



Litgrid AB
A. Juozapavičiaus g. 13
LT-09311, Vilnius
T +370 5 278 2777
F +370 5 272 3986
info@litgrid.eu

www.litgrid.eu

Company code
302564383
VAT number
LT100005748413

CONFIRMATION OF RESPONSIBLE PERSONS

May 26, 2016 Vilnius

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, Daivis Virbickas, Chief Executive Officer of LITGRID AB, Rimantas Busila, Director of Finance Department of LITGRID AB and Jūratė Vyšniauskienė, Chief Financier-Accounting Division Manager of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated financial statements of LITGRID AB for the three months period ended 31 March 2016 is prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period, the Consolidated Interim Report for the three months period ended 31 March 2016 includes a fair review of the development and performance of the business.

Daivis Virbickas

Chief Executive Officer

Rimantas Busila

Director of Finance Department

Jūratė Vyšniauskienė

Chief Financier



Litgrid

LITGRID AB

CONDENSED CONSOLIDATED AND THE COMPANY'S
INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH
PERIOD ENDED 31 MARCH 2016, PREPARED ACCORDING
TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION (UNAUDITED)
PRESENTED TOGETHER WITH CONSOLIDATED INTERIM
REPORT



Litgrid

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The condensed interim financial statements was signed on 26 May 2016.

Dainis Virbickas
Chief Executive Officer

Rimantas Busila
Chief Financial Officer

Jūratė Vyšniauskienė
Chief Financier



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CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED ON 31 MARCH 2016
(all amounts in EUR'000 unless stated otherwise)

CONSOLIDATED INTERIM REPORT OF AB LITGRID AND ITS SUBSIDIARIES

I. General Information about the Group

The consolidated interim report has been prepared for the first quarter of 2016.

The Issuer and its contact details:

Name	Litgrid AB (hereinafter referred to as 'Litgrid' or the 'Company')
Legal form	AB (public company)
Registration date and place	2010-11-16, Register of Legal Entities of the Republic of Lithuania
Company code	302564383
Registered office address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone	+370 5 278 2777
Fax	+370 5 272 3986
E-mail	info@litgrid.eu ; www.litgrid.eu

Litgrid's operations

Litgrid, Lithuania's electricity transmission system operator (the 'TSO'), maintains stable operation of the country's power system, manages electricity flows, and enables competition in the open market for electricity. Litgrid is responsible for the integration of Lithuania's power system into Europe's electricity infrastructure and the common market for electricity. The Company has implemented the strategic NordBalt (Lithuania-Sweden) and LitPol Link (Lithuania-Poland) power link projects. In order to strengthen the country's energy independence, we foster a culture of responsibility, rational creativeness, and dialogue.

Litgrid's mission is to ensure the reliable transmission of electricity and to enable competition in the open electricity market.

Litgrid's vision is the full-fledged integration of Lithuania's power system into Europe's electricity infrastructure and the common market for electricity, creating conditions for a competitive economy.

Litgrid's values are cooperation, respect, responsibility, professionalism, and initiative.

Litgrid's strategy is to ensure energy independence while creating value for the public.

As the backbone of the national power sector, Litgrid not only is responsible for the maintenance of the balance of the electricity consumed and produced in the system and the reliable transmission of electricity, but also implements strategic national electricity projects. Its vision and strategic operating guidelines are based on the long-term goals identified in the National Energy Independence Strategy. The Lithuanian TSO's most important operational areas and responsibilities include the maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a common Baltic and European electricity market; and the integration of the Lithuanian and continental European electricity systems for synchronous operations.

Litgrid's operating plans and forecasts

Litgrid works actively and responsibly in the following key directions:

European integration of the country's power system

Once Lithuania becomes a full-fledged participant of the European electricity system, European system management standards will be introduced in the electricity sector, and electricity flow management based on market principles and participation in maintaining the system's frequency will be ensured. The desired result is the Baltic countries' synchronous operation within continental European grids.

A common European electricity market

The integration of the Lithuanian electricity market into the Baltic and Nordic electricity market, and later the common European electricity market, will ensure transparent wholesale electricity prices, competition, and freedom of choice for all market participants as well as equitable trade in electricity with neighbouring European states. Being part of a large electricity market will allow for the most effective use of networks and generation infrastructure and for ensuring electricity transmission security.



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Integration of the transmission grid into Europe's electricity infrastructure

Lithuania's electricity transmission grid is well-developed and reliably meets the needs of its customers. Since the end of 2015, the country's electricity transmission grid has been connected to Sweden and Poland via asynchronous power links (LitPol Link is a double-circuit power link) and to the electricity grids of Latvia as well as the neighbouring states in the east via 12 synchronous power links. NordBalt (with Sweden) and LitPol Link (with Poland) power links have connected, for the first time, Lithuania's power system to electricity grids of Northern and Western Europe. The electricity transmission grid operated and maintained by Litgrid enables trade in electricity between power systems and provides access to electricity markets rich in diverse energy resources. Optimal investments in the country's grid ensure the integration of new electricity generators, the safe transmission of electricity, and the reliability of the system's operations.

The most important activities in Q1 of 2016 in implementing the power sector projects

LitPol Link inter-system power interconnection

LitPol Link has been in operation since the beginning of 2016. The HVDC converter station is the main and most complex unit of the new power link. The station converts current from alternating to direct current and back to alternating current, thus enabling the transmission of electricity between asynchronous Lithuanian and Polish power systems.

EUR 109 million were invested in LitPol Link project in Lithuania. In July 2015, the European Commission approved the EUR 27 million funding for the LitPol Link project. In all, investments of EUR 31 million in LitPol Link were financed by the EU.

NordBalt inter-system power interconnection

On 18 February 2016 NordBalt power link was put into trial operation. Trial operation differs from regular operation in that the former may involve outages as well as inconsistent schedule of operations. After the interconnection is put into regular operation, maintenance outages will be scheduled and market participants will be notified thereof.

Investments in NordBalt power link on the Lithuanian side totalled EUR 221 m including EUR 65.5 m of EU funding.

Power system's reorientation to synchronous operation with the continental Europe networks

The Law on the Integration of the Power System of the Republic of Lithuania into the European Electricity Systems adopted by the Seimas (Parliament) of the Republic of Lithuania in 2012 sets the strategic objective to re-orientate the power system of Lithuania to synchronous operation with the continental European network. A full-fledged integration of Lithuania's power system into the European electricity infrastructure and common market for electricity, thus ensuring independent system control, is one of strategic objectives of Litgrid. Its attainment requires complete understanding, harmonisation, and coordination of national and international interests.

Out of a number of feasibility studies on connecting the electricity systems of the Baltic countries and the continental Europe completed in 1998-2013, in 2014 the scenario of synchronisation via infrastructure links constructed across the territories of the EU Member States was chosen. The value of this complex project varies between EUR 435 to 1,071 million, depending on detailed scenarios.

In 2014, connecting the electricity systems of the Baltic countries with the continental Europe for synchronous operation was listed among the projects of common interest by the European Commission, and in 2015 the European Council highlighted the importance of all dimensions of the European energy union for the energy security of the region. The following projects have been listed under the Projects of Common Interest (PCI) by the European Commission in 2015:

- the 330 kV electricity transmission line Kruonis Hydro Pumped Storage Plant - Alytus;
- the currency converter in Alytus (Phase 2 of the LitPol Link project). Decision on implementation of this project will be adopted upon detailed analysis of the utilisation of the Lithuanian-Polish power link in operation and its effect on the regional electricity market prices;
- the 330 kV electricity transmission line Kruonis Hydro Pumped Storage Plant - Visaginas. Investments in this project would be approved only after decisions on construction of the nuclear power plant in Lithuania are adopted;
- a new electricity transmission line from the new transformer substation to the Lithuanian-Polish border. The line is necessary for the synchronisation of the Lithuanian electricity system with the European Continental Networks.

In 2015, a study for setting the route of the new electricity transmission line from the new transformer substation in the Lithuanian electricity transmission grid to the Lithuanian-Polish border was conducted. The crossing point on the Lithuanian-Polish border and the feasibility of the power link's construction have been discussed with PSE, the Polish electricity transmission system operator.



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Transmission grid development and reconstruction projects

The complex project on the synchronisation with the continental European network includes numerous technical engineering and IT solutions, and individual works have to be planned and started in the nearest future. Apart from international agreements, synchronisation requires internal network development projects; some of them will be launched this year.

Reconstruction of the transformer substation at the Ignalina Nuclear Power Plant is one of such projects. The transformer substation was put into operation in 1981. At present it is one of the largest electricity transmission hubs in East Lithuania. The closure of the Ignalina NPP has transformed it from a huge electricity producer into one of the largest electricity consumers due to nuclear fuel contained therein as well as the future nuclear fuel depositories. The reconstruction will involve a replacement of all outdated substation installations and a re-equipment of the sites of connection of cross-border power lines from Latvia and Byelorussia.

It is projected that the reconstruction of the transformer substation of the Ignalina NPP will be completed by the end of 2020 and the upgraded substation will be fully prepared for the system's synchronisation with the continental European networks.

The concentration of business and service centres in the capital of Lithuania means that the increasing electricity consumption in Vilnius now accounts for one-third of Lithuania's total electricity demand. At present Vilnius is supplied with electricity via high-voltage lines extending from the Lithuanian Power Plant and Belarus. In order to ensure a reliable transmission of electricity to Vilnius and to prepare for the synchronisation, the Vilnius transformer substation will be reinforced and new electricity transmission lines will be built. One of such lines is the projected 330 kV transmission line from the Lithuanian Power Plant to Vilnius.

Integration of Baltic and Nordic electricity markets

With the view of creating a common Baltic and Nordic market for reserve, regulation, and balancing, Litgrid and other Baltic electricity transmission system operators have agreed on the principles and an implementation plan of the common Baltic regulation and balancing market to be implemented by the end of 2017. Since 2015, common balancing of the Baltic countries' systems (imbalance netting) is being performed. This means that the three operators have been collectively accounting for the differences between planned and actually consumed electricity in the Lithuanian, Latvian and Estonian electricity systems for a more efficient control of the regulation and balancing costs of the electricity systems. This enabled Lithuania to save EUR 2.3 million in the balancing electricity costs in 2015. Integration of the regulation and balancing markets of the Baltic and Nordic countries is planned for 2018-2020.

In Q1 of 2016, the average electricity price in the Lithuanian bidding area of the Nord Pool power exchange was 37 EUR/MWh. Around 84 % of the electricity consumed during the first three months of the year was imported.

As of 1 January 2016, the Baltic Rules for the calculation and allocation of cross-border capacities signed by the Baltic electricity transmission system operators Litgrid, Augstsprieguma tīkls and Elering have come into effect to ensure maximum market access to the international power links.

Litgrid's membership of international organisations

International visibility of and support for projects implemented by Litgrid is ensured through participation in international associations, specifically, the European Network of Transmission System Operators for Electricity (ENTSO-E) and Central Europe Energy Partners (CEEP).

ENTSO-E (European Network of Transmission System Operators for Electricity) unites 41 electricity transmission system operators from 34 countries. Its main functions are: to resolve European-level issues on transmission grid management and development and the electricity market; to promote regional collaboration among TSOs; to make proposals regarding draft legislation prepared by the European Commission; and to prepare the Ten-Year Network Development Plan (TYNDP) and network codes. Litgrid representatives are on the organisation's System Operations, System Development, Market, and R&D committees as well as in the related working groups. Participation in ENTSO-E activities is aimed at representing national interests and those of Litgrid in the making of European and regional decisions related to system management, the planning and implementation of projects to develop Lithuania's electricity infrastructure, electricity market connections and electricity transmission systems integration.

CEEP (Central Europe Energy Partners) unites 26 organisations from five Central and Eastern Europe countries. CEEP's main objective is to support integration of the energy sector of newest European Union member states in the context of common EU energy and energy security policy. Litgrid uses its participation in CEEP to contribute to the development of regional positions on the EU energy policy issues, to take part in energy and industry forums organised by partners, and to present and seek support for key projects.



