



AB Amber Grid  
Savanorių pr. 28, LT-03116 Vilnius, Lithuania  
[www.ambergrid.lt](http://www.ambergrid.lt)

Phone +370 5 236 0855  
Fax +370 5 236 0850  
E-mail [info@ambergrid.lt](mailto:info@ambergrid.lt)

#### CONFIRMATION OF RESPONSIBLE PERSONS

20 August 2014 No *5-11*

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules for Drawing up and Submission of Periodic and Additional Information approved by Resolution No 03-48 of the Board of the Bank of Lithuania of 28 February 2013, we, Saulius Bilys, the General Manager of AB Amber Grid, and Gytis Fominas, Acting Financial Director of AB Amber Grid, hereby confirm that, to the best of our knowledge, the attached condensed financial statements of the company AB Amber Grid as of 30 June 2014 drawn up according to International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB Amber Grid.

General Manager

A blue ink signature of Saulius Bilys, consisting of several overlapping loops and a long horizontal stroke.

Saulius Bilys

Acting Financial Director

A blue ink signature of Gytis Fominas, featuring a large, stylized initial 'G' followed by a series of loops and a long horizontal stroke.

Gytis Fominas

**AB AMBER GRID**

**CONDENSED FINANCIAL STATEMENTS AS OF 30 JUNE 2014  
PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION**

**Statement of financial position**

		<b>As of 30 June 2014 (unaudited)</b>	<b>As of 31 December 2013 (audited)</b>
	<b>Notes</b>		
<b>ASSETS</b>			
<b>A. Non-current assets</b>		<b>1,558,094</b>	<b>1,583,740</b>
I. Intangible assets		1,562	1,679
II. Non-current tangible assets		1,556,097	1,581,582
II.1. Land		387	387
II.2. Buildings and structures		1,295,031	1,320,544
II.2.1. Buildings		27,911	27,898
II.2.2. Gas transmission pipelines and related installations		1,246,615	1,271,669
II.2.3. Gas distribution pipelines and related installations		375	379
II.2.4. Other buildings and structures		20,130	20,598
II.3. Machinery and equipment		221,401	230,417
II.4. Vehicles		4,387	5,172
II.5. Other equipment, tools and devices		12,229	13,845
II.6. Other non-current tangible assets		786	886
II.7. Construction in progress	4	12,876	10,331
III. Non-current financial assets		435	479
III.1. Investment into subsidiary		-	-
III.2. Investment into joint venture	1	435	479
III.3. Non-current accounts receivable		-	-
<b>B. Current assets</b>		<b>172,276</b>	<b>165,187</b>
I. Inventories and prepayments		24,290	26,862
I.1. Inventories		24,003	26,714
I.1.1. Raw materials, spare parts and other inventories		5,110	4,541
I.1.2. Natural gas		18,893	22,173
I.2. Prepayments		287	148
II. Accounts receivable		62,575	73,302
II.1. Trade receivables	5	13,074	16,169
II.2. Other receivables	6	49,501	57,133
III. Prepaid income tax		-	-
IV. Other financial assets		-	-
V. Other current assets	7	50,575	45,305
VI. Cash and cash equivalents	8	34,836	19,718
<b>Total assets</b>		<b>1,730,370</b>	<b>1,748,927</b>

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

**Income statement**

		Notes	For the period of three months ended 30 June 2014 (unaudited)	For the period of six months ended 30 June 2014 (unaudited)
<b>I.</b>	<b>Revenue</b>	14	<b>36,623</b>	<b>88,148</b>
<b>II.</b>	<b>Expenses</b>		<b>(36,218)</b>	<b>(75,085)</b>
II.1.	Cost of natural gas		(3,535)	(10,421)
II.2.	Depreciation and amortization		(20,034)	(40,058)
II.3.	Payroll and related social security tax expenses		(5,718)	(11,859)
II.4.	Repair and technical maintenance expenses		(4,366)	(7,471)
II.5.	Taxes, other than income tax		(1,215)	(2,494)
II.6.	Other expenses		(1,350)	(2,782)
<b>III.</b>	<b>Profit from operations</b>		<b>405</b>	<b>13,063</b>
<b>IV.</b>	<b>Financial activity</b>		<b>(647)</b>	<b>(1,378)</b>
IV.1.	Income		34	62
IV.2.	Expense		(681)	(1,440)
<b>V.</b>	<b>Profit (loss) before tax</b>		<b>(242)</b>	<b>11,685</b>
<b>VI.</b>	<b>Income tax</b>	11	<b>1,721</b>	<b>523</b>
VI.1.	Current period income tax		(639)	(2,265)
VI.2.	Deferred income tax		2,360	2,788
<b>VII.</b>	<b>Net profit</b>		<b>1,479</b>	<b>12,208</b>



