



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

November 25, 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 nine months period ended 30 September 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 nine months period ended 30 September 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 NINE-MONTH
PERIOD ENDED 30 SEPTEMBER 2016, PREPARED
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION
(UNAUDITED) PRESENTED TOGETHER WITH
CONSOLIDATED INTERIM REPORT



Litgrid


TABLE OF CONTENTS

	PAGE
CONDENSED INTERIM REPORT	3
CONDENSED INTERIM FINANCIAL STATEMENTS	
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	24
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	25
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	27
CONDENSED INTERIM STATEMENTS OF CASH FLOWS	28
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	29

The condensed interim financial statements was signed on 25 November 2016.



Daivis Virbickas
Chief executive officer



Rimantas Busila
Director of the Finance Department



Jūratė Vysniauskienė
Chief Financier



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

CONSOLIDATED INTERIM REPORT OF AB LITGRID AND ITS SUBSIDIARIES

I. General Information about the Group

This consolidated interim report has been prepared for the nine months 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	16/11/2010, Register of Legal Entities of the Republic of Lithuania
Business ID	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 the stable operation of the national 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 our work toward strengthening 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 used 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 projections

Litgrid works pro-actively and responsibly in the following key directions:

Integration of the national power system into European networks

Once Lithuania becomes a full and active 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 aim is the Baltic countries' synchronous operation within continental European grids.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Common European market for electricity

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 enable the most effective use of networks and generation infrastructure and for ensuring the security of electricity transmission.

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 national grid ensure the integration of new electricity generators, the safe transmission of electricity, and the reliability of the system's operation.

Most important activities during nine months of 2016 in implementing the power sector projects

LitPol Link cross-border power link

LitPol Link has been in operation since the beginning of 2016. The back-to-back converter station is the main and most complex unit of the new power link. The station converts alternating current into direct current and back to alternating current, thus enabling the transmission of electricity between the 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. EU investments in LitPol Link total EUR 31 million.

In June 2016, the Environmental Protection Agency and other authorities approved the Environmental Monitoring Programme for LitPol link. Under this programme, environmental specialists will monitor those areas on the route of the line where valuable habitats or plant species have been found. In addition, electromagnetic field investigations will be performed in those parts of the route where the electricity transmission line extends not far from residential or public buildings. The Environmental Monitoring Programme was prepared by the Open Access Centre for Marine Research at Klaipėda University.

In mid-September 2016, works under the Environmental Monitoring Programme - recording of migrating birds have been started by the Lithuanian Ornithological Society (that has won, jointly with the Lithuanian Fund for Nature, the tender for the implementation of the programme). In foggy weather or twilight, large birds may fail to notice the wires and hit them. The ornithologists will investigate bird accumulations near the electricity transmission lines and will make recommendations for increasing the visibility of the wires.

NordBalt cross-border power link

NordBalt power link has been in trial operation since June 2016. Its subwater cable which is one of the world's longest cables of this type has considerably increased the security of energy supply for Lithuania and other Baltic States. The power link availability was 79% in the period from the start of operation until 30 September.

Investments in NordBalt power link on the Lithuanian side totalled EUR 223 m including EUR 65 m of EU funding. Up until now it has been the largest joint Lithuanian-Swedish investment in the energy sector.

Power system's reorientation to synchronous operation with continental Europe grids

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. Full integration of Lithuania's power system into the European electricity infrastructure and common market for electricity, with the independent system control, is one of strategic objectives of Litgrid. Its attainment requires an understanding, harmonisation, and coordination of national and international interests.



Out of a number of feasibility studies on the interconnection of the power systems of the Baltic countries and the continental Europe completed in the period 1998-2013, the scenario of synchronisation via infrastructure links constructed across the territories of the EU Member States was chosen in 2014. The value of this complex project varies between EUR 435 million and EUR 1.071 billion depending on scenario.

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 (PCI) 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 as 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 required for the synchronisation of the Lithuanian electricity system with the European Continental grid; the latter project is also on the PCI List.

In September 2016, a study on the setting of the route of the new electricity transmission line from the transformer substation in the Lithuanian grid to the Lithuanian-Polish border has been launched. The first results of the study are to be presented in December. An analogous study dealing with the potential route of the line in Poland is being carried out by PSE Inwestycje, a subsidiary of the Polish TSO.

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 works have to be planned and started in the nearest future. Apart from international agreements, synchronisation requires internal network development projects; some of them have been 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. Upon decommissioning of the Ignalina NPP, it was transformed from a huge electricity producer into one of the largest electricity customers due to nuclear fuel contained therein and the future nuclear fuel depositories. The reconstruction will involve a replacement of all obsolete substation installations and a re-installation of the sites of connection of cross-border power lines from Latvia and Byelorussia. It is projected that 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 Vilnius, the capital of Lithuania, means that the increasing electricity consumption in the city 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. The pre-design study on this line has been launched this autumn.

The transmission network in north-western Lithuania will be reinforced by a new Kretinga-Benaičiai line the construction of which has started in September 2016. The 110 kV line will contribute to a more uniform distribution of electricity flows in the region. In addition, the new electricity infrastructure will ensure a better integration of wind farms. Two wind farms with the capacity of power over 60 MW operate in this region.

In addition to the construction of new lines, consistent reconstruction of equipment that is becoming obsolete ensure reliable operation of the network. The reconstruction of the 110 kV overhead lines from Merkinė to Trakai was completed in April-June 2016. In August 2016, two 110 kV subsurface electricity transmission lines were put into operation in the area where Phase 3 of the Vilnius City's western bypass road is underway. High-voltage cables replaced a 110 kV overhead line in a nearly 2.5 km long section of the route of the bypass road.

Modern technologies are employed in the reconstruction of the electricity transmission grid. A digital transformer substation switched in Vidiškiai (Ukmergė district) in August 2016 is the first of its kind in the Baltic countries. More accurate and reliable information including various measurement and system data reaches the control centre via the Vidiškiai substation. It is estimated that digitalisation of a large substation may cut costs by 20% to 30% and shorten the reconstruction timeframe as fewer design and installation works have to be performed. Modernisation of transformer substations enables the Company to increase the number of substations subject to remote control. In September 2016, installation of remote control systems have



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

been started at Telšiai, Utena, Jurbarkas and Šiauliai substations. On completion of the works they will be controlled centrally from Litgrid's system control centre in Vilnius.

Integration of Baltic and Nordic electricity markets

With the view of creating a common Baltic and Nordic market for reserving, 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 jointly recording the differences between the planned and actual electricity consumption in the Lithuanian, Latvian and Estonian power systems for a more efficient control of the regulation and balancing costs of the systems. This has enabled Lithuania to save EUR 2.8 million in the balancing electricity costs in the 9 months of 2016.