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Litgrid's subsidiaries and their operations

As at 31 March 2016, the Litgrid group of companies consisted of AB Litgrid, UAB Tetas, and UAB Tinklo priežiūros centras.

Name	UAB Tetas	UAB Tinklo priežiūros centras
Legal form	Private company	Private company
Registration date and place	08/12/2005, Register of Legal Entities of the Republic of Lithuania	14/02/2014, Register of Legal Entities of the Republic of Lithuania
Country of establishment	Republic of Lithuania	Republic of Lithuania
Business ID	300513148	303249180
Registered office	Senamiesčio g. 102B, LT-35116, Panevėžys	A. Juozapavičiaus g.13, LT-09311, Vilnius
Telephone	+370 45 504 670	+370 5 278 2766
Fax	+370 45 504 684	+370 5 272 3986
Type of activities	Specialised transformer substations' and distribution stations' installation, maintenance, repair and testing services; designing energy facilities	Preparation for the installation, maintenance, and operation of high-voltage direct current power links with the power systems of Poland and Sweden
Country of operation	Lithuania	Lithuania
Litgrid's shareholding	100 %	100 %

On 29 April 2016, Litgrid's subsidiary Tinklo priežiūros centras UAB was renamed into Litgrid Power Link Service. The new international name reflects the company's strategic objective to become a recognised provider of support services for high-voltage direct current technologies in the Baltic Sea Region.

Other Litgrid's shareholdings as of 31 March 2016:

Name	LitPol Link Sp.z.o.o	UAB Duomenų logistikos centras	UAB Technologijų ir inovacijų centras	Nord Pool AS
Country of establishment	Republic of Poland	Republic of Lithuania	Republic of Lithuania	Kingdom of Norway
Registered office	ul. Wojciecha Gorskiego 9, 00-33 Warszawa, Lenkija	Žvejų g. 14, LT-09310 Vilnius	A. Juozapavičiaus g.13, LT-09311, Vilnius	PO Box 121, NO-1325 Lysaker, Norway
Country of operation	Lithuania and Poland	Lithuania	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia
Litgrid's shareholding	50 % of shares and voting rights attached thereto	20.36 % of shares and voting rights attached thereto	0.01 % of shares and voting rights attached thereto	2 % of shares and voting rights and a board member on rotation basis



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Services rendered by Litgrid Group

Litgrid, the electricity transmission system operator, provides the following services:

- Electricity transmission
- System services (capacity reserve)
- Trading in balancing and regulating electricity
- Public interest services (PIS)
- Maintenance and repairs of the electricity grid
- Maintenance, operation and services of HVDC links.

Transmission of electricity

Electricity transmission services are the transmission of electricity over the high voltage (330 and 110 kV) electric energy equipment. The transmission system operator transmits electricity from producers to customers that are connected to the transmission grid, and to distribution network operators. Electricity transmission is a regulated activity.

The main operations of the TSO is managing the high voltage electricity transmission grid and ensuring a reliable, effective, high-quality, transparent and safe electricity transmission.

System services

In order to maintain reliable system operations, Litgrid purchases from energy producers the services for the capacity reserve assurance at power generation facilities, reactive capacity and voltage management, and emergency and disruption prevention and response, and provides customers with system (capacity reserve) services. Capacity reserve is needed when electricity production suddenly and unexpectedly falls or its consumption increases.

Trade in balancing and regulating electricity

Litgrid secures the country's electricity production and consumption balance. Balancing electricity is electricity that is consumed or produced outside of established electricity consumption and production schedules. Litgrid organises trading in balancing electricity, buying and selling balancing electricity that is necessary to ensure the country's electricity production and consumption balance.

Regulating electricity is electricity that is bought and/or sold on instruction of the TSO as electricity necessary for performing the function of balancing the country's electricity consumption and production. Litgrid organises trading in regulating electricity by auction. The auction participants are suppliers of regulating energy and TSOs of other countries with the technical facilities to quickly change power generation and consumption routines, having concluded a relevant agreement with Litgrid.

Public interest services

Public interest services (PIS) in the electricity sector are services that ensure and enhance the national energy security and the integration and use of electricity produced from renewable resources. The list of PIS, their providers, and procedures for the provision of PIS are approved by the Government of the Republic of Lithuania, or an institution authorised by it, having regard to the public interest in the power sector. PIS funds are funds that are paid to providers of PIS.

Litgrid provides the following PIS services:

- Preparation and implementation of strategic projects related to increasing energy security (the Lithuania-Sweden and Lithuania-Poland power links and integration of the Lithuanian power system into continental European grids);
- Connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission grid as well as the transmission grid's optimisation, development, and/or renovation related to the acceptance and transmission of electricity generated by producers that use renewable energy sources;
- Balancing of electricity produced from renewable energy sources.

Electricity grid maintenance and repairs

Tetas, Litgrid's subsidiary, offers the following maintenance and repair services for electricity grid equipment:

- Maintenance and repairs of electric equipment of the grids;
- Construction of new energy facilities and reconstruction of existing energy facilities;
- Electrical equipment designing services.



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Maintenance, operation and management of HVDC links

On 24 February 2014, Litgrid's subsidiary UAB Tinklo priežiūros centras (since 29 April 2016: UAB Litgrid Power Link Service) was established as a centre for high qualification and specialised engineering competences in the area of management and operation of high voltage direct current links (HVDC). The company is managed as an internal unit of Litgrid.

Since the beginning of 2016, Litgrid Power Link Service has taken over the maintenance of LitPol Link. The maintenance agreement of LitPol Link has been concluded with PSE, the Polish TSO.

During the trial operation of NordBalt power link, the company takes part in all the works related to the supervision over the operation and testing and the analysis of disconnection causes. The NordBalt power link maintenance model has been agreed with Svenska Kraftnät, the Swedish TSO, and contracts with external contractors required for the maintenance of HVDC equipment have been concluded.

Customers of the transmission system operator

Litgrid's direct customers are electricity transmission grid users and suppliers of balancing and regulating electricity.

Transmission grid users include:

- ESO distribution network operator;
- Customers whose electrical equipment is connected to the electricity transmission grid and who purchase electricity for consumption;
- Electricity producers.

Suppliers of balancing and regulating electricity are electricity producers and suppliers.

Employees

As of 31 March 2016, Litgrid Group had 671 employees: Litgrid - 235 employees, Tetas - 409 employee, and Tinklo priežiūros centras - 27 employees.

Litgrid's wage fund in the reporting period was EUR 1,345,000.

	Number of employees as of 31 March 2016	Average monthly pay, EUR
Specialists	229	1 743
Management	6	5 833
Total	235	1 847

Litgrid Group's wage fund in the reporting period was EUR 2,545,000.

	Number of employees as of 31 March 2016	Average monthly pay, Eur
Workers	232	706
Specialists	427	1 498
Management	12	4 444
Total	671	1 289

10 students had their placements in the company in Q1 of 2016.



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Remuneration policy and performance appraisal

The goal of Litgrid's remuneration policy is to contribute to realising the mission and vision of an organisation with contemporary and effective management, to mobilise people to work together and motivate them to achieve strategic priorities, to form and imbue the attitude that employees are the company's main asset, and to foster the corporate values of professionalism, cooperation, responsibility, initiative, and respect. Remuneration depends on an employee's position, work performance, achievement of individual annual goals, level of competencies, and sharing of organisational values.

Performance appraisal takes place constantly at Litgrid as one of the most important tools for effective corporate management, helping to link personal and organisational goals, showing the importance of each employee's work for the attainment of common objectives, making career planning possible, and motivating employees by providing an objective basis for promotion.

Training

Litgrid enables its employees to develop their competences and qualifications in the following ways:

- Organising in-house training,
- Enriching the work content with new projects,
- Offering opportunities to participate in unique, non-standard projects,
- Participating in external trainings and conferences,
- Actively participating in the activities of professional organisations.

Collective agreement

In June 2015, Litgrid concluded a collective agreement with the trade union operating in the company. The agreement defines and ensures a fair remuneration policy and work-rest balance and governs socio-economic relations between the employer and employee. It also contains provisions on support for employees at important/difficult moments in life.

Litgrid's corporate social responsibility

In its activities Litgrid follows the principles of social responsibility, sustainable development, transparency, and advanced environmental protection. The company's operations form an integral part of the successful functioning of the country's economy, while its long-term strategic goals and the strategic electricity projects it is implementing help secure the country's energy independence.

We devote our energy and resources to ensure the country's economic growth, to support communities in which we work, to provide working conditions that motivate and encourage personal development of our employees, and to protect nature which provides us with resources. We are implementing strategic projects of high value and historic significance, and we understand that big tasks mean great responsibility. Maintaining and encouraging a quality dialogue with the society for whom and among whom we work is a cornerstone of Litgrid's daily operations

Every year Litgrid provides information to residents about the risks related to high-voltage electricity transmission lines. Information materials on safety for people living and working near the lines are disseminated across municipalities, wards, forest enterprises, and Litgrid's contractors: safe distance under the lines, action to be taken if electric wires are torn or fall onto a vehicle, safe distance for fishing in water bodies under the lines etc.

Environmental protection

Procedures for environmental impact assessment or screening are carried out for the planned power transmission lines and the conclusions are taken into account when preparing technical designs. Environmental protection requirements are set in the process of designing for the construction of new or reconstruction of existing transformer substations and switchyards. In all cases, effort is made to select the equipment that is less harmful to the environment. For example, in reconstructing substations, oil-consuming equipment is replaced with modern gas equipment. This both reduces the risk of pollution in case of an accident and cuts equipment operating costs. Contractors are obliged to organise works so as to eliminate or reduce any impact on the environment and to present document proving the management of construction waste. In service procurement process, contractors are required to have the Environmental Management Systems according to LST EN ISO 14001 in place. When accepting completed works, contractors' compliance with the requirements is checked including the waste management and the relevant documentation.

In cooperation with Lithuanian Ornithological Society, Litgrid implements a project 'Implementation of Bird Protection Measures in the High-Voltage Electricity Transmission Network'. The objective of this project is to reduce the number of deaths of migrating birds, improve breeding conditions of kestrels in Lithuania, monitor bird death cases in the high-voltage electricity transmission



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network, and make recommendations for the bird protection. Electricity transmission lines are made more visible by equipping them with bird-diverting devices in places of the most intensive bird migration. In pre-migratory white stork accumulation areas, specific protection devices are installed to protect them from the short-circuit impact. Special nesting-boxes are installed for kestrels.

By the end of Q1 of 2016, 9,084 bird protection means have been installed on high-voltage lines and their supports, and 309 nesting-boxes for kestrels. All these works cost EUR 30,000. This project is co-financed under the EU LIFE+ financial instrument for the environment.

Research and development activities at Litgrid Group

Every year Litgrid prepares power system development and research programmes aimed at expanding and enhancing the efficiency of the transmission grid. The reconstruction of energy facilities involves the replacement of old equipment and the implementation of modern systems for relay protection, system automation, management, and data collection and transmission. Plans for the construction and reconstruction of facilities based on scientific research and studies are made for a 10-year period and updated annually.

By agreement of Lithuanian, Latvian and Estonian electricity transmission system operators, a regional study on the overview of generation of electricity from renewable energy sources in the Baltic countries has been launched under the leadership of Litgrid.

Jointly with researchers from the Kaunas University of Technology a study to define the options for restricting the electricity flow from Astravas NPP and to assess their impact on the power system's reliability and the market was conducted. The measures would lead to a considerable decrease in the stability and reliability of the Baltic countries' power systems.

Any of the options analysed could only be implemented if all the Baltic countries agree on them unanimously. If the technical measures are applied in Lithuania only, the system's reliability will decrease, and the electricity flow from Belorus would reach Lithuania from Latvia.