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

	Saulius Bilys		20 August 2014
Chief Accountant	Dzintra Tamulienė		20 August 2014

**Statement of financial position (cont'd)**

		Notes	As of 30 June 2014 (unaudited)	As of 31 December 2013 (audited)
<b>EQUITY AND LIABILITIES</b>				
<b>C.</b>	<b>Equity</b>		<b>1,220,768</b>	<b>1,208,560</b>
I.	Authorised share capital		178,382	178,382
II.	Reserves		1,015,111	1,015,111
II.1.	Legal reserve		17,838	17,838
II.2.	Other reserves		997,273	997,273
III.	Retained earnings		27,275	15,067
<b>D</b>	<b>Amounts payable and liabilities</b>		<b>509,602</b>	<b>540,367</b>
I.	Amounts payable after one year and non-current liabilities		347,300	374,872
I.1.	Non-current borrowings	9	112,576	135,118
I.2.	Grants (deferred income)	10	128,830	131,073
I.3.	Non-current employee benefits		1,131	1,131
I.4.	Deferred tax liability		104,763	107,551
II.	Accounts payable within one year and short-term liabilities		162,302	165,495
II.1.	Current portion of non-current borrowings	9	45,083	45,083
II.2.	Current year portion of non-current employee benefits		260	260
I.3.	Trade payables	12	9,674	12,673
II.4.	Prepayments received		1,174	-
II.5.	Income tax payable		2,283	1,388
II.6.	Payroll related liabilities		3,173	2,224
II.7.	Other payables and current liabilities	13	100,655	103,867
<b>Total equity and liabilities</b>			<b>1,730,370</b>	<b>1,748,927</b>



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

General Manager	Saulius Bilys		20 August 2014
Chief Accountant	Dzintra Tamulienė		20 August 2014

Statement of comprehensive income

	For the period of three months ended 30 June 2014 (unaudited)	For the period of six months ended 30 June 2014 (unaudited)
I. Net profit (loss)	1,479	12,208
II. Total comprehensive income	1,479	12,208



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

General Manager	Saulius Bilys		20 August 2014
Chief Accountant	Dzintra Tamulienė		20 August 2014

**Statement of changes in equity**

	Share capital	Legal reserve	Other reserves	Retained earnings	Total
<b>Balance as of 31 December 2013</b>	<b>178,382</b>	<b>17,838</b>	<b>997,273</b>	<b>15,067</b>	<b>1,208,560</b>
Total comprehensive income	-	-	-	12,208	12,208
<i>Net profit for the year</i>	-	-	-	12,208	12,208
<b>Balance as of 30 June 2014 (unaudited)</b>	<b>178,382</b>	<b>17,838</b>	<b>997,273</b>	<b>27,275</b>	<b>1,220,768</b>

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

General Manager	Saulius Bilys		2 20 August 2014
Chief Accountant	Dzintra Tamulienė		20 August 2014



COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(all amounts are in LTL thousand unless stated otherwise)