At the end of June 2016, Litgrid, Elering and Augstsprieguma tīkls - the Lithuanian, Estonian and Latvian transmission system operators presented for public consultations a first set of documents on the Baltic States' market in balancing electricity. The purpose of the market is to enable a stronger competition between the market participants and ensure equal rights for the balancing electricity suppliers in all the countries. Integration of the Baltic and Nordic markets for regulating and balancing energy is projected for 2018 - 2020.

During the nine months of 2016, the average electricity price in the Lithuanian bidding area of the Nord Pool electricity exchange was 36 EUR/MWh. On average, 78% of the electricity consumed during the same period 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 cross-border power links.

The Lithuanian, Latvian, Estonian and Finnish transmission system operators have initiated a joint Baltic-Nordic project aimed at creating equal conditions for customers and flexibility service providers to take an active part in the electricity market and the system's management. An application for funding from the European Regional Development Fund (Interreg-Baltic) for the project has been submitted.

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) represents 42 electricity transmission system operators from 35 countries across Europe. Its main functions include: resolving European-level issues concerning transmission grid management and development and the electricity market; promoting regional collaboration among TSOs; making proposals for draft legal acts of the European Commission; and preparing the Ten-Year Network Development Plan (TYNDP) and network codes. Litgrid's representatives sit on the organisation's System Operations, System Development, Market, and R&D committees as well as 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.

On the initiative of the three Baltic transmission system operators, a conference under the title Regional Integration: Hub of Opportunities was organised by Litgrid and ENTSO-E on 1 June 2016 in Vilnius. At this conference, which was the first regional event dealing with energy strategies, energy experts from the Baltic Sea Region (BSR) and other European countries presented a wide range of strategies and considered opportunities for achieving benefits for all countries concerned. Apart from energy experts, participants in the conference included management of the Lithuanian, Latvian, Estonian, Finnish, Swedish, Norwegian and Danish electricity transmission system operators, high-ranking officials from the BSR countries, scientists and regulators. The huge popularity of the conference that had attracted participants from the whole region is both the conformation of the relevance of energy issues and the recognition of Lithuania as a growing centre of competences in the region.

CEEP (Central Europe Energy Partners) unites 26 organisations from five Central and Eastern European countries. CEEP's main objective is to support integration of the energy sector of new European Union Member States within the framework of the common EU energy and energy security policy. Litgrid uses its membership 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 its key projects.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Work of Daivis Virbickas, the Company's CEO, in a group of experts under the European Commission is another example of the international recognition of Litgrid's competences. Since September 2016, a group of fifteen experts, scientists and NGO representatives advise the European Commission on matters related to the interconnection of Europe's electric power infrastructure.

Litgrid's subsidiaries and their operations

As at 30 September 2016, Litgrid group of companies consisted of Litgrid AB, Tetas UAB, and Litgrid Power Link Service UAB.

Name	Tetas UAB	Litgrid Power Link Service UAB
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	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 %

Other Litgrid's shareholdings as of 30 September 2016:

Name	LitPol Link Sp.z.o.o	Duomenų logistikos centras UAB	Technologijų ir inovacijų centras UAB	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, Poland	Žveju 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

Litgrid is part of EPSO-G group.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Services provided 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

The electricity transmission service is the transmission of electricity over the high voltage (330 and 110 kV) electric installations. 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 consist in the management of the high voltage electricity transmission grid and ensuring a reliable, effective, high-quality, transparent and safe transmission of electricity.

System services

In order to maintain reliable system operations, Litgrid purchases the services for the capacity reserve assurance at power generation facilities, reactive capacity and voltage management, and emergency and disruption prevention and response from energy generating companies, and provides customers with system (capacity reserve) services. The 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 possessing technical facilities for quickly changing the electricity generation and consumption conditions and 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



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

In order to maintain high reliability of the transmission grid and to properly plan and carry out the operation of the grid equipment, Litgrid has updated the methodology for the formation of the emergency reserve, approved new emergency reserve lists, conducted stock-taking of the emergency reserve's equipment and spare parts, and drawn up a plan for the acquisition of the emergency reserve equipment.

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 design services.

HVDC power links' maintenance, operation and control

On 24 February 2014, Litgrid's subsidiary Tinklo priežiūros centras UAB (renamed into Litgrid Power Link Service UAB from 29 April 2016) was established as a centre of competences for high qualification and specialised engineering areas in the management and operation of high voltage direct current (HVDC) power links.

Since the beginning of 2016, Litgrid Power Link Service has taken over the operation of LitPol Link. The LitPol Link operation agreement has been concluded with PSE, the Polish TSO, and the parties have agreed on the power link operation model.

The company has taken over the operation of NordBalt power link in June 2016. The power link operation model has been agreed with Svenska Kraftnät, the Swedish TSO, and contracts with external contractors required for the HVDC equipment operation 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, a distribution network operator;
- Customers whose electrical equipment is connected to the electricity transmission grid, purchasing electricity for use;
- Electricity producers connected to the electricity transmission grid.

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



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Personnel

As of 30 June 2016, Litgrid Group employed 696 people: Litgrid - 238 employees, Tetas - 429 employees, and Litgrid Power Link Service - 29 employees.

Litgrid's wage fund in the reporting period amounted to EUR 4,145,000.

	Number of employees as of 30 September 2016	Average monthly pay, EUR
Specialists	231	1,760
Management	7	6,175
Total	238	1,892

Litgrid Group's wage fund in the reporting period amounted to EUR 7,972,000.

	Number of employees as of 30 September 2016	Average monthly pay, EUR
Workers	257	765
Specialists	427	1,540
Management	12	5,278
Total	696	1,343

Remuneration policy and evaluation of performance

The goal of Litgrid's remuneration policy is to contribute to the realisation of the mission and vision of the organisation that is being managed by modern and effective methods, to mobilise people for joint work and motivate them to implement the strategic priorities, to form and establish an 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 the employee's position, performance, achievement of individual annual goals, level of competencies, and adherence to the values of organisation. The remuneration policy is based on the principle that employees who create value added for the company and who work in accordance with corporate values are entitled to higher pay. The pay package consists of financial and non-financial elements: basic pay, variable part of pay, fringe benefits, and psychological reward.

Litgrid continuously carries out an evaluation of employees' performance as one of the most important tools for effective corporate management that allows linking 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 incentivisation.