The implementation of the technical flow restriction measures would require investments between EUR 20 m and EUR 198 m. All the technical options would lead to an increase in the electricity prices on the Baltic States' markets from EUR 3 to EUR 10.5 per MWh.

Another method to limit the flow of electricity from third countries is related to the market limiting only. Technical measures and investments in the technical infrastructure would not be required in such a case, just a consensus of the Baltic States.

The most effective means to restrict the flow of electricity from the Astravas NPP is the Baltic countries' synchronisation with the continental European networks. The TSOs of the Baltic States and Poland are ready to launch the synchronisation project's works immediately after a high-level political agreement on the technical specifications and the plan of synchronisation is reached by all the countries involved.

Main features of the internal control and the risk management system related to the preparation of consolidated financial statements

Litgrid Group's consolidated financial statements are prepared according to International Financial Reporting Standards as adopted by the EU. Litgrid's internal control process includes the control of business processes related to service provision, IT system operations, and drawing up of financial statements.

The drawing up of consolidated financial statements is governed by Litgrid's accounting policies and procedures, which ensures that accounting practices are in accordance with International Financial Reporting Standards as adopted by the EU and the laws of the Republic of Lithuania. The procedures identify potential risks associated with accounting and financial reporting and specify risk management methods and principles and the employees responsible for risk management.

ITC competences

Efficient information technology and communications (ITC) solutions are critically important in ensuring smooth and uninterrupted operations and have become an integral part of the electricity system's planning and management as well as equipment control and servicing.

The concentration of know-how on the automation of the power system's control at Litgrid's ITC centre has enabled a successful integration of LitPol Link and NordBalt power links' current converter control systems. The smooth linking of the control system used at Litgrid's System Control Centre with the control systems of the neighbouring Polish and Swedish systems ensures a sound control of the links and the real-time information exchange among the Lithuanian, Polish and Swedish power systems.



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II. Financial Information

	January - March 2016		January - March 2015		January - March 2014	
	Group	Company	Group	Company	Group	Company
Financial indicators (EUR'000)						
Sales income related to electricity	38 108	38 108	20 981	20 981	27 903	27 903
Other operating income	2 678	428	4 060	546	2 704	460
EBITDA*	13 398	13 530	7 995	8 085	12 057	12 456
Profit (loss) before tax	5 825	6 069	2 446	2 579	918	1 361
Net profit (loss)	4 920	5 133	1 996	2 168	640	1 132
Cash flows from operations	13 815	13 428	12 234	10 926	12 263	12 438
Ratios						
EBITDA margin, %	32.8	35.1	31.9	37.6	39,4	43.9
Operating profit margin, %	15.3	16.7	10.6	13.1	3.3	5.2
Return on equity, %	8.0	8.2	3.3	3.5	0.6	1.0
Return on assets, %	4.0	4.2	1.4	1.7	0.4	0.6
Shareholder's equity / Assets, %	50.2	50.8	43.6	47.9	60.0	62.0
Financial liabilities / Equity, %	80.6	79.3	84.2	82.8	14.4	13.8
Liquidity ratio	0.74	0.72	0.49	0.29	1.50	1.73
TSO operating indicators						
Electricity transmission volumes, million kWh		2 542		2 383		2 473
Process costs in transmission network, %		2.86		2.04		1.94

* The calculation of EBITDA does not include impairment of investments and non-current assets and costs of non-current asset disposal and revaluation;

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

Income

In Q1 of 2016, Litgrid's volumes of electricity transmission via high-voltage networks for national needs amounted to 2 542 million kilowatt-hours (kWh), which is 6.7 % more than in the same period of 2015. The volumes of transmission to customers of the distribution operator amounted to 2 362 million kWh (+7.5 % compared to 2015), to other customers 180 million kWh (- 3.7 % compared to 2015).

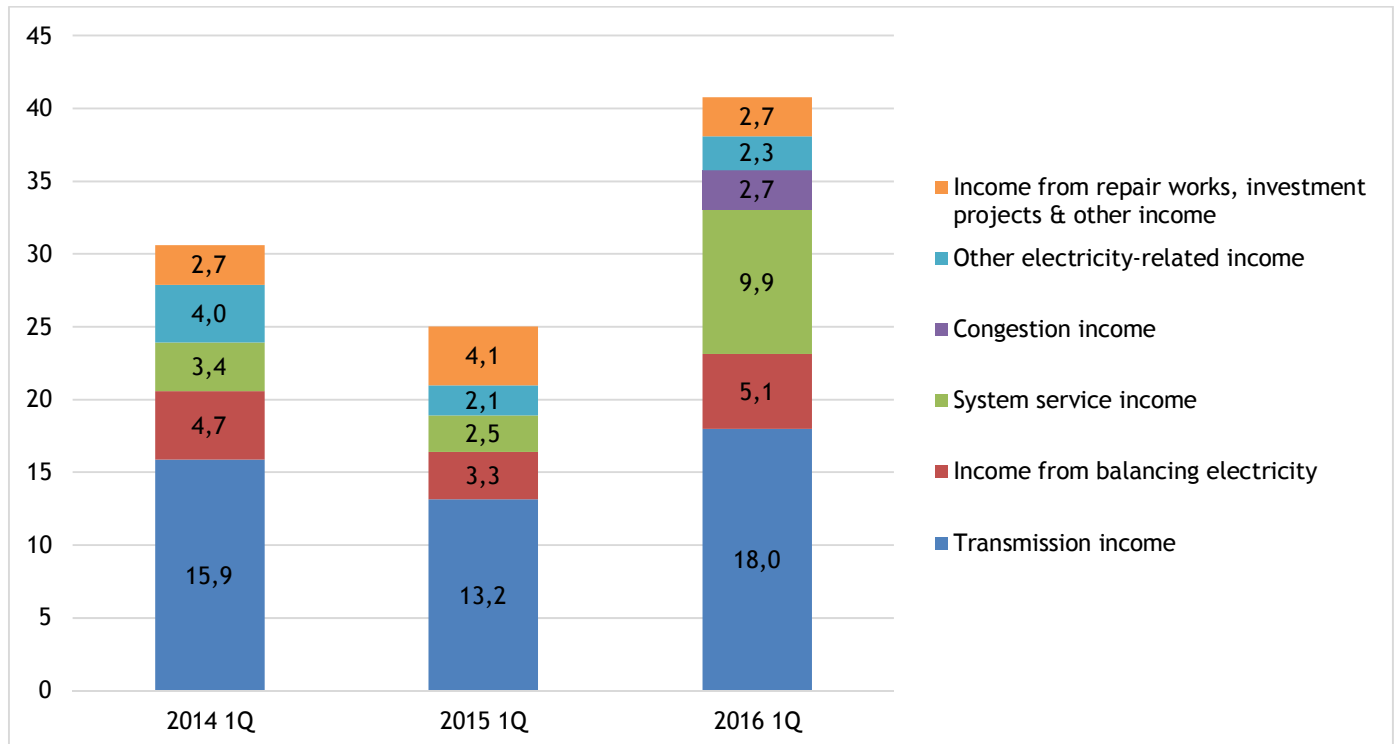


Figure 1. Group's income structure, EUR million

In Q1 of 2016, Litgrid Group's income was EUR 40.8 million, a 63 % increase compared to the same period of 2015.

Income from electricity transmission increased 36% (to EUR 18 million) compared to Q1 of 2015. Income from electricity transmission accounted for 44 % of the Group's revenue. The increase has resulted from larger electricity transmission volumes and the higher tariff rate applied to the transmission service.

Income from balancing and regulating electricity increased 55 % to EUR 5.1 million. The main factor driving the increase was a 46 % growth in the volumes of balancing (regulating) electricity sold.

From 1 January 2016, the National Commission for Energy Control and Prices increased the tariff rate for system services, as a result of which income from system services has grown four-fold (to EUR 9.9 million).

After the Lithuanian-Polish and the Lithuanian-Swedish power links were put into operation, in Q1 of 2016 Litgrid earned income from congestion charges was EUR 2.7 million (Q1 of 2015: EUR 2,000). Congestion income results from insufficient cross-border capacities, due to which different market forms in different bidding areas of the Nord Pool.

Other income related to transmission operations include: the ITC transit income (Inter-Transmission Operator Compensation Mechanism, i.e. payment for electricity imported from or exported to countries other than the EU), - EUR 0.5 million; PIS income - EUR 1.4 million; reactive energy income - EUR 0.4 million. Other operating income consists mainly of the income from services provided by UAB Tetas, a subsidiary of Litgrid.



Costs

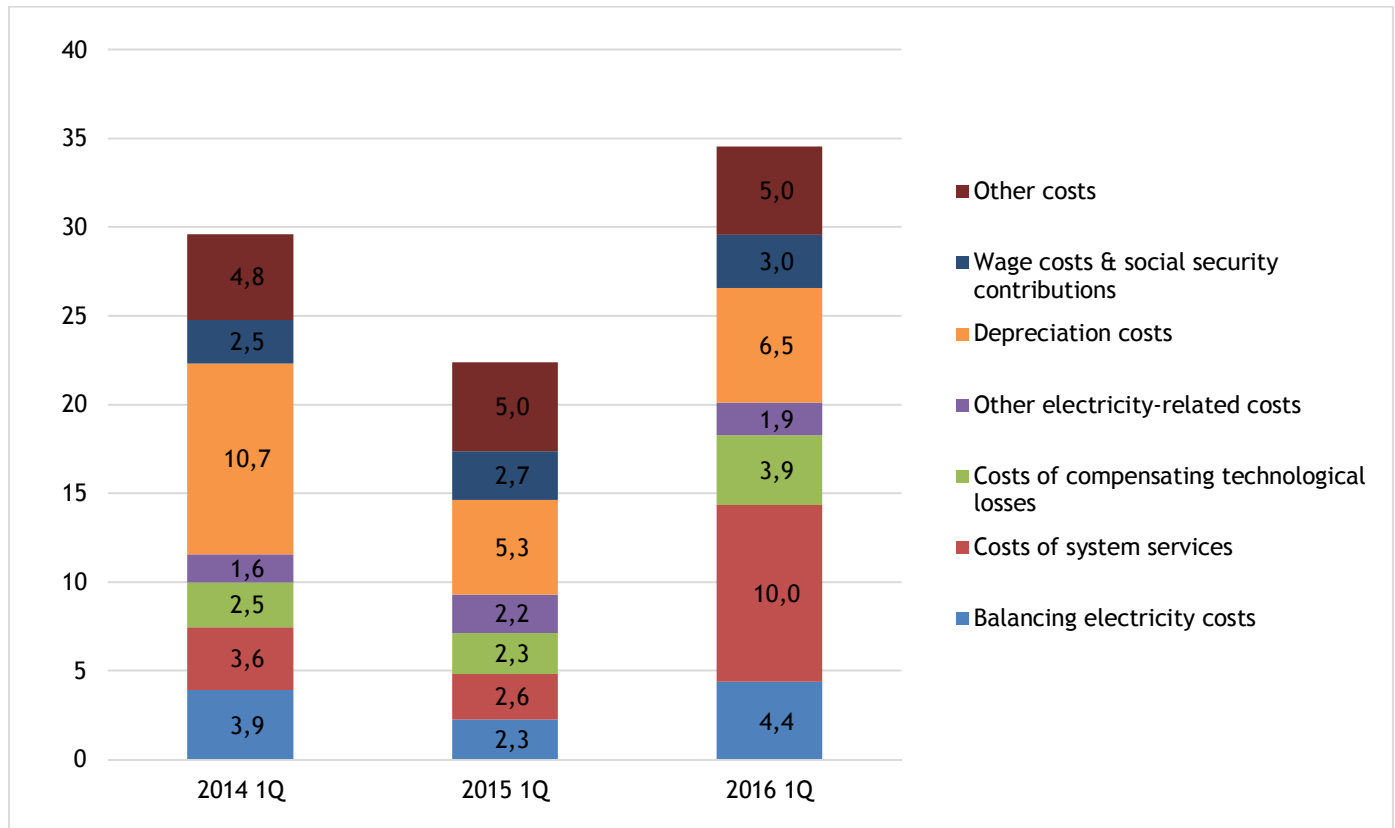


Figure 2. Group's cost structure, EUR million

In Q1 of 2016, the Group's costs totalled EUR 34.6 million, which is 54 % more compared to the same period of 2015.