Statement of cash flows

	<b>30 June 2014 (unaudited)</b>
<b>I. Cash flows from (to) operating activities</b>	
I.1. Net profit	12,208
<b>Adjustments of non-cash items and other corrections:</b>	
I.2. Depreciation and amortisation	40,058
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(10)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	(18)
I.5. Income tax expenses (income)	(523)
I.6. Interest (income)	(42)
I.7. Interest expenses	1,396
I.8. Amortisation of grants (deferred income)	(2,282)
I.9. Elimination of other investing activity results	45
I.10. Elimination of other non-cash items	-
	<b>50,832</b>
<b>Changes in working capital:</b>	
I.11. Decrease (increase) in inventories	2,723
I.12. Decrease (increase) in trade accounts receivable	3,102
I.13. Decrease (increase) in other accounts receivable and prepayments	7,147
I.14. Increase (decrease) in trade accounts payable	(1,560)
I.15. Increase (decrease) in other accounts payable and other current liabilities	(2,263)
I.16. Decrease (increase) in other financial assets	(5,271)
I.17. Income tax (paid)	(1,370)
<b>Total changes in working capital</b>	<b>2,508</b>
<b>Net cash flows from operating activities</b>	<b>53,340</b>
<b>II. Cash flows from (to) investing activities</b>	
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(15,886)
II.2. Proceeds from sales of property, plant and equipment	-
II.3. Acquisition of investments in joint venture	-
II.4. Acquisition of held-to-maturity investment	(10,000)
II.5. Sale of held-to-maturity investment	10,000
II.6. Interest received	42
II.7. Disposal (acquisition) of other short term investments	-
<b>Net cash flows (to) investing activities</b>	<b>(15,844)</b>



The accompanying notes are an integral part of these financial statements.  
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**Statements of cash flows (cont'd)**

	<b>30 June 2014</b> <b>(unaudited)</b>
<b>III. Cash flows from (to) financing activities</b>	
III.1. Loan repayment	(22,542)
III.2. Grants received	1,560
III.3. Interest (paid)	(1,396)
<b>Net cash flows from (to) financing activities</b>	<b>(22,378)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>15,118</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>19,718</b>
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>34,836</b>

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

General Manager	Saulius Bilys		20 August 2014
Chief Accountant	Dzintra Tamulienė		20 August 2014

## Notes to the Financial Statements

### 1 General information

AB Amber Grid (hereinafter referred to as the "Company") was established by 11 June 2013 resolution of the General Meeting of Shareholders of AB Lietuvos Dujos whereby, in compliance with the requirements of the legislation of the Republic of Lithuania concerning unbundling (spin-off) of the natural gas transmission activities, the terms and conditions of unbundling of AB Lietuvos Dujos were approved and it was decided to unbundle the natural gas transmission activities with the assets, rights and duties attributed to such activities from AB Lietuvos Dujos which further continues its activities.

The Company was incorporated on 25 June 2013. By the acceptance certificate AB Lietuvos Dujos transferred the assets, rights and duties attributed to the natural gas transmission activities as on 31 July 2013. As unbundling of activities is deemed to be a transaction between joint ventures and the Company continues the same activities as the activities it carried out while belonging to AB Lietuvos Djos, the Company has recognised all transferred assets and obligations recorded at book value at the moment of transfer by the seller (i.e. AB Lietuvos Dujos).

After establishment of AB Amber Grid, the legal, functional and organisational unbundling of natural gas transmission activities has been implemented. In pursuance of full compliance with the requirements set forth in Chapter 8 of the Republic of Lithuania Law on Natural Gas, the unbundling of control over AB Amber Grid had to be implemented till 31 October 2014.

During the second quarter of 2014, the two major shareholders of the Company sold their owned shares, thus, losing their voting right in the Company:

- On 21 May 2014 E.ON Ruhrgas International GmbH transferred and UAB EPSO-G acquired 69,416,233 ordinary registered non-certificated shares of AB Amber Grid;
- On 19 June 2014 during the takeover bid, OAO Gazprom transferred and UAB EPSO-G acquired 66,112,761 ordinary registered non-certificated shares of AB Amber Grid.

Pursuant to the Law on Natural Gas and its implementing legislation, the Company will refer to the NCC by 31 October 2014 for its conclusion on the loss of prohibitive control enshrined in the Law on Natural Gas.

Upon the receipt of this conclusion, the Company will address the NCC for the certification of the transmission system operator in accordance with the EU's Third Energy Package requirements and the issuance of an open-ended license for transmission system operator activities to the Company.

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

- natural gas transmission and transit through main pipelines;
- balancing of the natural gas transmission system;
- administration of funds allocated for compensation of the costs of the liquefied natural gas (LNG) terminal, installation and operation of infrastructure and connection thereof.