Training

Litgrid enables its employees to develop their competences and qualifications by:

- Organising in-house training,
- Enriching the work content with new projects,
- Offering opportunities for working in unique projects,
- Participating in external training and conferences,
- Participating in the work of professional organisations.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Collective agreement

In June 2015, Litgrid concluded an updated collective agreement with the trade union operating in the company. The agreement stipulates a fair remuneration policy, balance between working and resting times, and social and 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

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

The importance of the projects being implemented requires that the company, its employees and management apply the highest professional and ethical standards and seek to contribute to the development of the society's responsibility and involvement in the improvement of social welfare. Litgrid's social responsibility policy is focussed on the ensuring of fair and motivating working conditions, development of responsibility and civic qualities, and assisting the community in which the company carries out its activities.

We devote our energy and resources to contribute to 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 implement 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 priority in 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, on a periodic basis, in municipalities, wards, forestry districts, territorial labour exchanges, regional SoDra's offices, branches of the State Tax Inspectorate and VĮ Registrų centras (Centre of Registers), 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. In the spring of 2016 Litgrid presented an informational campaign of 5 videos on the subject of safe behaviour near electricity lines. The videos published on the Internet have reached the audience of 600,000 people.

Litgrid constantly reminds its contractors working on the high-voltage grid about the necessary to comply with the safety at work regulations. In the summer of 2016, Litgrid initiated survey on safety at work among its contractors as well as relevant discussion in the mass media.

Environmental protection

Procedures for environmental impact assessment or screening are carried out for the electricity transmission lines to be constructed and their conclusions are taken into account in the preparation of technical designs. Environmental protection requirements are set in the design specifications for the construction of new or reconstruction of existing transformer substations and switchyards. In all cases, efforts are made to select such equipment which 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 has launched 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 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.

During the nine months of 2016, the company installed 4,297 wire visibility increasing facilities (7,046 since the launching of the project in 2015), 5,780 (10,180) bird protection facilities on the towers of high-voltage lines, and 360 (404) nesting-boxes for kestrels. According to the Lithuanian Ornithological Society, 11% of the nesting-boxes were used by kestrels for hatching, thus the



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

population of this protected species in Lithuania has increased by at least 10%. This project is co-financed under the EU LIFE+ financial instrument for the environment and by the Ministry of Environment of the Republic of Lithuania.

Research and development activities at Litgrid Group

Every year Litgrid prepares the 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 the 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.

Litgrid seeks to increase the efficiency of management of renewable energy sources (RES). In August 2016, a feasibility study investigating the opportunities for a more efficient RES integration and management and for establishing new services for the market participants has been launched.

The TSOs of the three Baltic States are conducting, jointly with consultants, a feasibility study on the application of the flow-based method in the calculation of cross-border capacities in the Baltic States' electricity markets. The study aims at assessing the technical feasibility of applying this method, comparing the benefits provided by this method and its reliability with the methods and the reliability of the current methodologies for capacity calculation.

The Lithuanian and Polish TSOs are conducting a feasibility study on the installation of a second back-to-back converter for LitPol Link. The study involving scientists and consultants aims to assess the need for and the feasibility of increasing the power link's capacity from 500 MW to 1000 MW as well as the impact of such increase upon the market.

Jointly with researchers from the Kaunas University of Technology, Litgrid conducted a study to analyse the technical means to limit the electricity flow from Astravas nuclear power plant (NPP) and to assess their impact on the power system's reliability and the market. It has been concluded that the measures would lead to a considerable decrease in the stability and reliability of the Baltic countries' power systems.

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 in accordance with the 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 form an integral part of the electricity system's planning and management as well as equipment control and servicing. Know-how in the automation of the power system control, pooled at Litgrid ITC Centre, ensure the continuity of the company's IT solutions, security control, and transparency of operations.

The concentration of know-how on the automation of the power system's control at Litgrid 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.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

II. Financial Information

Financial results of the Group and the Company are provided in the table below.

	January - September 2016		January - September 2015		January - September 2014	
	Group	Company	Group	Company	Group	Company
Financial indicators (EUR'000)						
Income from electricity sales	107,982	107,982	60,127	60,127	76,660	76,660
Other operating income	15,160	5,523	12,660	1,979	10,415	1,453
EBITDA*	36,034	35,918	21,500	21,252	26,243	26,538
Profit (loss) before tax	13,895	14,041	3,980	3,961	(4,180)	(3,587)
Net profit (loss)	12,368	12,514	3,515	3,420	(4,117)	(3,515)
Cash flows from operations	18,969	18,581	31,789	30,038	13,794	22,881
Ratios						
EBITDA margin, %	29.3	31.6	29.5	34.2	30.1	34.0
Operating profit margin, %	12.2	13.3	6.1	7.1	-4.4	-4.2
Return on equity, %	6.6	6.6	1.9	1.9	-2.3	-2.0
Return on assets, %	3.5	3.6	0.7	0.7	-1.0	-0.9
Shareholder's equity / Assets, %	53.5	54.5	36.6	39.3	42.5	45.5
Financial liabilities / Equity, %	70.8	69.5	91.1	80.7	54.0	49.4
Liquidity ratio	0.78	0.76	0.42	0.19	1.00	0.99
TSO operating indicators						
Energy transmission volume, m kWh		7,121		6,777		6,844
Process costs in transmission network, %		2.97		1.94		1.83
ENS (Energy Not Supplied due to interruptions), MWh**		1.03		3.65		3.65
AIT (Average Interruption Time), min. **		0.04		0.19		0.17

* EBITDA = operating profit + depreciation and amortisation + non-current asset and investment impairment + non-current asset write-off costs;