Balancing (regulating) electricity costs increased 94 % (to EUR 4.4 million) due to a 46 % growth in the balancing (regulating) electricity purchase volumes and the higher purchase price.

Due to more than two-fold increase in the reserve power purchase price set by the Commission, coupled with the nearly two-fold increase in the demand for reserve power (resulting from the operation of the new power links with Sweden and Poland), the costs of system services increasing almost four times to EUR 10 million.

The costs of purchasing electricity for compensating for technological losses in the transmission network grew 71 % (to EUR 3.9 million). The increase was due to start of the operation of the new power interconnections' equipment, namely HVDC converters, the 400 kV transmission line, and the submarine cable.

ITC transit costs were EUR 0.5 million and PIS provision costs were EUR 1.4 million.

Due to putting assets into operation at the end of 2015, depreciation and amortisation costs increased 21 % or EUR 1.1 compared with Q1 of 2015 (to EUR 6.5 million). Other operating costs increased by 3% (to EUR 8 million) compared to Q1 of 2015.

Profit

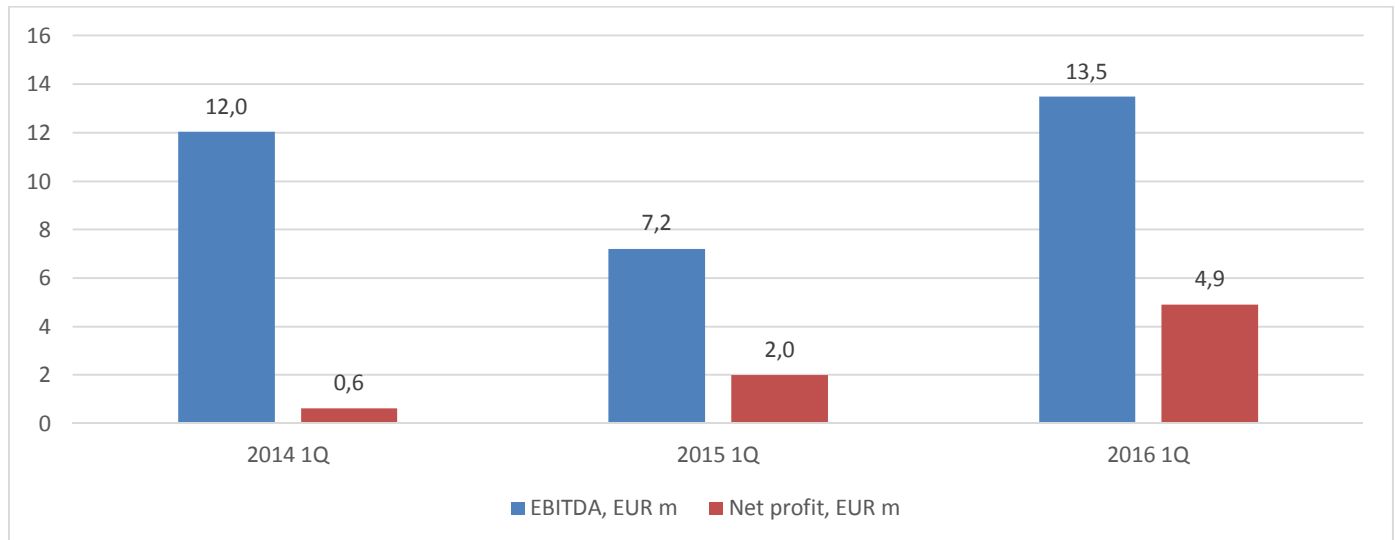


Figure 3. Profit indicators of the Group, EUR million

The Group's EBITDA for Q1 of 2016 amounted to EUR 13.4 million. Compared to the same period of 2015, the EBITDA increased by EUR 5.4, or 68 %; the EBITDA margin reached 32.8 % (Q1 of 2015: 31.9 %). The increase in the EBITDA and net profit was mainly determined by the growth in the transmission service volumes and income from the cross-border congestion charges

The Group's net profit for Q1 of 2016 was EUR 4.9 million (Q1 of 2015: EUR 2 million).

The Group's operating profit in Q1 of 2016 consists of: profit of the transmission segment EUR 5.9 million (Q1 of 2014: EUR 1.4 million profit), loss in the system services segment EUR 0.1 million (Q1 of 2015: EUR 0.1 million loss), profit in the balancing (regulating) electricity segment EUR 0.7 million (Q1 of 2015: 1.8 million profit), and loss in other activities EUR 0.2 million (Q1 of 2015: EUR 0.5 million loss).

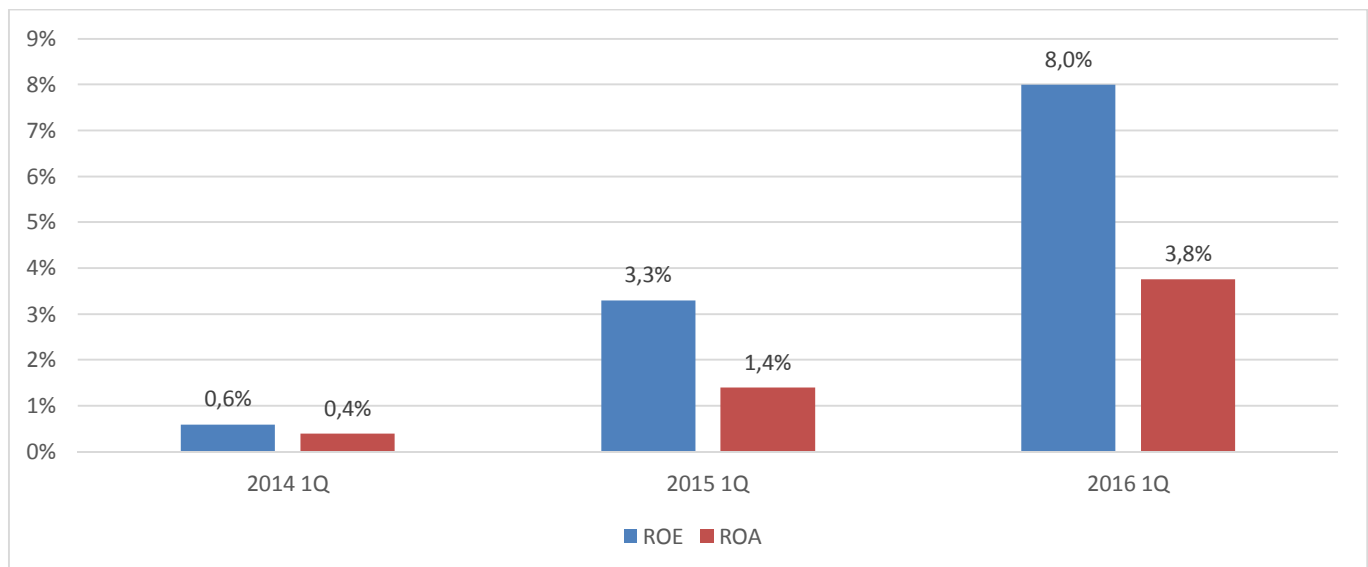


Figure 4. Return on equity and return on assets of the Group

There has been an increase in the annual ROE and ROA ratios for Q1 of 2016 compared to the same period of 2015: from 3.3 % to 8 % and from 1.4 % to 4 %, respectively.



Litgrid

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Balance sheet and cash flows

As of 31 March 2016, assets of the Group amounted to EUR 491.6 million. Non-current assets accounted for 83.3 % of total assets of the Group. Shareholders' equity accounted for 50.2 % of total assets.

During Q1 of 2016, the Group's financial liabilities to credit institutions decreased EUR 4.5 million and were EUR 198.9 as of 31 March 2016. The ratio between financial liabilities and equity was 80.6 %. Long-term financial debts payable after one year accounted for 62 % of all financial debts. Cash and cash equivalents amounted to EUR 4 million.

In Q1 of 2016, the Group's net cash flows from operations amounted to EUR 13.8 million, while payments for non-current tangible and intangible assets were EUR 38.5 million; subsidies received amounted to EUR 32.7 million.

The Group's net cash flows in Q1 of 2016 totalled EUR 8 million.

Investments in non-current assets

In Q1 of 2016, investments of Litgrid (works performed and assets acquired irrespective of terms of payment) amounted to EUR 18.5 million. 85 % of these investments were earmarked for the implementation of strategic energy projects and 15% - for the reconstruction and development of national electricity transmission grid.

TSO performance indicators

Based on the requirements for the electricity transmission reliability and service quality approved by the National Commission for Energy Control and Prices, two indicators are used to measure the electricity transmission reliability level: ENS – energy not supplied, and AIT – average interruption time. The indicators set for Litgrid for 2016 are as follows: END 6.3 MWh and AIT 0.29 min. No disconnections occurred due to the fault of Litgrid in Q1 of 2016.

References and explanations about information in the consolidated financial statements

Detailed explanations about financial information are provided in the Explanatory Notes to the financial statements for 2015.

Dividend policy

The Government of the Republic of Lithuania, which indirectly through UAB EPSO-G controls 97.5% of Litgrid shares, has established the principles for the allocation of dividends for shares owned by the State in its Resolution No. 20 of 14 January 1997 (revised text: Resolution No. 359 of 4 April 2012).

Risks and risk management

Political, regulatory and compliance risks

The power sector is a vitally important part of the economy with considerable influence over political and economic interests. The structure and management of the power sector and the operation of the companies in the energy sector are governed by the Law on Electricity of the Republic of Lithuania and the relevant regulations. Any amendments to national or European Union energy legislation can have an impact on the results of Litgrid Group. In order to reduce the impact of the risk on the performance results, the Company's representatives actively participate in discussions, inform about decisions that have to be taken and / or submit proposals to institutions that draft legal acts. The company also responds effectively to any questions posed by public or control authorities regarding the Company's activities.

Prices for electricity are regulated, with the price ceilings set by the National Commission for Energy Control and Prices. The operating results of Litgrid are directly dependent on these decisions. These decisions by the regulator directly affect not only Litgrid performance results but also funds that the Company allocates to cover the operating costs, investments that maintain a reliability of the transmission grid, as well as opportunities to finance strategic projects from the Company's own or borrowed funds. In order to reduce the impact of regulatory risks on performance results, the Company actively cooperates with the Commission and participates in discussions on projected amendments to legal acts, with its argumentation based on the impact of the decisions and long-term strategic objectives of the Company.

To reduce compliance risk, the Company's legal team carefully supervises the decision-making process, internal legislation drafting, and setting of contractual obligations.



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Operating risk

One of the main functions and responsibilities of the Company's operations is ensuring the reliability of electricity transmission and preventing disruptions of energy supply. Main operational risks that could affect the reliability of the transmission are caused by external environmental factors: natural disasters, disruptions in the operations of main contractors, criminal acts of third parties, as well as internal factors such as information systems' failures. The Company has implemented solutions which meet the requirements of physical and information technology security set for enterprises that have strategic or important role for national security, and modern information systems.

Emergency response plans that ensure business continuity are prepared and kept up to date.

In order to avoid potential delays of grid reconstruction and development projects, Litgrid has a project management system in place. Up-to-date and highly selective requirements for qualifications of contractors ensure that they are able to implement complex projects.

The company focuses on the attraction and retention of highly-qualified employees that are able to implement ambitious operational and complex strategic plans. For that purpose, educational and substitutability plans are being developed and a policy of remuneration and motivation has been updated.

