| Electricity, gas, steam, and water supply | - | - | 1,172,989 | - | 1,172,989 |
| Communication services | - | - | 12,562 | - | 12,562 |
| Use of non-current assets | - | - | 60,350 | - | 60,350 |
| Premise cleaning | - | - | 44,385 | - | 44,385 |
| Administration services | - | - | - | 1,882,034 | 1,882,034 |
| Information Technology Centre services | - | - | - | 958,486 | 958,486 |
| Centre of Asset Management services | - | - | - | 771,302 | 771,302 |
| Other services | - | 183,500 | 51,300 | 6,067 | 240,867 |
| Costs of the Freight Transportation Directorate: | 163,614 | - | 232,128,330 | 18,444,561 | 250,736,505 |
| Payment for MSP | - | - | 215,503,517 | - | 215,503,517 |
| Payment for the contact electrical network | - | - | 48,578 | - | 48,578 |
| Payment for use of RSF and other services | - | - | 15,079,058 | - | 15,079,058 |
| Commercial services of intermodal terminal | - | - | 12,083 | - | 12,083 |
| Technical maintenance and repair | - | - | 23,561 | - | 23,561 |
| Carriage of office correspondence | 35,133 | - | - | - | 35,133 |
| Electricity, gas, steam, and water supply | 3,377 | - | 999,881 | - | 1,003,258 |
| Transportation of LG staff by local trains | 93,399 | - | - | - | 93,399 |
| Lease of passenger wagons | 25,579 | - | - | - | 25,579 |
| Communication services | - | - | 79,694 | - | 79,694 |
| Use of non-current assets | - | - | 243,472 | - | 243,472 |
| Premise cleaning | - | - | 96,712 | - | 96,712 |
| Administration services | - | - | - | 8,013,093 | 8,013,093 |
| Information Technology Centre services | - | - | - | 2,691,477 | 2,691,477 |
| Centre of Asset management services | - | - | - | 7,654,100 | 7,654,100 |
| Other services | 6,126 | - | 41,774 | 85,891 | 133,791 |
| Costs of the Railway Infrastructure Directorate: | 220,716 | 440,159 | - | 28,560,500 | 29,221,375 |
| Transportation of LG staff by local trains | 211,284 | - | - | - | 211,284 |
| Technical maintenance and repair | - | 55 | - | - | 55 |
| Production carriages | - | 124,759 | - | - | 124,759 |
| Services of rolling stock and crews thereof | - | 172,679 | - | - | 172,679 |
| Carriage of office correspondence | 7,541 | - | - | - | 7,541 |
| Electricity, gas, steam, and water supply | - | 3,676 | - | - | 3,676 |
| Lease of passenger wagons | 1,891 | - | - | - | 1,891 |
| Administration services | - | - | - | 8,442,421 | 8,442,421 |
| Information Technology Centre services | - | - | - | 15,590,068 | 15,590,068 |
| Centre of Asset Management services | - | - | - | 4,385,623 | 4,385,623 |
| Other services | - | 138,990 | - | 142,388 | 281,378 |
| Costs of other divisions: | 133,365 | 439,854 | 2,025,632 | - | 2,598,851 |
| Transportation of LG staff by local trains | 77,859 | - | - | - | 77,859 |
| Payment for use of RSF and other services | - | - | 5,772 | - | 5,772 |
| Commercial services of intermodal terminal | - | - | 414 | - | 414 |
| Technical maintenance and repair | - | - | 1,500 | - | 1,500 |
| Production carriages | - | 9,121 | - | - | 9,121 |
| Electricity, gas, steam, and water supply | 14,741 | 60,441 | 987,567 | - | 1,062,749 |
| Lease of passenger wagons | 6,484 | - | - | - | 6,484 |
| Communication services | - | - | 78,441 | - | 78,441 |
| Use of non-current assets | - | - | 663,420 | - | 663,420 |
| Premise cleaning | - | - | 186,773 | - | 186,773 |
| Carriage of office correspondence | 11,634 | - | - | - | 11,634 |
| Other services | 22,647 | 370,292 | 101,745 | - | 494,684 |
| total | 517,695 | 3,851,578 | 244,092,986 | 50,622,950 | 299,085,209 |
| Costs of internal transactions between other divisions | - | - | - | 6,083,982 | 6,083,982 |