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

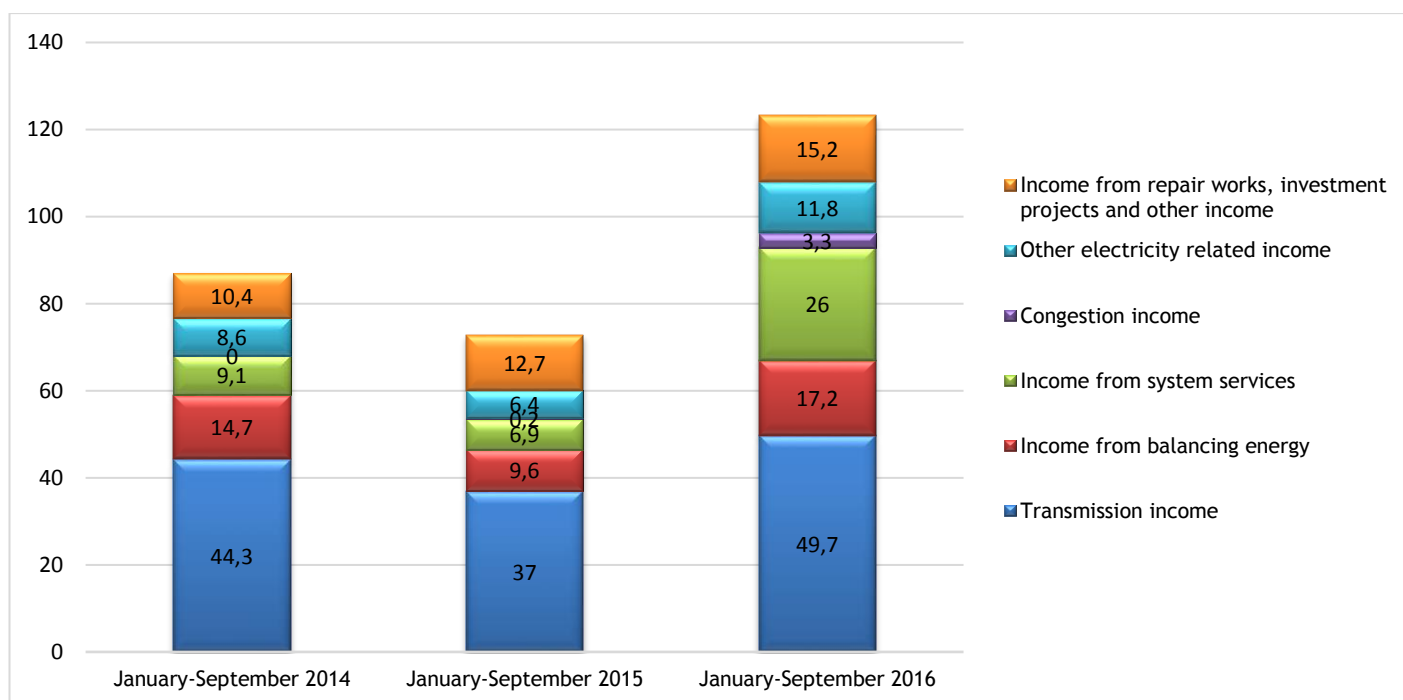


Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Income

During the nine months of 2016, Litgrid's volumes of electricity transmission via high-voltage networks for national needs amounted to 7 121 million kilowatt-hours (kWh), which is 5.1 % more than in the same period of 2015. The volumes of transmission to customers of the distribution operator amounted to 6 462 million kWh (+5.1 % compared to 2015), and to other customers 659 million kWh (+5 % compared to 2015).



Group's income structure, EUR million

Litgrid Group's income for the nine months of 2016 was EUR 123.1 million, a 69% increase compared to the same period of 2015.

Income from electricity transmission increased 34% (to EUR 49.7 million) compared to January-September 2015. Income from electricity transmission accounted for 40% of total revenues of the Group. The increase has resulted from larger electricity transmission volumes and a 28% higher tariff rate set for the transmission service by the National Commission on Prices and Energy Control.

Income from balancing/regulating electricity increased 79% to EUR 17.2 million. The increase has largely resulted from the 78% growth in the balancing/regulating electricity sales volumes, which, in turn, was largely determined by securing the allocated capacity (i. e. the capacity traded on the electricity exchange) of the new power links with Sweden and Poland.

Income from system services has grown nearly four-fold to EUR 26 million). The main growth driver was the tariff for system services increased by the National Commission on Energy Control and Prices 3.8 times from 1 January 2016. Starting from 1 August 2016 the tariff reduced by 23% is applied.

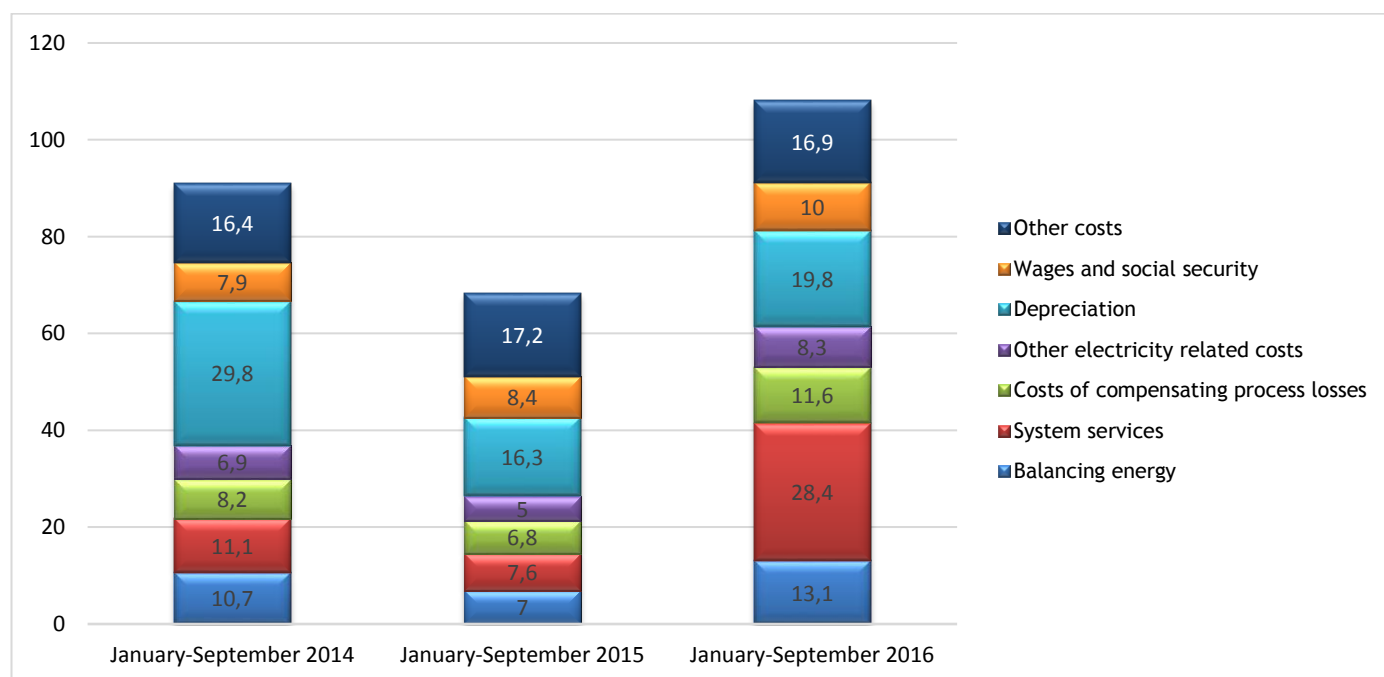
Upon putting the Lithuanian-Polish and the Lithuanian-Swedish power links into operation, in the nine months of 2016 Litgrid's revenues from congestion charges were EUR 9.6 million (2015: EUR 225,000). Congestion charges result from insufficient cross-border capacities, due to which different market prices for electricity form in the Lithuanian, Swedish, Polish and Latvian bidding areas. According to Regulation of the European Parliament and of the Council (EC) No 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003, revenues resulting from the allocation of interconnection are to be used for the following purposes: (a) guaranteeing the actual availability of the allocated capacity; (b) maintaining or increasing interconnection capacities through network investments, in particular in new interconnectors; (c) If the revenues cannot be efficiently used for the purposes set out in points (a) and/or (b) of the first subparagraph, they may be used, subject to approval by the regulatory authorities of the Member States concerned, up to a maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs. Litgrid has recognised,



in accordance with the Regulation, EUR 3.3 million as income, i. e. part of the congestion revenues that were used for ensuring the allocated capacity of the power links. The remaining revenues are carried in the 'Future Period Income' line of the Statement of Financial Position.