Financial risk

Companies in the Litgrid Group encounter financial risk in their operations including credit risk, liquidity risk and market risk (currency exchange risk and interest rate risk). In managing this risk, the Group's companies seek to minimise the effects of factors that can have an adverse impact on financial results of the Group. The Company has a significant concentration of credit risk. The Company requires the clients / third parties to provide adequate securities to ensure the execution of contracts (measures are applied according to the client's / third party's risk level).

Technological risk

Lithuania's energy system has 12 interconnections with the neighbouring energy systems. The available means for power and energy balance control are limited, and the power and energy balance control process is complex.

Litgrid Power Link Service, a subsidiary of Litgrid employing highly qualified specialists was formed to ensure a reliable operation of the new high-voltage direct current power links. The employed of the company have acquired their specialist skills and knowledge on the operation and repairs of the power links at training courses provided by the links' equipment manufacturers as well as by participating in the testing of the relevant equipment, systems and links and the analyses of the causes of disconnection of the links during the trial operation.

More than one half of the high-voltage electricity transmission grid equipment is older than 45 years. Faults and failures of the most important process equipment can have a negative impact on Litgrid's operations and financial results. In order to avoid disruptions in the power supply, Litgrid monitors the condition of the transmission network, develops monitoring plans and plans new investments in the network in due time. Investments in equipment and materials has a direct impact on financial results. The Company ranks investments in the network considering objective criteria and applying a specific evaluation methodology so that the investments are optimised.

Environmental risks

Companies of the Group comply with the environmental regulations on appropriate labelling, use and storage of hazardous materials and ensures that equipment operated by the companies meets the established requirements. At facilities that pose an increased risk to the environment due to pollutants or waste, work is organised according to the conditions set out in the Integrated Pollution Prevention and Control Permits issued by regional environmental protection departments.



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III. Information about Share Capital and Shareholders

Litgrid has not acquired any of its shares, nor has made any acquisitions or disposals of own shares during the reporting period. Subsidiaries of the Company have not acquired shares of the Company either.

Since 22 December 2010, Litgrid's shares are included on the Baltic Secondary List at the NASDAQ OMX Vilnius exchange, ISIN code LT0000128415.

Litgrid's authorised capital is EUR 146,256,100.2, divided into 504,331,380 ordinary registered shares of EUR 0.29 par value per share. The number of shares to which voting rights are attached: 504,331,380.

As of 19 April 2016, the company had 5,545 (five thousand five hundred forty five) shareholders. 97.50% of Litgrid shares are owned by EPSO-G (A. Juozapavičiaus 13, LT-09310 Vilnius, business ID 302826889), 100% of which are owned by the Ministry of Energy. On 28 September 2012, to fulfil the provisions of the European Union's Third Energy Package, Litgrid as the transmission system operator was separated from the other companies in the power sector.

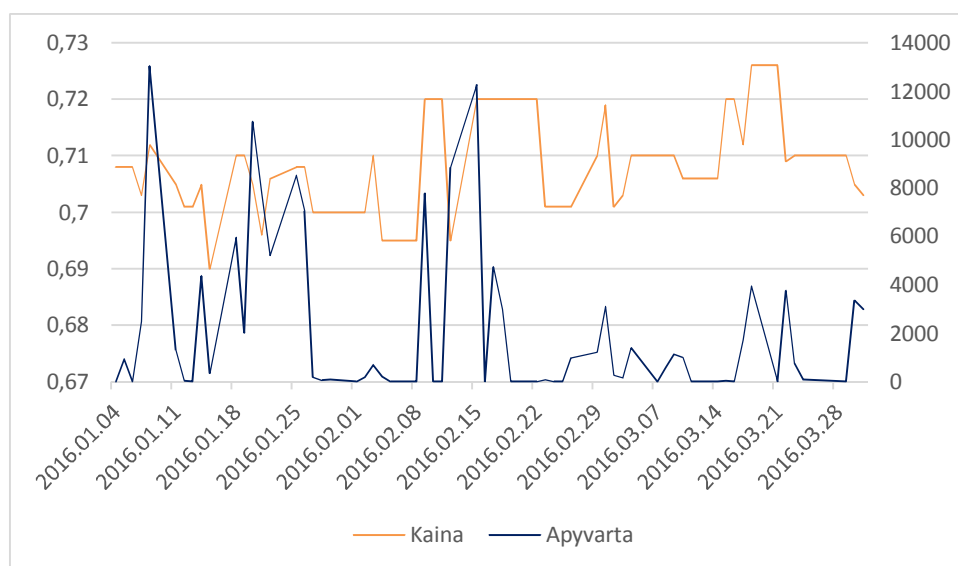
Services of accounting for Litgrid's securities and the related services from 1 February 2016 to 31 January 2019 are provided by Swedbank AB.

Securities of subsidiaries of the Company are not traded on any securities exchange.

Trading in Litgrid securities in regulated markets:

Indicator	2014	2015	2016
Opening price, EUR	0,593	0,698	0,708
Highest price, EUR	0,750	0,740	0,735
Lowest price, EUR	0,582	0,550	0,677
Closing price, EUR	0,664	0,708	0,730
Turnover, pcs	1 176 548	656 613	269 103
Turnover, EUR m	0,80	0,45	0,19
Capitalisation, EUR m	334,88	357,07	368,16

Turnover and price of Litgrid shares during the reporting period, EUR:

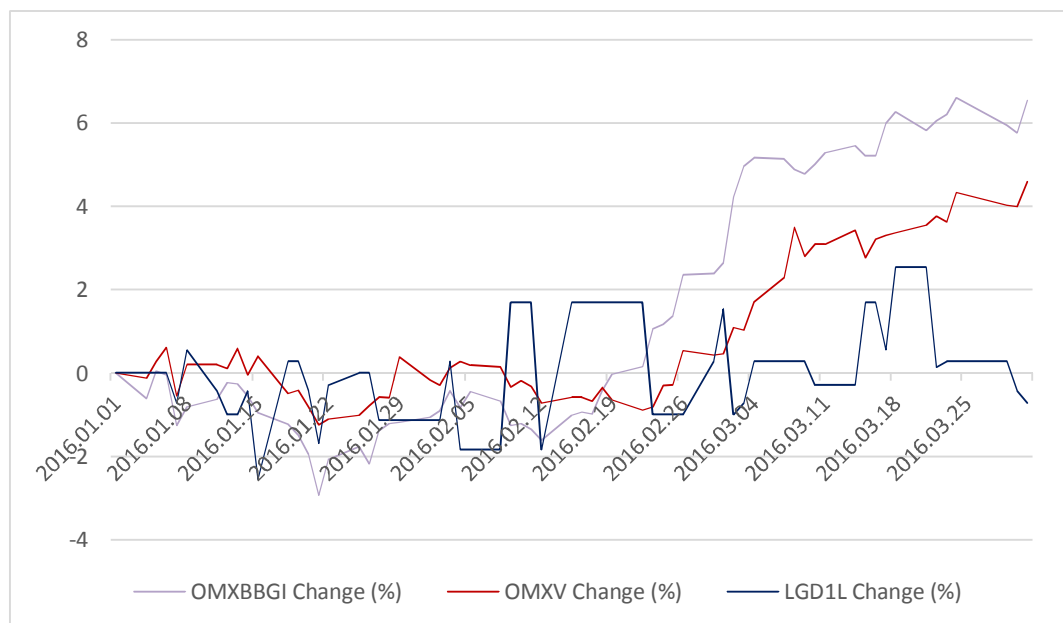




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Comparison of the price of Litgrid shares (LGD1L) with the OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the reporting period:



Articles of Association

The Articles of Association of Litgrid may be amended according to the procedure prescribed by the Law on Companies of the Republic of Lithuania. Adoption of an amendment requires a majority vote of at least two-thirds of the voting shares of the shareholders participating in a general meeting of shareholders. On 26 April 2016 the general meeting of shareholders of Litgrid approved a new version of the Articles of Association of the Company to be registered in May 2016. The fact of registration will be notified by a notice to Nasdaq.

The General Meeting of Shareholders

The general meeting of shareholders is the supreme management body of the Company.

The scope of competence of the general meeting of shareholders and the procedure for its convention and decision-adoption is established by the laws, other legal acts and the Articles of Association.

The Supervisory Council

The Supervisory Council is a standing collegiate body that exercises supervision of the Company's operations.

The Supervisory Council reports to the general meeting of shareholders.

The Supervisory Council is headed by the chairperson elected by the Supervisory Council itself from among its members.

The Supervisory Council has three members including the chairperson. Independent members can be elected to the Supervisory Council. Independence of a member of the Supervisory Council (or its committee) is determined according to the procedure established by the laws, and if such procedures do not exist, the Supervisory Council of the Company decides on the independence of the member of the Supervisory Council (or its committee). The Supervisory Council is elected for a term of office of four years. The Supervisory Council or its members start their activities after the end of the general meeting of shareholders that has elected the Council/its members.

The shareholder (or his representative) that puts up a candidate for the position of member of the Supervisory Council must submit to the general meeting of shareholders a written statement about the candidate's qualifications, experience in managing positions, and fitness for the position of member of the Supervisory Council including explanations concerning the meeting of the requirements set out in the Articles of Association of the Company, and providing conclusions by competent bodies and/or other documents demonstrating suitability.



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Areas of activities of the Supervisory Council

The Supervisory Council is authorised to monitor the implementation of the Company's strategy and the transmission grid development plan; submit to the general meeting of shareholders feedback and proposals on the implementation of the transmission grid development plan; submit to the Board and the general meeting of shareholders (if the relevant issue is considered by the general meeting of shareholders) feedback and proposals on the decisions adopted by the Board as stated in the Articles of Association; adopt decisions on agreements with the Members and Chairperson of the Board concerning work in the Board, set standard terms and conditions of such agreements, and appoint a person authorised to sign such agreements on behalf of the Company; adopt decisions on the size of remuneration to Board Members (if it is decided to pay such remuneration); ensure the effectiveness of the internal control system in place at the Company.

Audit Committee

On 24 February 2014, the Supervisory Council of Litgrid decided to elect three members to the Company's Audit Committee, two of whom are independent: independent member Aušra Pranckaitytė, independent member Rima Kvietauskaitė, and Litgrid Financial Analyst Ana Tursienė.

The Audit Committee analyses corporate risk management, internal auditing plans, IT security, and the process of auditing the financial statements. The Audit Committee's term of office is the same as that of the Supervisory Council that has approved the composition of the Audit Committee.

The Board

The Board consists of five members and is elected for a four-year term of office. The term of the Board starts after the end of the general meeting of shareholders at which the Board was elected and ends on the date of the ordinary general meeting of shareholders held in the last year of the Board's term.

If the Board or a Board Member is recalled, resigns or ceases to perform its duties for any other reason, a new Board/Board Member is elected for the remainder of the Board's term. The person that puts up a candidate for the position of Member of the Board must submit to the Supervisory Council a written statement about the qualifications of the candidate, his/her experience in management positions, and fitness for the position of the Member of the Board including explanations concerning the meeting of the requirements set out in the Articles of Association of the Company, and providing conclusions by competent bodies and/or other documents demonstrating suitability.

The Board elects the Chairperson from among its members.

The Board works in accordance with the laws and other legal acts, the Articles of Association, decisions of the general meeting of shareholders and Work Regulations of the Board.

The Board is a collegiate management body of the Company. The scope of competence of the Board and the procedure for adoption of decisions and electing and recalling of its members is established by the laws, other legal acts and the Articles of Association.

The Board reports to the Supervisory Council and the general meeting of shareholders.

Areas of activities of the Board

The Board is authorised to consider and approve a three-year action plan for the implementation of the Company's strategy, a ten-year plan for the development of the Company's transmission grid, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board adopts decisions on the Company's undertaking of new types of activities or ceasing to carry out certain activities to the extent to which this does not contradict the purpose of the Company's operations. It also adopts decisions on the issuing of bonds, restructuring of the Company and transfer of the Company's shares to other persons, and decides on financial transactions exceeding EUR 2 896 million in value. The Board also adopts decisions on other matters as stated in the Articles of Association.