The Company's customers are as follows: large (electricity, district heat production, industry) and medium-sized business companies of Lithuania, natural gas supply companies provided with natural gas transmission services.

AB Amber Grid condensed financial statements, including the financial statements as of 30 June 2014, the profit (loss) account, the comprehensive income statement, the cash flow statement and the statement of changes in equity are unaudited. The Company's financial statements as of 31 December 2013 were audited, they were prepared in accordance with International Financial Reporting Standards (IFRS). For a better understanding of the information contained in these condensed financial statements it is highly recommended to read this statement in conjunction with the Company's annual financial statements for the year ended 31 December 2013.

As of 30 June 2014, the Company's shareholders were as follows:

	Number of shares owned	Ownership share (percent)
UAB EPSO-G	172,279,125	96.58
Other shareholders	6,103,389	3.42
	<b>178,382,514</b>	<b>100.0</b>

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(all amounts are in LTL thousand unless stated otherwise)

**1 General information (continued)**

The Company's share capital is LTL 178,382,514 divided into 178,382,514 ordinary registered shares with par value of one LTL each.

The Company's ordinary registered shares are traded on the regulated market, they are listed on the Secondary Trading List of the stock exchange NASDAQ OMX Vilnius.

In the Company's financial statements as of 30 June 2014, the Company's investment in GET Baltic UAB, the joint venture co-owned with AB Lietuvos Dujos and the Finnish gas company Gasum Oy, was accounted by applying the equity method. The condensed financial statements as of 30 June 2014 drawn up by UAB GET Baltic in accordance with International Financial Reporting Standards (IFRS) are unaudited.

**2 Accounting principles**

The Company's condensed financial statements as of 30 June 2014 were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The financial statements are presented in thousand litas. The financial statements were prepared drawing up on the historical cost basis.

The Company's accounting policies are consistent with the accounting principles used the previous year.

**3 Information according to segments**

The Company conducts natural gas transmission activity and operates as one segment.

All non-current assets of the Company are in Lithuania where the Company carries out its activities.

During the first half of 2014 the Company earned 79.78 per cent of its revenue from the Lithuanian system users and 20.22 per cent of revenue was received from the transit service, i.e. transport of gas to the Kaliningrad region of the Russian Federation.

**4 Construction in progress**

Major objects of construction in progress of the Company as of 30 June 2014 were as follows:

Object	30 June 2014 (unaudited)	31 December 2013 (audited)
Construction of the Klaipėda-Kuršėnai DN800 gas transmission pipeline (Capacity enhancement of the Klaipėda-Kiemėnai pipeline)	8,312	-
Installation of intelligent pig launchers and receivers on the gas transmission pipeline branch leading to the Alytus M&R Station and replacement of line block valves No. 2 and 3	3,427	1,742
Installation of intelligent pig launchers and receivers on the gas transmission pipeline branch leading to the Marijampolė M&R Station and replacement of line block valve No. 3	2,529	1,598
Installation of environmental pollution reduction equipment on Panevėžys compressors No. 1, 2 and 3	1,963	1,395
Line block valve replacement on the gas transmission pipeline branches leading to Pajiešmeniai and Biržai M&R Stations and connection to the SCADA system	941	941
Installation of an intelligent pig launcher on the Panevėžys- Šiauliai-Klaipėda gas transmission pipeline	1,213	762
Reconstruction of the odorant storage facility	-	967
Other	3,491	2,926
	<b>21,876</b>	<b>10,331</b>

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(all amounts are in LTL thousand unless stated otherwise)

**5 Trade receivables**

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Receivables from gas transmission system users for gas transmission	12,969	16,225
Other trade receivables	162	8
Less: allowance for the decrease in value of trade receivables	(57)	(64)
	<b>13,074</b>	<b>16,169</b>

The Company's trade receivables from the system users for natural gas transmission as of 30 June 2014 decreased due to an decrease in gas transmission volumes.

The trade receivables do not include interest, the time limit for payment thereof is 15 calendar days.

**6 Other receivables**

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
LNGT funds receivable (administered by the Company)	49,243	56,500
Other receivables	258	633
Less: allowance for the decrease in value of other receivables	-	-
	<b>49,501</b>	<b>57,133</b>

For more information, see Note 15 "Commitments and contingencies".