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 3.3 million; PIS income - EUR 4.7 million; reactive energy income - EUR 1.2 million; connection of new customers - EUR 2.7 million. Other operating income consists mainly of the income from services provided by Tetas, a subsidiary of Litgrid.

Costs



Litgrid Group's cost structure, EUR million

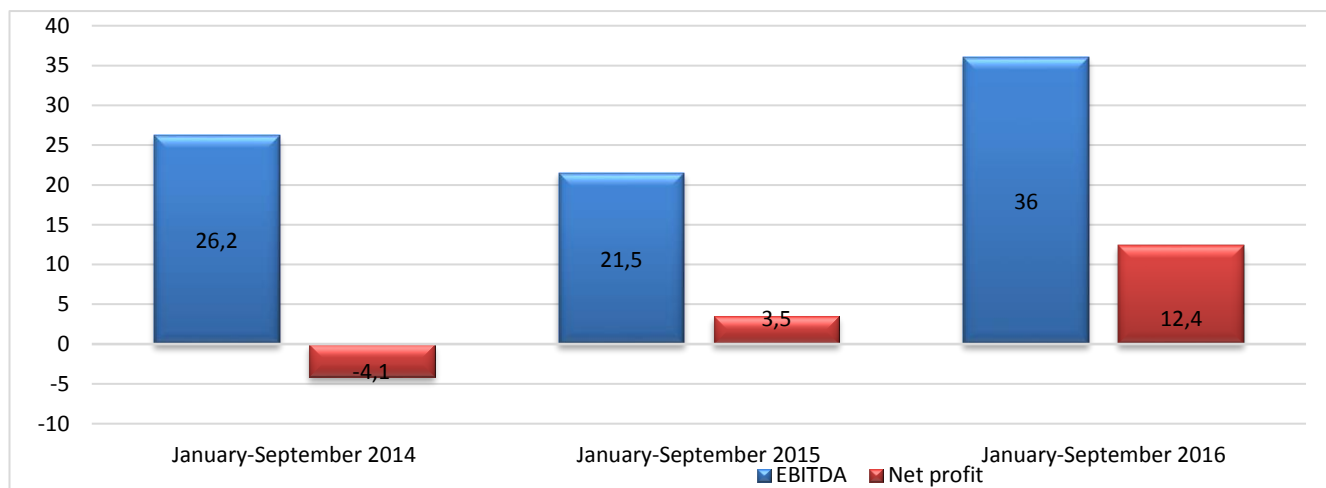
The Group's costs for the nine months of 2016 totalled EUR 108.1 million, which is 58 % more compared to the same period of 2015. The marked increase in costs has been mainly determined by the putting of the new power links into operation.

Costs of purchase of electricity and related services account for the majority of the Group's costs: EUR 61.4 million or 83% of total costs. These costs increased 1.3 times compared with 2015. Balancing (regulating) electricity costs increased 87% (to EUR 13.1 million). The system service costs increased almost fourfold to EUR 28.4 million, costs of compensating for process losses in the transmission grid increased 71% to EUR 11.6 million. Transit (ITC) costs were EUR 0.5 million, PIS provision costs EUR 4.6 million, and costs of ensuring the allocated capacity of the Swedish and Polish links EUR 3.2 million.

Due to putting assets into operation at the end of 2015, depreciation and amortisation costs increased 22 % or by EUR 2.3 million (to EUR 19.8 million) compared to the nine months of 2015. Other operating costs increased by 5% (to EUR 26.9 million) compared to the same period.



Profit

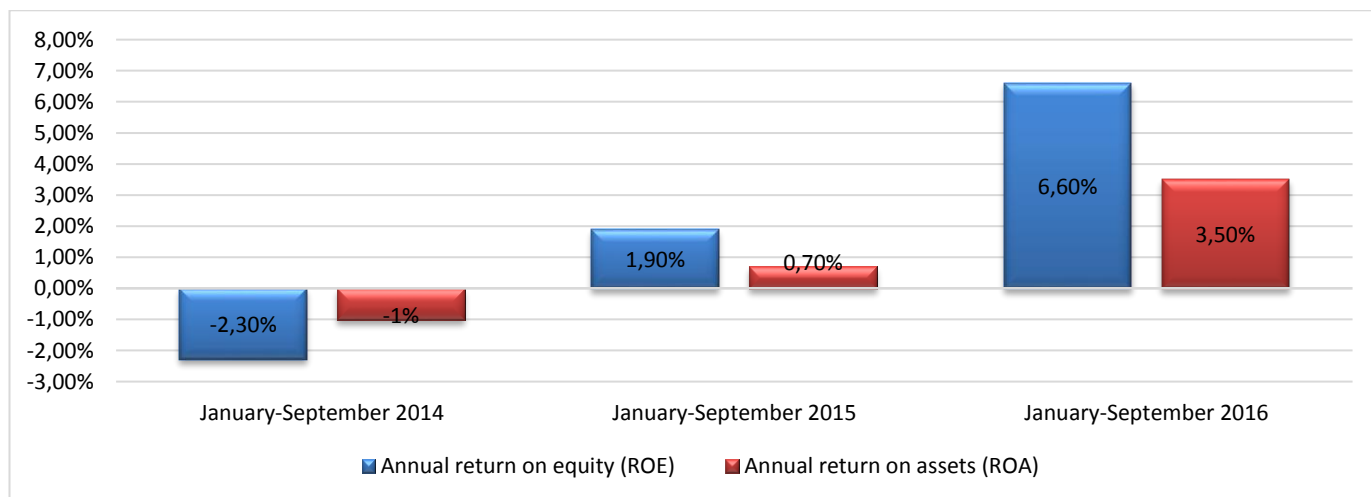


Litgrid Group’s EBITDA and net profit, EUR million.