Areas of activities of the Chief Executive Officer

The Chief Executive Officer (CEO) is the single-handed management body of the Company. The CEO organises and directs the Company's activities, acts on behalf of the Company, and concludes agreements at his/her sole discretion. The scope of competence of the CEO, as well as the procedure for his/her election and recall, is prescribed by laws, other legal acts and the Articles of Association.



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Members of the Supervisory Council, the Audit Committee and the Board, CEO, and Chief Financial Officer of Litgrid:

Position	Name, surname	Start date	End date	Number of shares held by the issuer
Supervisory Council				
Chairperson	Aleksandras Spruogis	2013 04 24		-
Member	Audrius Misevičius	2013 04 24		-
Independent member	Mindaugas Vaičiulis	2014 04 07	2015 04 24	-
Member	Rolandas Zukas	2015 04 24		-
Audit Committee				
Member	Aušra Pranckaitytė	2014 02 24		-
Member	Rima Kvietkauskaitė	2014 02 24		-
Member	Ana Tursienė	2014 02 24		-
Board				
Chairperson	Daivis Virbickas	2013 09 10		-
Member	Karolis Sankovski	2013 09 10		-
Member	Vidmantas Grušas	2013 09 10		-
Member	Rimantas Busila	2013 09 10		1421
Member	Rolandas Masilevičius	2013 12 18	2016 05 09	-
Chief Executive Officer	Daivis Virbickas	2013 09 10		-
Chief Financier	Svetlana Sokolskytė	2012 07 02	2015 06 30	-
Acting Chief Financier	Raimonda Duobuvienė	2015 07 01	2015 10 18	-
Chief Financier	Jūratė Vyšniauskienė	2015 10 19		-

Members of the Supervisory Council of Litgrid

Dr. Aleksandras Spruogis, Chairman of the Supervisory Council

Born in 1963. Civil engineer qualifications (diploma cum laude): Faculty of Construction, Vilnius Civil Engineering Institute, 1980 - 1985. Master of Environmental Engineering: Faculty of Environmental Engineering, Vilnius Gediminas Technical University, 1991 - 1992. Doctor of Technical Sciences in Environmental Engineering, Vilnius Gediminas Technical University, 1996. Research Assistant at Environment and Working Conditions Research Laboratory and Assistant at the Environmental Protection Department of Vilnius Civil Engineering Institute (Vilnius Gediminas Technical University), 1990-1997. Senior Adviser to the Parliament Environmental Protection Committee and Chairman of the Parliament Panel of Advisers, 1997-2003. Secretary of the Ministry of Environment, 2003-2009. Senior Adviser to the Ministry of Environment, 2009. Vice-Minister of Environment, 2009-2012.

Audrius Misevičius, Member of the Supervisory Council

Born in 1959. Economist qualifications, Vilnius University, 1982. Doctor of Social Sciences, St Petersburg Institute of Finances and Economics. Associate Professor, Vilnius University, 1993. Work experience: Trainee, Assistant, Associate Professor at Finance Department of Vilnius University, 1982-2005. Deputy Minister of Social Security, 1990-1992. Minister of Finance, 1992. Assistant/secretary to Member of Parliament A. Rudys, 1993. Financier, UAB Stern von Litauen AG, 1993-1995. Head of Tax Department, TŪB J. Kabašinskas ir Partneriai, 1996. Deputy Chairman of the Board, Member of the Board of the Bank of Lithuania, 1996-2013. Adviser to the Prime Minister of the Republic of Lithuania, since 2013. Member of the Board of VĮ Indėlių ir Investicijų Draudimas and Curator of UAB Lietuvos Monetų Kalykla, 1998-2013.

Rolandas Zukas, Member of the Supervisory Council

Born in 1974. Transport Engineering Economics and Management qualifications. Worked at AB Klaipėdos Nafta as a Director of liquefied natural gas terminal (LNG), as member of the Board and CEO at Energijos tiekimas UAB. R. Zukas is the Managing Director of UAB EPSO-G, the company which owns 97.5% of Litgrid shares.



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Members of the Board of Litgrid

Daivis Virbickas, Chairman of the Board

Born in 1978. Responsible for strategic management and the power system control. Has experience of many years in the development and management of long-term strategies for power transmission system development, analysis of electricity markets, and corporate governance. Until 2013: Director of Commerce at Alpiq Energija Lietuva representing Alpiq AG, a Swiss holding company, in the Baltic States. Until 2011: Technical Director at Litgrid.

Mr Virbickas holds a master degree in Energy Systems Management from Kaunas University of Technology (KTU) (graduated in 2002), bachelor degree in Business management from KTU and Corporate governance certificate (2008) from Baltic Management Institute and IMD Business School (Switzerland).

Karolis Sankovski, Member of the Board

Born in 1985. Responsible for strategic electricity grid projects. Has comprehensive experience working at power companies and with strategic international interconnector projects.

Mr Sankovski holds a Master's Degree in Environmental Science from Aix-Marseille University (graduated in 2008) and Bachelor's Degree in Law from Mykolas Romeris University (2007).

Vidmantas Grušas, Member of the Board

Born in 1962. Responsible for management of electricity transmission grid. Has experience of many years in the operation of high voltage electricity transmission grid equipment, development of grid facilities and power system control.

Mr Grušas holds a diploma in Managing Energy Business (2009) from Scandinavian International Management Institute in Denmark. He also graduated Riga University of Technology with the Energy Engineering qualifications in 1985.

Rimantas Busila, Member of the Board

Born in 1958. Responsible for financial management. Experienced in financial, investment and securities management.

Mr Busila graduated from Vilnius Gediminas Technical University in 1981 with the qualifications of an Engineer-Economist. In 1993 Mr Busila completed advanced training at the Paris stock exchange (Basics of capital markets functioning. Financial instruments trading.), in 1996 studied in American Association of Lawyers and Commercial Law Centre (Stock market legal regulation), in 1998 - at the U.S. Securities and Exchange Commission (Financial regulation and supervision).

No payments were made to the CEO of the Company or the Members of the Board for their work on the Board. No payments were made to the members of the Audit Committee for the work in the Committee during Q1 of 2016.

Transparency

The Company complies with all the main provisions of Sections IV-VIII of the Transparency Guidelines except that:

- the Company does not publish the salaries of managers and employees;
- the Company does not have the practice of publishing the average monthly pay by corporate divisions.



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Notices of material events published by Litgrid from 1 January 2016 until 26 May 2016:

Date	Notice
2016 01 08	Convention of an extraordinary meeting of shareholders of Litgrid
2016 01 28	Decisions adopted at the general meeting of shareholders of Litgrid on 28 January 2016
2016 02 05	Share sale and purchase agreement concluded by and between Litgrid and EPSO-G
2016 02 26	Publication of financial results of Litgrid Group for 12 months of 2015
2016 04 04	Convention of a general meeting of shareholders of Litgrid
2016 04 26	Decisions adopted at the general meeting of shareholders of Litgrid on 26 April 2016
2016 04 26	Litgrid and its subsidiaries consolidated Annual Report and Financial Report for 2015
2016 04 27	Report by Daivis Virbickas, CEO of Litgrid, at the annual report event
2016 05 09	Litgrid's dividend payment procedure for 2015
2016 05 09	Information about a notice of resignation
2016 05 12	Information on election of the Supervisory Board of UAB EPSO-G
2016 05 16	Amended Articles of Association for Litgrid AB Have Been Registered

Detailed information on all material events published in 2016 is provided on the website of the Vilnius Securities Exchange http://www.nasdaqomxbaltic.com/market/?pg=news&issuer=LGD&start_d=1&start_m=1&start_y=1996 and the website of Litgrid <http://www.litgrid.eu/index.php/apie-litgrid/investuotojams/esminiai-ivykiai-/478>.



Litgrid

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION FOR A THREE-MONTHS PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-03-2016 (unaudited)	31-12-2015 (audited)	31-03-2016 (unaudited)	31-12-2015 (audited)
ASSETS					
Non-current assets					
Intangible assets	3	790	876	784	870
Property, plant and equipment	3	404,713	409,643	403,843	408,757
Prepayments for property, plant and equipment		1,106	56,298	1,106	56,298
Investments in subsidiaries	4	-	-	4,089	4,089
Investments in associates and jointly controlled entities	4	727	720	752	752
Deferred income tax assets		65	63	-	-
Available-for-sale financial assets		2,273	2,273	2,273	2,273
Total non-current assets		409,674	469,873	412,847	473,039
Current assets					
Inventories		3,018	2,518	1,194	1,157
Prepayments		488	240	384	203
Trade receivables		15,227	12,918	13,569	8,720
Other accounts receivable	5	56,368	20,277	56,380	22,318
Prepaid income tax		216	1,457	194	1,435
Other financial assets		2,596	2,574	2,596	2,574
Cash and cash equivalents		4,027	791	3,760	483
Total current assets		81,940	40,775	78,077	36,890
Assets of disposal group classified as held for sale		-	43,726	-	325
TOTAL ASSETS		491,614	554,374	490,924	510,254
EQUITY AND LIABILITIES					
Equity					
Share capital	6	146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		6,077	6,228	5,994	6,138
Reserve of changes in fair value of financial assets		298	298	298	298
Legal reserve		14,606	14,606	14,606	14,606
Other reserves		62,747	62,747	62,747	62,747
Retained earnings (loss)		8,053	2,897	11,049	5,772
Equity attributable to the shareholders of the parent company		246,616	241,611	249,529	244,396
Non-controlling interest		-	133	-	-
Total equity		246,616	241,744	249,529	244,396
Liabilities					
Non-current liabilities					
Grants received in advance		-	3,870	-	3,870
Non-current loans	7	123,418	124,518	123,418	124,518
Deferred income tax liabilities		10,124	10,430	10,124	10,430
Other non-current accounts payable and liabilities		203	203	151	151
Total non-current liabilities		133,745	139,021	133,693	138,969
Current liabilities					
Current portion of non-current borrowings	7	8,082	8,082	8,082	8,082
Current loans	7	67,388	70,838	66,353	69,842
Trade payables		9,987	28,068	8,687	25,301
Advances received		2,035	2,014	2,035	2,014
Income tax payable		7	4	-	-
Other accounts payable		23,754	23,160	22,545	21,650
Total current liabilities		111,253	132,166	107,702	126,889
Total liabilities		244,998	271,187	241,395	265,858
Liabilities of disposal group classified as held for sale		-	41,443	-	-
TOTAL EQUITY AND LIABILITIES		491,614	554,374	490,924	510,254