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| | | | | | |
|---|----------------|------------------|--------------------|-------------------|--------------------|
| Total, including internal transactions between other divisions | 517,695 | 3,851,578 | 244,092,986 | 56,706,932 | 305,169,191 |
| Internal costs from financial and investment activities | | | | | |
| Costs of the Passenger Transportation Directorate for internal services: | - | - | 256 | - | 256 |
| Fines and compensation for delays and cancellations of trains | - | - | 256 | - | 256 |
| Costs of the Freight Transportation Directorate for internal services: | - | - | 7,572 | - | 7,572 |
| Fines and compensation for delays and cancellations of freight trains | - | - | 7,572 | - | 7,572 |
| Costs of the Railway Infrastructure Directorate for internal services: | 171,149 | 17,408 | - | - | 188,557 |
| Fines and compensation for delays and cancellations of freight trains | 171,149 | 17,408 | - | - | 188,557 |
| Total internal costs from financial and investment activities | 171,149 | 17,408 | 7,828 | - | 196,385 |

3.5. Corporate income tax

Corporate income tax is accounted at the Company Administration because the Company accounts and pays corporate income tax as a single legal entity.

4. Income and expenses and financial result of public passenger carriage services by rail

| | | Public passenger carriage services by rail | Commercial passenger carriage services by rail and other activities | In total |
|-----------|---|--|---|---------------------|
| 1. | Sales revenue | 14,325,088 | 15,377,828 | 29,702,916 |
| 1.1. | Sales to customers | 11,708,587 | 15,377,828 | 27,086,415 |
| 1.2. | Used public funds to compensate for unearned income | 2,616,501* | - | 2,616,501* |
| 2. | Cost of sales | (37,987,684) | (11,012,110) | (48,999,794) |
| 2.1.1. | Salaries and social security expenses | (8,448,783) | (1,395,095) | (9,843,878) |
| 2.1.2. | Materials for repairs and maintenance | (214,614) | (155,436) | (370,050) |
| 2.1.3. | Fuel | (2,810,600) | (1,025,167) | (3,835,767) |
| 2.1.4. | Depreciation | (9,265,939) | (2,673,247) | (11,939,186) |
| 2.1.5. | Repairs and maintenance works, carried by internal and external contractors and other costs | (3,160,031) | (415,439) | (3,575,470) |
| 2.1.6. | Payment for MSP and contact electrical network | (2,745,400) | (2,645,175) | (5,390,575) |
| 2.1.7. | Electricity for traction | (862,423) | (66,475) | (928,898) |
| 2.1.8. | Other internal costs (not included in items 2.1.6 - 2.1.7 of this table) | (10,479,894) | (2,636,076) | (13,115,970) |
| 3. | Operating expenses | (1,297,371) | (196,483) | (1,493,854) |
| 4. | Profit (loss) | (24,959,967) | 4,169,235 | (20,790,732) |
| 5. | Other activities | 27,000,000 | 41,165 | 27,041,165 |
| 5.1. | Income from other activities | 27,000,000** | 425,078 | 27,425,078 |
| 5.2. | Expenses on other activities | - | (383,913) | (383,913) |
| 6. | Financial and investment activities | (201,067) | 173,277 | (27,790) |
| 6.1. | Revenue from financial and investment activities | - | 187,618 | 187,618 |
| 6.2. | Costs of financial and investment activities | (201,067) | (14,341) | (215,408) |
| 7. | Profit (loss) before tax | 1,838,966 | 4,383,677 | 6,222,643 |

* The State budget funds allocated to the Company for compensation of non-received income for provision of socially necessary transport services to the society — carriage of passengers (pensioners, people with disabilities, students, etc.) entitled to purchase discounted tickets. The State budget funds were allocated to the Company under the Law of the Republic of Lithuania on Transport Privileges and the agreement No SK-132 signed between the Company and the Ministry of Transport and Communications of the Republic of Lithuania on 16 May 2018 on the use of state budget funds.

** The State budget funds for compensation of loss for provision of passenger carriage services by the routes which are commercially unprofitable for the Company. The State budget funds were allocated to the Company under the Law of the Republic of Lithuania on Transport Privileges and the agreement No SK-132 signed between the Company and the Ministry of Transport and Communications of the Republic of Lithuania on 16 May 2018 on the use of state budget funds.