The Group’s EBITDA for the nine months of 2016 amounted to EUR 36 million. Compared to the same period of 2015, the EBITDA increased by EUR 14.5 million, or 68 %; the EBITDA margin decreased to 29.3 % (nine months of 2015: 29.5 %). The increase in the EBITDA and net profit was mainly determined by the growth in the transmission service volumes, revenues from the cross-border congestion charges, and other operating income.

The Group’s net profit for the nine months of 2016 was EUR 12.4 million (nine months of 2015: EUR 3.5 million).

The Group’s operating profit for the nine months of 2016 consists of: profit of the transmission segment EUR 13.7 million (same period of 2015: EUR 1.7 million profit), loss in the system services segment EUR 2.6 million (same period of 2015: EUR 0.7 million loss), profit in the balancing (regulating) electricity segment EUR 4 million (same period of 2015: 3.4 million profit). As in 2015, results of other activities have not had any significant impact on profit.



Litgrid Group’s return indicators, %

There has been an increase in the annual ROE and ROA ratios for the nine months of 2016 compared to the same period of 2015: from 1.9 % to 6.6 % and from 0.7 % to 3.5 %, respectively.

Balance sheet and cash flows

As of 30 September 2016, assets of the Group amounted to EUR 465.9 million. Non-current assets accounted for 86.5 % of total assets of the Group. Shareholders’ equity accounted for 53.5 % of total assets.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

As of 30 September 2016, the Group's financial liabilities to credit institutions were EUR 176.6 million (- EUR 26.8 million over the 9-month period). The ratio between financial liabilities and equity was 70.8 %. Long-term financial debts payable within one year accounted for 28 % of all financial debts. Cash and cash equivalents totalled EUR 0.7 million and the unused overdraft was EUR 67 million.

The Group's net cash flows from operations during the nine months of 2016 amounted to EUR 19 million, while payments for non-current tangible and intangible assets were EUR 49.8 million; EUR 63.2 million were received as subsidies.

The Group's net cash flows (excluding cash flows from financial activities) during the nine months of 2016 totalled EUR 32.4 million.

Investments in non-current assets

During the nine months of 2016, investments of Litgrid (works performed and assets acquired irrespective of terms of payment) amounted to EUR 30 million. 53 % of these investments were earmarked for the implementation of strategic energy projects and 47% 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 Prices and Energy Control, two indicators are used to measure the electricity transmission reliability level: ENS (Energy not Supplied due to interruptions) and AIT (Average Interruption Time). The indicators set for Litgrid for 2016 are as follows: ENS 6.3 MWh and AIT 0.29 min. In the period of the nine months of 2016, ENS was 1.03 MWh and AIT was 0.04 min.

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 9 months of 2016.

Dividend policy

The Government of the Republic of Lithuania, which indirectly (through EPSO-G UAB) 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). The general meeting of shareholders of Litgrid held on 26 April 2016 declared dividend of EUR 4.6 million, or EUR 0.0091 per share.

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 issues raised by the public, regulatory authorities or other stakeholders 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's performance results but also funds that the Company allocates to cover the operating costs, investments that maintain the reliability of the transmission grid, as well as opportunities for financing 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.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

To reduce the compliance risk, i. e. the probability that the Company will be in breach of the requirements set for the regulated activities, the Company's legal team carefully supervises the decision-making process, drafting of internal legal acts, and setting of contractual obligations.

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 in 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 the remuneration and motivation policies have been updated.

Financial risk

Companies in the Litgrid Group encounter financial risks 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 its customers/third parties to provide adequate securities to ensure the execution of contracts (measures are applied according to the customers/third party's risk rating).

Technological risk

Lithuania's energy system has 15 interconnections with the neighbouring energy systems. The available means for power and energy balance control are limited, whereas the power and energy balance control process is complex.

Litgrid Power Link Service UAB, 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 based on objective criteria and applying a specific evaluation methodology with the aim to optimise investments and ensure an even investment process.

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.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

III. Information 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.

Since 22 December 2010, Litgrid's shares are 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 22 July 2016, the company had 5,540 (five thousand five hundred and forty) shareholders. 97.5% 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.

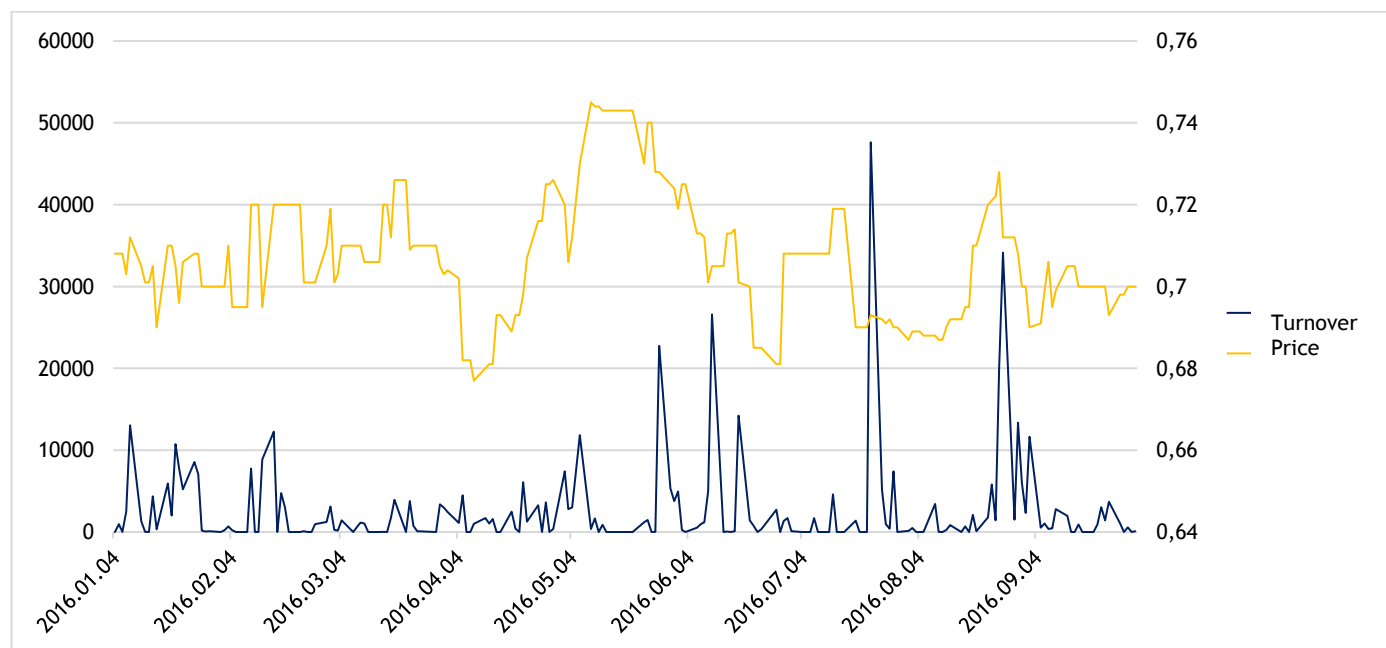
Services of accounting for Litgrid's securities and the related services from 1 February 2016 to 31 January 2019 are provided by Swedbank AB.