**7 Other financial assets**

According to the provisions of Article 5 paragraph 2 of the Republic of Lithuania Law on the Liquefied Natural Gas Terminal, the Company fulfils the functions of the administrator of funds allocated for the Liquefied Natural Gas Terminal (hereinafter referred to as the "LNGT"). Administration of the funds allocated for the LNGT is carried out in accordance with the Description of the Procedure for Administration of Funds Allocated for Full or Partial Compensation of the Costs of the Liquefied Natural Gas Terminal, Installation and Operation of Infrastructure and Connection Thereof approved by Resolution No O3-294 of the National Commission for Energy Control and Prices (hereinafter referred to as the "NCECP") of 9 October 2012.

The Other Financial Assets of the Company as of 30 June 2014 consisted of the cash received from the LNGT related extra tariff (surcharge). The afore-mentioned funds are payable to the LNGT beneficiaries and kept in a separate bank account opened for the LNGT funds that was selected and opened in compliance with respective requirements of the legislation. LNGT related extra tariff (surcharge) was applied to the services of natural gas transmission in 2013.

**8 Cash and cash equivalents**

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Cash at bank	34,836	19,718
	<b>34,836</b>	<b>19,718</b>

The Company keeps its cash in the bank accounts or (where possible) invests in the deposits with the shortest term (overnight). Overnight interest rates are floating or fixed. The floating interest rate is related to VILIBOR inter-bank interest rate published by the Bank of Lithuania.

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(all amounts are in LTL thousand unless stated otherwise)

**9 Loans**

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
<b>Long-term loans</b>		
Loans from credit institutions of Lithuania	112,500	135,000
Leasing	76	118
<b>Short-term loans</b>		
Current portion of long-term loans	45,000	45,000
Leasing	83	83
	<b>157,659</b>	<b>180,201</b>

According to the long-term credit agreement concluded on 22 October 2012 with Swedbank AB, the Company's outstanding part of the loan amounted to LTL 157.5 million (EUR 45.6 million).

On 14 May 2014 the Company and Danske Bank A/S Lithuania Branch concluded the overdraft agreement for the amount of up to EUR 5.8 million (LTL 20 million). The main objective on this overdraft is to balance working capital of the Company. On 30 June 2014, the overdraft was not used.

**10 Grants (deferred revenue)**

	<b>Deferred revenue</b>	<b>Grants</b>	<b>Total</b>
<b>Balance at the end of the period 31 December 2013</b>	<b>5,656</b>	<b>125,416</b>	<b>131,072</b>
Received during the period of 6 months ended on 30 June 2014	-	40	40
Amortisation during the period of 6 months ended on 30 June 2014	(59)	(2,223)	(2,282)
<b>Balance as at 30 June 2014</b>	<b>5,597</b>	<b>123,233</b>	<b>128,830</b>

**11 Income tax**

In 2014, the standard corporate income tax rate applicable to the companies of the Republic of Lithuania was 15 per cent (in 2013: 15 per cent).

The income tax expenses for the period comprise the current income tax and the deferred income tax.

Following the amendments to the Law on Corporate Income Tax which provide for a possibility to take advantage of the corporate income tax relief, after investment in new technologies, in 2014 the Company calculated the corporate income tax relief amounting to LTL 2,293 million (in 2013, LTL 1,388 million).

COMPANY'S CONDENSED FINANCIAL STATEMENTS

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(all amounts are in LTL thousand unless stated otherwise)

**12 Trade payables**

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Payables to suppliers in according to the Construction programme	2,303	31
Payables to suppliers according to the Reconstruction programme	4,238	7,949
Payables to suppliers for services received	1,535	1,244
Payables to suppliers of repairs of non-current assets	581	1,688
Other	1,017	1,761
	<b>9,674</b>	<b>12,673</b>

**13 Other payables and current liabilities**

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
LNGT funds (administered by the Company) payable	50,575	45,270
Accrued LNGT funds (administered by the Company) *	49,243	54,644
Real Estate Tax payable	-	1,838
Value Added Tax payable	453	1,452
Other payables	384	663
	<b>100,655</b>	<b>103,867</b>

\* The accrued LNGT funds administered by the Company are attributed to the LNGT funds payable account only when the gas transmission system users pay them to the Company.