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



Litgrid

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-03-2016 (unaudited)	31-03-2015 (unaudited)	31-03-2016 (unaudited)	31-03-2015 (unaudited)
Continuing operations					
Revenue					
Sales of electricity and related services		38,108	20,981	38,108	20,981
Other revenue		2,678	4,060	428	546
Total revenue	8	40,786	25,041	38,536	21,527
Expenses					
Purchase of electricity and related services		(20,128)	(9,316)	(20,128)	(9,316)
Depreciation and amortisation	3	(6,452)	(5,329)	(6,398)	(5,260)
Wages and salaries and related expenses		(2,989)	(2,741)	(1,642)	(1,479)
Repair and maintenance expenses		(859)	(975)	(1,228)	(1,343)
Telecommunications and IT systems expenses		(768)	(1,058)	(730)	(1,013)
Write-off of property, plant and equipment		(277)	(6)	(277)	(6)
Impairment charge of assets		(6)	846	(4)	839
Impairment charge of property, plant and equipment	3	(434)	-	(434)	-
Other expenses		(2,638)	(3,802)	(1,274)	(1,130)
Total expenses		(34,551)	(22,381)	(32,115)	(18,708)
Operating profit (loss)		6,235	2,660	6,421	2,819
Financial operations					
Finance income		16	103	79	103
Finance expenses		(433)	(353)	(431)	(343)
Total finance income		(417)	(250)	(352)	(240)
Share of profit/(loss) of associates and jointly controlled entities		7	36	-	-
Profit (loss) before income tax		5,825	2,446	6,069	2,579
Income tax					
Current year income tax (expense)		(1,244)	(577)	(1,241)	(577)
Deferred tax income (expense)		307	162	305	166
Total income tax		(937)	(415)	(936)	(411)
Net profit (loss) for the period from continuing operations		4,888	2,031	5,133	2,168
Profit (loss) for the period from discontinued operations		32	(35)	-	-
Net profit (loss) for the period		4,920	1,996	5,133	2,168
Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-	-	-
Total comprehensive income (loss) for the period		4,920	1,996	5,133	2,168
Net profit (loss) attributable to:					
Owners of the Parent		4,910	2,008	5,133	2,168
Non-controlling interest		10	(12)	-	-
		4,920	1,996	5,133	2,168
Total comprehensive income (loss) attributable to:					
Owners of the Parent		4,910	2,008	5,133	2,168
Non-controlling interest		10	(12)	-	-
		4,920	1,996	5,133	2,168
Basic and diluted earnings (deficit) per share (in EUR)		0.010	0.004	0.010	0.004

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



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CONDENSED INTERIM STATEMENTS OF CGANGES IN EQUITY FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

Group	Attributable to owners of the Group									Total
	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Interim amount	Non-controlling interest	
Balance at 1 January 2015 (audited)	146,064	8,579	6,840	-	14,609	171,355	(107,931)	239,516	57	239,573
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	2,008	2,008	(12)	1,996
Depreciation of revaluation reserve and amounts written off	-	-	(145)	-	-	-	145	-	-	-
Transfer to retained earnings	-	-	-	-	(2)	-	2	-	-	-
Conversion of authorised share capital to the euro	192	-	-	-	-	-	-	192	-	192
Change in interest in the subsidiary	-	-	-	-	-	-	-	-	10	10
Balance at 31 March 2015 (unaudited)	146,256	8,579	6,695	-	14,607	171,355	(105,776)	241,716	55	241,771
Balance at 1 January 2016 (audited)	146,256	8,579	6,228	298	14,606	62,747	2,897	241,611	133	241,744
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	4,910	4,910	10	4,920
Depreciation of revaluation reserve and amounts written off	-	-	(151)	-	-	-	151	-	-	-
Change in interest in the subsidiary	-	-	-	-	-	-	95	95	(143)	(48)
Balance at 31 March 2016 (unaudited)	146,256	8,579	6,077	298	14,606	62,747	8,053	246,616	-	246,616

Company	Attributable to owners of the Group								Total
	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Interim amount	
Balance at 1 January 2015 (audited)	146,064	8,579	6,739	-	14,606	171,355	(107,036)	240,307	
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	2,168	2,168	
Depreciation of revaluation reserve and amounts written off	-	-	(142)	-	-	-	142	-	
Conversion of authorised share capital to the euro	192	-	-	-	-	-	-	192	
Balance at 31 March 2015 (unaudited)	146,256	8,579	6,597	-	14,606	171,355	(104,726)	242,667	
Balance at 1 January 2016 (audited)	146,256	8,579	6,138	298	14,606	62,747	5,772	244,396	
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	5,133	5,133	
Depreciation of revaluation reserve and amounts written off	-	-	(144)	-	-	-	144	-	
Balance at 31 March 2016 (unaudited)	146,256	8,579	5,994	298	14,606	62,747	11,049	249,529	

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



Litgrid

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR A THREE-MONTHS PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities				
Profit/(loss) for the period	4,920	1,996	5,133	2,168
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	3 6,452	5,329	6,398	5,261
Impairment of property, plant and equipment	434	-	434	-
(Reversal of)/impairment of trade receivables	4	(839)	4	(839)
Share of profit of associates and joint ventures	(7)	(36)	-	-
Income tax expenses	937	415	936	411
(Gain)/loss on disposal/write-off of property, plant and equipment	277	6	277	6
Elimination of results of financing and investing activities:				
Interest income	-	(15)	-	(15)
Interest expenses	429	151	427	149
Other finance (income)/costs	(12)	106	(75)	106
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable	(1,291)	16,443	(4,074)	9,570
(Increase) decrease in inventories, prepayments and other current assets	(932)	(265)	(191)	(207)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	2,626	(11,158)	4,181	(5,784)
Changes in other financial assets	(22)	101	(22)	100
Net cash generated from operating activities	13,815	12,234	13,428	10,926
Net cash used in operating activities of the discontinued operations	4,623	5,822	-	-
Cash flows from investing activities				
(Purchase) of property, plant and equipment and intangible assets	(38,514)	(66,320)	(38,469)	(66,282)
Proceeds from sale of property, plant and equipment and intangible assets	-	2	-	-
Grants received	32,742	14,346	32,742	14,346
Disposal (acquisition) of subsidiaries (associates)	-	-	388	(19)
Proceeds from redemption of held-to-maturity investments	-	15,929	-	15,929
Interest received	-	79	-	79
Other cash flows from investing activities	-	10	-	-
Net cash used in investing activities	(5,772)	(35,954)	(5,339)	(35,947)
Net cash used in investing activities of the discontinued operations	-	-	-	-
Cash flows from financing activities				
Proceeds from borrowings	-	3,000	-	3,000
Repayments of borrowings	(1,100)	(1,100)	(1,100)	(1,100)
Overdraft	(3,450)	(1,237)	(3,489)	-
Interest paid	(217)	(70)	(215)	(68)
Dividends paid	(8)	(10)	(8)	(10)
Other cash flows from financing activities	-	86	-	86
Net cash generated from financing activities	(4,775)	669	(4,812)	1,908
Net cash generated from financing activities of the discontinued operations	(4,655)	(5,843)	-	-
Net increase (decrease) in cash and cash equivalents	3,236	(23,072)	3,277	(23,113)
Cash and cash equivalents at the beginning of the period	791	25,293	483	25,003
Cash and cash equivalents at the end of the period	4,027	2,221	3,760	1,890

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



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

1. General information

Litgrid AB is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. Litgrid AB (hereinafter Litgrid or “the Company”) is a limited liability profit-making entity established as a result of spin-off of Lietuvos Energija AB operations based the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010 which was passed to approve the spin-off of Lietuvos Energija AB. The Company was registered with the Register of Legal Entities on 16 November 2010. The Company’s code is 302564383; VAT payer’s code is LT100005748413.

Litgrid is an operator of electricity transmission system operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, Company is responsible for the integration of Lithuania’s electricity system into Europe’s electricity infrastructure and the common market for electricity. The Company is implementing the strategic NordBalt (Lithuania-Sweden) and LitPol Link (Lithuania-Poland) power link projects.

The principal objectives of the Company’s activities include ensuring the stability and reliability of the electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances.

On 31 March 2016 the Company’s share capital was €146,256,100.20. It consists of 504,331,380 ordinary shares with a nominal value of €0.29 per share.

As at March 2016 and 31 December 2015, the Company’s shareholders structure was as follows:

Company’s shareholders	Number of shares held	Number of shares held (%)
UAB EPSO-G	491,736,153	97.5
Other shareholders	12,595,227	2.5
Total:	504,331,380	100

The ultimate controlling shareholder of UAB EPSO-G (company code 302826889, address A. Juozapavičiaus g. 13, Vilnius) is the Ministry of Energy of the Republic of Lithuania.

The shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

As at the date of these financial statements the Group included LITGRID and its directly controlled subsidiaries listed below:

Company	Address of the company’s registered office	Shareholding as at 31 March 2016	Shareholding as at 31 December 2015	Profile of activities
UAB Tetas	Senamiesčio str. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation and distribution station design, reconstruction, repair and maintenance services
UAB Tinklo priežiūros centras	A. Juozapavičiaus str. 13, Vilnius, Lithuania	100%	100%	Management and operation of electricity interconnection facilities

Since 29th April, 2016 a subsidiary company of Litgrid UAB Tinklo priežiūros centras has changed its name into UAB Litgrid Power Link Service.

The structure of the Group’s investments in the associates and the jointly controlled entity as at 31 March 2016 and 31 December 2015 was as follows:

Company	Address of the company’s registered office	The Group’s shareholding as at 31 March 2016	The Group’s shareholding as at 31 December 2015	Profile of activities
UAB Duomenų Logistikos Centras	Žvejų str. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	Designing of electricity transmission interconnection facilities

As at 31 March 2016, the Group had 671 employees (31 December 2015: 659), as at 31 March 2016, the Company had 235 employees (31 December 2015: 235).



2. Summary of principal accounting policies

The principal accounting policies adopted in the preparation of the Company's and the Group's condensed interim financial information for the three-month period ending 31 March 2016 is:

2.1 Basis of preparation

The Company's and the Group's condensed interim financial statements for the three-month period ending 31 March 2016 have been prepared in accordance with the 34th International Accounting Standard (hereinafter - IAS) "Interim Financial Reporting".

The condensed interim financial statements are presented in thousands of euro, unless otherwise stated.

In order to better understand the data presented in this condensed interim financial statements, this financial statements should be read in conjunction with the Consolidated and the Company's financial statements for the year 2015, prepared according to International Financial Reporting Standards as adopted by the European Union.

This condensed interim financial statements has been prepared on a historical cost basis, except for property, plant and equipment, which is recorded at revalued amount, less accumulated depreciation and estimated impairment losses, and available-for-sale financial assets which are carried at fair value.

The financial year of the Company and other Group companies coincides with the calendar year.

The accounting principles applied in preparing the condensed interim financial statements are the same as those applied in preparing the financial statements for 2015.

2.2 Principles of consolidation

Subsidiary is an entity directly or indirectly controlled by the Company. The Company controls an entity when it can or has a the right to receive a variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

The consolidated financial statements of the Group include LITGRID AB and its subsidiaries. The financial statements of the subsidiaries have been prepared for the same reporting periods, using uniform accounting policies.

Subsidiaries are consolidated from the date from which effective direct or indirect control is transferred to the Company. They are de-consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains and losses on transactions among the Group companies are eliminated.

2.3 Grants

Asset-related grants

The Government and the European Union grants received in the form of property, plant and equipment or intended for the purchase of property, plant and equipment are considered as asset-related grants. Grants are recorded as a deduction of value of the respective asset and subsequently recognized as income, reducing the depreciation charge of related asset over the expected useful life of the asset.

Public service obligation (hereinafter "PSO") service fees allocated to the Company for the development and implementation of strategic plans are recognized as asset-related grants. They are also recorded as a deduction of value of related assets and subsequently recognized as income, reducing the depreciation charge of related asset over the expected useful life of the asset.

Grants received in advance in relation to acquisition of non-current assets are stated as non-current liabilities until the moment of acquisition of such assets.

Accrued grants receivable are recorded in other amounts receivable when the agreement whereby the European Commission commits to finance strategic projects provides evidence confirming that the financing will be received.



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

3. Intangible assets and property, plant, and equipment

Group	Intangible assets	Property, plant, and equipment
Net book amount at 31 December 2014	944	364,401
Additions	2	6,838
Disposals	-	(2)
Write-offs	-	(7)
Offsetting grants with non-current assets	-	(1,723)
Depreciation and amortization charge	(100)	(5,236)
Net book amount at 31 March 2015	846	364,271
Net book amount at 31 December 2015	876	409,643
Additions*	-	73,635
Disposals	-	(8)
Write-offs	-	(304)
Impairment	-	(434)
Reclassification	20	(20)
Transfer from grants not received (Note 5)	-	(34,841)
Offsetting grants with non-current assets	-	(36,612)
Depreciation and amortization charge	(106)	(6,346)
Net book amount at 31 March 2016	790	404,713
Company	Intangible assets	Property, plant, and equipment
Net book amount at 31 December 2014	915	363,431
Additions	-	6,825
Write-offs	-	(7)
Offsetting grants with non-current assets	-	(1,723)
Depreciation and amortization charge	(92)	(5,169)
Net book amount at 31 March 2015	823	363,357
Net book amount at 31 December 2015	870	408,757
Additions*	-	73,590
Write-offs	-	(304)
Impairment	-	(434)
Reclassification	20	(20)
Transfer from grants not received (Note 5)	-	(34,841)
Offsetting grants with non-current assets	-	(36,612)
Depreciation and amortization charge	(106)	(6,293)
Net book amount at 31 March 2016	784	403,843

* As of 31 December 2015, EUR 55 million of the property, plant and equipment acquisitions were carried in Prepayments for property, plant and equipment.