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	0.745
Lowest price, EUR	0.582	0.550	0.677
Closing price, EUR	0.664	0.708	0.693
Turnover, pcs	1,176,548	656,613	736,793
Turnover, EUR m	0.80	0.45	0.52
Capitalisation, EUR m	334.88	357.07	349.50

Turnover and price of Litgrid shares, EUR:

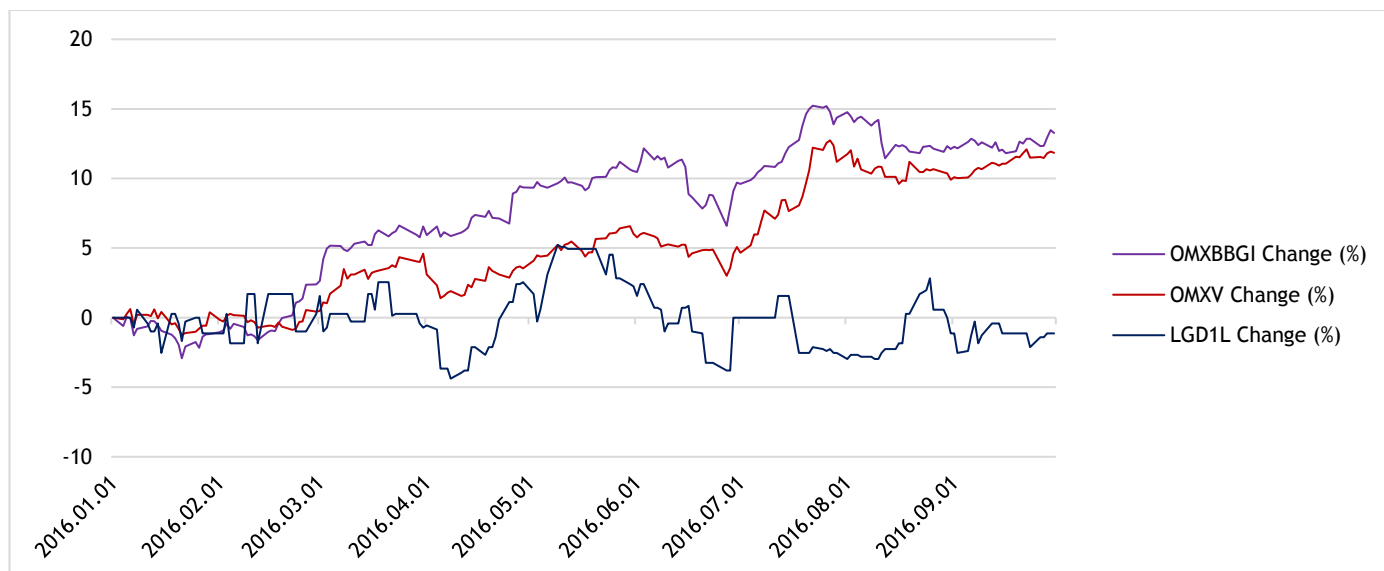




Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

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 Republic of Lithuania Law on Companies. Adoption of an amendment requires a two-third majority vote 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. The Articles of Association were registered on 16 May 2016.

The General Meeting of Shareholders

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

The remit of the general meeting of shareholders and the procedures for its convention and decision-adoption are prescribed by the laws, other legal acts and the Articles of Association.

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.

Where 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 structure of the Board must be as follows: two members - representatives of top management of the parent company (EPSO-G), two members - representatives of top management of Litgrid, and one independent member.

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 remit of the Board and the procedures for adoption of decisions and electing and recalling of its members are prescribed by the laws, other legal acts and the Articles of Association. The Board reports to the general meeting of shareholders.



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Areas of activities of the Board

The Board considers and approves the Company's strategy, a three-year action plan of the Company, a ten-year transmission grid development plan, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board takes decisions on the Company's undertaking of new types of activities or ceasing to carry out certain activities to the extent that this does not contradict the purpose of the Company's operations. It also takes decisions on the issue of bonds, restructuring of the Company, transfer of the Company's shares to other persons, and financial transactions exceeding EUR 3 million in value. The Board also decides 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 transactions at his/her sole discretion. The remit of the CEO as well as the procedure for the CEO's election and recall is prescribed by laws, other legal acts and the Articles of Association.

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

Position	Name and surname	Start date	End date	Number of the issuer's shares held
Supervisory Council				
Chairperson	Aleksandras Spruogis	2013 04 24	2016 04 26	-
Member	Audrius Misevičius	2013 04 24	2016 04 26	-
Independent member	Mindaugas Vaičiulis	2014 04 07	2015 04 24	-
Member	Rolandas Zukas	2015 04 24	2016 04 26	-
Audit Committee				
Member	Aušra Pranckaitytė	2014 02 24	2016 04 26	-
Member	Rima Kvietkauskaitė	2014 02 24	2016 04 26	-
Member	Ana Tursienė	2014 02 24	2016 04 26	-
Board				
Chairperson	Rimvydas Stilinis	2013 07 29		-
Member	Daivis Virbickas	2013 09 10		-
Member	Vidmantas Grušas	2013 09 10		-
Member	Nemunas Biknius	2016 07 29		-
Member	Domas Sidaravičius	2016 07 29		-
Member	Karolis Sankovskis	2013 09 10	2016 07 29	-
Member	Rimantas Busila	2013 09 10	2016 07 29	1421
Member	Rolandas Masilevičius	2013 12 18	2016 05 09	-
CEO	Daivis Virbickas	2013 09 10		-
Chief Financier	Jūratė Vyšniauskienė	2015 10 19		-



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Members of the Board of Litgrid

Rimvydas Štilinis, Chairperson of the Board

Born in 1978. Mr Rimvydas Štilinis holds a Master's Degree in Electrical Engineering from Kaunas University of Technology (KTU). In 2002-2014 he worked for Lietuvos energija UAB: in 2008-2014 as the Head of the Nuclear Energy Department, the Construction and Infrastructure Department, and the Centre for Infrastructure Competences. In 2014-2015 he worked as the CEO of VAE SPB UAB. Mr R. Štilinis is Director for Infrastructure at EPSO-G, the parent company of Litgrid controlling 97.8 % of its shares, and Member of the Board of Amber Grid, Lithuania's gas transmission network operator.