**14 Income**

	<b>For the period of three months ended 30 June 2014 (unaudited)</b>	<b>For the period of six months ended 30 June 2014 (unaudited)</b>
Transmission and transit of natural gas	34,796	83,734
Income from balancing	456	1,743
Grants recognised as income	1,139	2,282
Income from LNGT fund administration	81	163
Other income	151	226
	<b>36,623</b>	<b>88,148</b>

**15 Commitments and contingencies**

**Legal disputes**

According to the Republic of Lithuania Law on the Liquefied Natural Gas Terminal and applicable resolutions adopted by the NCC, the natural gas system users that transport natural gas via the gas transmission system, when settling accounts for gas transmission services rendered to them must pay an inseparable component of the natural gas transmission price, i.e. the LNGT-related extra tariff (surcharge).

In the light of the fact that AB Achema as a user of the gas transmission system, has systemically failed to pay the LNGT-related extra tariff (surcharge), AB Lietuvos Dujos, being the administrator of the LNGT funds, on 12 April 2013, filed a lawsuit with Kaunas Regional Court for payment of the LNGT-related extra tariff (surcharge), award of default



## 15 Commitments and contingencies (continued)

interest and the obligation to perform the contract. By 1 August 2013 acceptance certificate AB Lietuvos Dujos transferred the aforesaid case to AB Amber Grid. On 17 September 2013, AB Amber Grid revised the amount of the claim. By 12 December 2013 judgement the court of first instance partially satisfied the claim brought by AB Amber Grid, i.e. the Court awarded the total requested debt and procedural interest; nevertheless, the court reduced the interest to be awarded from 0.04 percent to 0.02 percent. AB Achema lodged an appeal, and AB Amber Grid also lodged an appeal concerning the award of interest. The disposition of the case should not have any financial impact on the Company because, as the court satisfied the claim brought by AB Amber Grid, the awarded amount of money shall be remitted to the beneficiary of the LNGT-related extra tariff (surcharge).

On 7 March 2014, AB Amber Grid addressed Kaunas Regional Court with a claim requesting to award the debt for the outstanding LNGT-related extra tariff (surcharge) amounting to LTL 11,009,062.23 for the period from 1 September 2013 to 31 December 2013 and award the default interest for the LNGT-related extra tariff (surcharge) amounting to LTL 375,668.35 not paid in a timely manner for the afore-mentioned period. The case is heard in the court of first instance. The disposition of the case should not have any financial impact on the Company because, as the court satisfied the claim brought by Amber Grid AB, the awarded amount of money shall be remitted to the beneficiary of the LNGT-related extra tariff (surcharge).

On 19 November 2012, AB Achema addressed Vilnius Regional Administrative Court requesting to revoke Paragraphs 3.1 and 4 of Resolution No 03-317 of 19 October 2012 "On Setting the Amount of Funds Allocated for Full or Partial Compensation of the Costs of Installation and Operation of the Liquefied Natural Gas Terminal, Infrastructure and Connector Thereof for the Year 2013" and requesting to repeal Paragraph 2 of Resolution No O3-330 of the NCC of 26 October 2012 "On Adjustment of the Tariff Caps for Natural Gas Transmission and Distribution of AB Lietuvos Dujos and Setting of the Tariff Cap for the Inseparable Component of the Natural Gas Transmission Price (the LNGT-Related Extra Tariff (Surcharge)) for the Year 2013". AB Amber Grid is involved in the proceedings as a third party concerned. The case is heard in the court of first instance. In the opinion of the management bodies, disposition of the case is not clear and cannot be reasonably assessed.