Property, plant, and equipment value are shown as the acquisition value less the grants received/receivables to acquire these assets value. In case the value of property, plant, and equipment shall not be reduced by these grants their value as of 31 March 2016 will be higher by EUR 284,356 thousand. Information about property, plant, and equipment the value of which are reduced by the grants received/receivables:

Net book amount at 31 December 2015	214,328
Additions	71,453
Depreciation charge	(1,424)
Write-offs	(1)
Net book amount at 31 March 2016	284,356



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

4. Investments in subsidiaries (of the Company) and investments in associates and jointly controlled entities (of the Company and the Group)

Investments in subsidiaries in the Company's financial statements

As at 31 March 2016 and 31 December 2015 the Company's investments comprised as following:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest (%)
UAB Tetras	4,356	(441)	3,915	100
UAB Tinklo priežiūros centras	174	-	174	100
	4,530	(441)	4,089	

Pursuant to the decision passed during the extraordinary general meeting of the shareholders of Litgrid held on 28 January 2016, the Company and UAB EPSO-G signed the agreement on the purchase and sale of shares on 5 February 2016. Under this agreement the Company transferred to UAB EPSO-G 478,800 ordinary registered intangible shares of UAB Baltpool representing 67% of the total share capital of UAB Baltpool. The agreement stipulates that the right of ownership is transferred to UAB EPSO-G from 1 March 2016. Shares of UAB Baltpool were sold for the market share price established by the independent property value amounting to EUR 387,828.

Investments in associates and jointly controlled entities in the Company's and the Group's financial statements

Movement in the account of investments in associates and jointly controlled entities is given in the table below:

	Group		Company	
	31-03-2016	31-12-2015	31-03-2016	31-12-2015
Opening balance	720	1,088	752	1,047
Impairment of investments	-	(343)	-	(295)
Share of profit (loss) of associates and jointly controlled entities	7	(25)	-	-
Closing balance	727	720	752	752

5. Other accounts receivable

Other receivables as of 31 March 2016 consist mainly of grants receivables - EUR 51,306 thousand (31 December 2015 - EUR 16,465 thousand), by the amount of these grants is reduced the value of property, plant, and equipment.

6. Share capital

On 31 March 2016 the Company's share capital was EUR 146,256,100.20. It consists of 504,331,380 ordinary shares with a nominal value of EUR 0.29 per share.

7. Loans

Loans of the Group/Company were as follows:

	Group		Company	
	31-03-2016	31-12-2015	31-03-2016	31-12-2015
Non-current borrowings				
Bank loans	123,418	124,518	123,418	124,518
Current borrowings				
Current portion of non-current borrowings	8,082	8,082	8,082	8,082
Overdraft	67,388	70,838	66,353	69,842
Total	198,888	203,438	197,853	202,442

Terms of repayment of non-current borrowings

	Group		Company	
	31-03-2016	31-12-2015	31-03-2016	31-12-2015
Between 1 and 2 years	8,082	8,082	8,082	8,082
From 2 to 5 years	36,533	36,533	36,533	36,533
After 5 years	78,803	79,903	78,803	79,903
Total	123,418	124,518	123,418	124,518



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

8. Segment information

The Group has distinguished the following 5 segments:

- electricity transmission;
- trade in balancing/regulating electricity;
- provision of system (capacity reserve) services;
- provision of services under PSO (public service obligation) scheme;
- repair and maintenance activities.

The Company's segments coincide with the electricity transmission, trade in balancing(regulating) electricity, provision of system (capacity reserve) services and provision of services under PSO (public service obligation) scheme segments presented by the Group. Segments of the Group and the Company are not aggregated.

The electricity transmission segment is engaged in transmitting electricity over high voltage (330 and 110 kV) networks from producers to users or suppliers not in excess of the limit established in the contract. The main objective of these activities is to ensure a reliable, effective, high quality, transparent and safe electricity transmission to distributions networks, large network users from power stations and neighbouring energy systems.

Trade in balancing/regulating electricity is a service ensuring the balancing of electricity generation/import and demand/export levels.

Provision of system (capacity reserve) services. In order to ensure a reliable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities, reaction power and voltage control, breakdown and disorder prevention and its liquidation and provides capacity reserve services to users. The capacity reserve is required in case of unexpected fall in electricity generation volumes or increase in electricity consumption.

The Company's/Group's services provided under PSO scheme comprise as follows:

- development and implementation of strategic projects for the improvement of energy security, installing interconnections between the electricity transmission systems abroad and (or) connecting the electricity transmission systems in the Republic of Lithuania with the electricity transmission systems in foreign countries (interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to continental Europe networks);
- connection of power generation facilities that use the renewable energy resources to transmission networks; optimisation, development and/or reconstruction of transmission networks ensuring the development of power generation that uses the renewable energy resources;
- balancing of electricity generated using the renewable energy resources.

Repair and maintenance services are carried out by the Company's subsidiaries UAB Tetas and UAB Tinklo priežiūros centras. UAB Tetas services include reconstruction, repair and technical maintenance of medium voltage transformer substations and distribution stations. UAB Tinklo priežiūros centras is engaged in maintenance services of technological management and telecommunications, power energy accounting, and maintenance of construction specialised works of high voltage direct current links.

The Group's information on segments for the period ended 31 March 2016 is presented in the table below:

2016	Operating segments					Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	
Revenue	22,093	5,142	9,938	1,363	3,142	41,678
Inter-segment revenue	-	-	-	-	(892)	(892)
Revenue after elimination of intercompany revenue within the Group	22,093	5,142	9,938	1,363	2,250	40,786
Operating profit/(loss)	5,859	681	(119)	(1)	(185)	6,235
Finance income/(cost), net*	x	x	x	x	x	(417)
Share of result of associates and joint ventures*	x	x	x	x	x	7
Profit/(loss) before income tax	x	x	x	x	x	5,825
Income tax*	x	x	x	x	x	(937)
Discontinued operations	x	x	x	x	x	32
Profit/(loss) for the period	x	x	x	x	x	4,920
Depreciation and amortisation expenses	6,353	34	11	-	54	6,452
Write-offs of property, plant and equipment	277	-	-	-	-	277

* Income tax, share of result of associates and jointly controlled entities and financing income and expenses are not allocated between the Company's operating segments.



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

The Group's information on segments for the period ended 31 March 2015 is presented in the table below:

2015	Operating segments					Total
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	
Revenue	14,669	3,263	2,486	1,109	4,276	25,803
Inter-segment revenue	-	-	-	-	(762)	(762)
Revenue after elimination of intercompany revenue within the Group	14,669	3,263	2,486	1,109	3,514	25,041
Operating profit/(loss)	1,444	1,838	(97)	-	(525)	2,660
Finance income/(cost), net*	x	x	x	x	x	(250)
Share of result of associates and joint ventures*	x	x	x	x	x	36
Profit/(loss) before income tax	x	x	x	x	x	2,446
Income tax*	x	x	x	x	x	(,415)
Discontinued operations	x	x	x	x	x	(35)
Profit/(loss) for the period	x	x	x	x	x	1,996
Depreciation and amortisation expenses	5,260	-	-	-	69	5,329
Write-offs of property, plant and equipment	6	-	-	-	-	6

* Income tax, share of result of associates and jointly controlled entities and financing income and expenses are not allocated between the Company's operating segments.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 91% of total revenue.

In 2016 and 2015, the Group's and the Company's revenue by geographical location of customers:

	Group		Company	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Lithuania	37,229	24,438	34,979	20,924
Russia	-	26	-	26
Estonia	421	377	421	377
Latvia	286	138	286	138
Norway	2,731	2	2,731	2
Sweden	7	60	7	60
Poland	112	-	112	-
Total:	40,786	25,041	38,536	21,527

All assets of the Group and the Company are located in Lithuania.



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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

9. Related-party transactions

The Company's/Group's related parties in 2016 and 2015 were as follows:

- EPSO-G (the parent of the Company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and jointly controlled entities of the Company;
- AB Amber Grid (same shareholders);
- UAB Baltpool (same shareholders);
- Management staff.

Transactions with related parties are carried out in accordance with market conditions and the tariffs approved under legislation or in accordance with the requirements of the law on public procurement.

Sales of goods and services

	Group		Company	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
UAB EPSO-G	388	7	388	7
UAB Tetas	-	-	3	10
UAB Tinklo priežiūros centras	-	-	29	38
UAB Baltpool	5,725	5,573	5,725	5,573
Group's associates and jointly controlled entities	355	392	355	392
	6,468	5,972	6,500	6,020

Purchases of goods and services

	Group		Company	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
UAB Tetas	-	-	607	560
UAB Tinklo priežiūros centras	-	-	256	174
UAB Baltpool	652	3,760	652	3,760
Group's associates and jointly controlled entities	51	83	51	83
	703	3,843	1,566	4,577

Amounts receivable from related parties

	Group		Company	
	31-03-2016	31-12-2015	31-03-2016	31-12-2015
UAB EPSO-G	-	2	-	2
UAB Tinklo priežiūros centras	-	-	12	13
UAB Baltpool	2,114	2,028	2,114	2,028
Group's associates and jointly controlled entities	143	143	143	143
	2,257	2,173	2,269	2,186

Amounts payable to related parties

	Group		Company	
	31-03-2016	31-12-2015	31-03-2016	31-12-2015
UAB Tetas	-	-	424	154
UAB Tinklo priežiūros centras	-	-	124	38
UAB Baltpool	-	149	-	149
Group's associates and jointly controlled entities	21	94	21	94
	21	243	569	435

Payments to the key management staff

	Group		Company	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Employment-related payments, whereof:	160	155	105	102
- Termination benefits	-	-	-	-
Average number of the key management personnel	12	13	6	6

The management comprises the heads of administration and chief financiers of the holding group companies, the members of the Management Board of the company, department directors of the subsidiaries.



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2016
(All amounts in EUR thousands unless otherwise stated)

10. Basic and diluted earnings per share

In 2016 and 2015, basic and diluted earnings per share of the Group were as follows:

	<u>31-03-2016</u>	<u>31-03-2015</u>
Net profit (loss) attributable to the Company's shareholders (thousand EUR)	4 910	2 008
Weighted average number of shares (units)	<u>504,331,380</u>	<u>504,331,380</u>
Basic and diluted earnings per share (in EUR)	<u><u>0.010</u></u>	<u><u>0.004</u></u>

11. Subsequent events

During the Ordinary General Meeting of Shareholders of Litgrid held on 26 April 2016, the decision was made in relation to the payment of dividends in the amount of EUR 4,589,416. Dividends per share amounted to EUR 0.0091.

On 16 May 2016, amended Articles of Association of Litgrid were registered with the Register of Legal Entities of the Republic of Lithuania. In the amended Articles of Association, the authorised capital (EUR 146,256,100.20) and the share par value (EUR 0.29) were stated upon conversion into euro. Also, according to the new version of the Articles of Association, the Supervisory Council and the Audit Committee will no longer be formed in the Company; these bodies will be formed in UAB EPSO- G, the parent company. The scope of competence of the general meeting of shareholders and of the Board has been adjusted accordingly.