In 10 July 2013, Panevėžys District Court received a claim brought according to the plea raised by a prosecutor at the Public Interest Protection Department of Panevėžys Regional Prosecutor's Office against the defendants, namely, the Ministry of Economy of the Republic of Lithuania, AB Lietuvos Dujos, the third parties concerned, namely, the Lithuanian Road Administration under the Ministry of Transport and Communications of the Republic of Lithuania, and the state enterprise Panevėžio regiono keliai, regarding the revocation of the orders of the Minister of Economy in the part concerning transfer of a road of national significance, application of restitution, which is attributable to the general competence courts or the administrative court. By 1 August 2013 acceptance certificate AB Lietuvos Dujos transferred the afore-mentioned case to AB Amber Grid. A part of the road belonging to AB Amber Grid by ownership right which leads to the Panevėžys Gas Compressor Station falls with a section of Piniava-Paliūniškis Road which has the status of a road of national significance. As all roads of national significance shall be owned by the right of exclusive ownership exclusively by the State itself, the prosecutor requests for annulment of the orders adopted by the Minister of Economy and the acceptance certificates in question whereby the above road was registered as the property of AB Lietuvos Dujos and currently is registered as the ownership of AB Amber Grid. The claim has been revised several times, as the prosecutor revised his pleas. The case is pending before the court of first instance. The disposition of the case could have a financial impact on the Company, since the Company seeks that a compensation was awarded to it if the court annuls the ownership rights of AB Amber Grid to at least a part (6,534 sq. m.) of the road in question. In the opinion of the management bodies, the disposition of the case is unclear and cannot be reasonably estimated.

## 16 Related party transactions

The parties are considered to be related where one party has a possibility to control the other one or may have a significant influence over the other party in making financial and operating decisions.

On 30 June 2014, the related parties of the Company were as follows:

- UAB GET Baltic (joint venture in which the Company has an interest);
- UAB EPSO-G;
- UAB LITGRID (co-shareholders);



**COMPANY'S CONDENSED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2014**

(all amounts are in LTL thousand unless stated otherwise)

**16 Related party transactions (continued)**

- UAB Baltpool (subsidiary of LITGRID AB);
- UAB Tetas (subsidiary of LITGRID AB);
- UAB Tinklo priežiūros centras (subsidiary of AB LITGRID);
- UAB Duomenų logistikos centras (associated company of AB LITGRID Group);
- Lit Pol Link Sp.z.o.o. (joint venture co-owned by LITGRID AB and the Polish electricity network operator PSE S.A.);
- Management.

The Company's balances and transactions with related parties are listed in the below table:

As of 30 June 2014 (unaudited)	Purchases in Quarter 1 of 2014	Sales in Quarter 1 of 2014	Accounts receivable	Accounts payable
UAB Tetas	2	-	-	-
UAB GET Baltic	1,037	-	-	-
	<b>1,039</b>	-	-	-

There were no guarantees provided for or received for receivables from the related parties or for payables to them. As at 30 June 2014, the Company had not accounted any impairment loss allowances for receivables from the related parties.

**Benefits to the Management**

During the period of 6 months ended on 30 June 2014 the Company's payments to the management of the Company amounted to LTL 675 thousand. The management consists of administrative executive and deputy administrative executive, and chief accountant. The management of the Company did not receive any loans, guarantees; no other payments or property transfer were made or accrued.

**17 Events after the balance sheet date**

On 11 July 2014 AB Amber Grid obtained approval of the management of the Company and signed contracts concerning procurement of the pipes necessary for independent works and construction of the pipeline Klaipėda – Kuršėnai (in implementation of the project concerning increasing of the capacities of the pipelines Klaipėda – Kiemėnai).

The afore-mentioned economic project which is so important to the State aims at diversification of gas supply sources in the region of the Baltic States, creation of sufficient capacities for transportation of natural gas from the liquefied natural gas (hereinafter referred to as the "LNG") terminal in Klaipėda for the users in Lithuania and to other Baltic States, and ensuring of safety and reliability of operation of the natural gas system.

The pipeline development project has been recognised as the project significant to the State in economic terms.

On 14 July 2014, the Court of Appeal of Lithuania examined the appeals lodged by AB Achema and AB Amber Grid in the case concerning award of the LNGT-related extra tariff (surcharge) for the period from 1 January 2013 to 31 August 2013 by written procedure. The court decided to postpone proclamation of the judgement in the case till 13 August 2014. The disposition of the case should not have any financial impact on the Company because, as the court satisfied the claim brought by AB Amber Grid, the awarded amount of money shall be remitted to the beneficiary of the LNGT-related extra tariff (surcharge).