Daivis Virbickas, Member of the Board

Born in 1978. Responsible for strategic management and the power system control. He 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's Degree in Energy Systems Management from Kaunas University of Technology (KTU) (graduated in 2002), a Bachelor's Degree in Business Management from KTU and the Corporate Governance Certificate (2008) from Baltic Management Institute and IMD Business School (Switzerland).

Vidmantas Grušas, Member of the Board

Born in 1962. Responsible for the management of electricity transmission grid. He has vast experience in the operation of high voltage electricity transmission grid equipment, development of grid facilities and dispatch control of the power system.

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

Nemunas Biknius, Member of the Board

Born in 1978. Mr Nemunas Biknius holds a Master's Degree in Energy and Thermal Engineering from Vilnius Gediminas Technical University. He has worked in the Ministry of the Economy and the Ministry of Energy, was the Member of the Board and the Director of Service and Development Division of Lietuvos dujos AB. Mr N. Biknius is the Chairman of the Board of Amber Grid, Lithuania's gas transmission network operator, Member of the Board of Baltpool energy resources exchange, and Director for Strategy and Development at EPSO-G.

Domas Sidaravičius, Independent Member of the Board

Born in 1975. Mr D. Sidaravičius holds a Bachelor's Degree in Business Administration and Management and a Master's Degree in International Trade at Vilnius University. He has many years' experience of work in financial, insurance and business risk management areas. Member of the Board and CEO of ERGO Invest SIA since March 2016.

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 the nine months of 2016.

Information about major related party transactions and their amounts, type of relations between the related parties and other information required for the understanding of the Company's financial position is provided in the Explanatory Notes to the Financial Statements, Note 9.

Transparency

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

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



Litgrid

CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2016
(all amounts in EUR thousands unless stated otherwise)

Notices of material events published by Litgrid from the start of the year until 11 November 2016:

Date	Notice
2016 01 08	Convocation of an extraordinary general meeting of shareholders of Litgrid
2016 01 28	Resolutions adopted at the extraordinary meeting of shareholders of Litgrid on 28 January 2016
2016 02 05	Regarding the sale of UAB Baltpool shares
2016 02 26	Financial results of Litgrid Group for 12 months of 2015 published
2016 04 04	Convocation of a general meeting of shareholders of Litgrid
2016 04 26	Decisions adopted at the Ordinary general meeting of shareholders of Litgrid on 26 April 2016
2016 04 26	Consolidated Annual Report and Financial Report of Litgrid for 2015
2016 04 27	Litgrid CEO Daivis Virbickas presentation in company's annual report event
2016 05 09	Procedure for the Payment of Litgrid Dividend for 2015
2016 05 09	Information about a notice of resignation
2016 05 16	Amended Articles of Association for Litgrid AB Have Been Registered
2016 05 27	Litgrid Group starts the year with growing income and net profit
2016 07 08	Convocation of Extraordinary General Meeting of Litgrid Shareholders
2016 07 29	Decisions adopted at the extraordinary meeting of shareholders of Litgrid on 29 July 2016
2016 08 25	Litgrid Group reports net profit growth
2016 09 05	Rimvydas Štilinis elected as chairman of Litgrid board
2016 09 30	Commission for Prices and Energy set the price cap for electricity transmission
2016 10 28	Electricity transmission rate for 2017 set

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>.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		30-09-2016 (unaudited)	31-12-2015 (audited)	30-09-2016 (unaudited)	31-12-2015 (audited)
ASSETS					
Non-current assets					
Intangible assets	3	1,276	876	1,270	870
Property, plant and equipment	3	397,818	409,643	396,931	408,757
Prepayments for property, plant and equipment		1,011	56,298	1,011	56,298
Investments in subsidiaries	4	-	-	4,089	4,089
Investments in associates and jointly controlled entities	4	726	720	752	752
Deferred income tax assets		34	63	-	-
Available-for-sale financial assets		2,273	2,273	2,273	2,273
Total non-current assets		403,138	469,873	406,326	473,039
Current assets					
Inventories		3,777	2,518	1,123	1,157
Prepayments		534	240	347	203
Trade receivables		14,293	12,918	12,231	8,720
Other accounts receivable	5	35,111	20,277	34,205	22,318
Prepaid income tax		508	1,457	493	1,435
Other financial assets		7,801	2,574	7,801	2,574
Cash and cash equivalents		718	791	531	483
Total current assets		62,742	40,775	56,731	36,890
Assets of disposal group classified as held for sale		-	43,726	-	325
TOTAL ASSETS		465,880	554,374	463,057	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		5,767	6,228	5,689	6,138
Reserve of changes in fair value of financial assets		298	298	298	298
Legal reserve		14,726	14,606	14,626	14,606
Other reserves		62,747	62,747	62,747	62,747
Retained earnings (loss)		11,102	2,897	14,126	5,772
Equity attributable to the shareholders of the parent company		249,475	241,611	252,321	244,396
Non-controlling interest		-	133	-	-
Total equity		249,475	241,744	252,321	244,396
Liabilities					
Non-current liabilities					
Grants received in advance		-	3,870	-	3,870
Non-current loans	7	119,376	124,518	119,376	124,518
Deferred income tax liabilities		9,808	10,430	9,808	10,430
Deferred income		6,399	-	6,399	-
Other non-current accounts payable and liabilities		163	203	111	151
Total non-current liabilities		135,746	139,021	135,694	138,969
Current liabilities					
Current portion of non-current borrowings	7	48,082	8,082	48,082	8,082
Current loans	7	9,145	70,838	8,024	69,842
Trade payables		10,224	28,068	6,936	25,301
Advances received		782	2,014	782	2,014
Income tax payable		2	4	-	-
Other accounts payable		12,424	23,160	11,218	21,650
Total current liabilities		80,659	132,166	75,042	126,889
Total liabilities		216,405	271,187	210,736	265,858
Liabilities of disposal group classified as held for sale		-	41,443	-	-
TOTAL EQUITY AND LIABILITIES		465,880	554,374	463,057	510,254

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



Litgrid

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	30-09-2016 (unaudited)	30-09-2015 (unaudited)	30-09-2016 (unaudited)	30-09-2015 (unaudited)
Continuing operations				
Revenue				
Sales of transmission and related services	107,982	60,127	107,982	60,127
Other revenue	15,160	12,660	5,523	1,979
Total revenue	123,142	72,787	113,505	62,106
Expenses				
Cost of transmission and related services	(61,389)	(26,465)	(61,389)	(26,465)
Depreciation and amortisation	(19,771)	(16,272)	(19,606)	(16,068)
Wages and salaries and related expenses	(10,042)	(8,402)	(5,402)	(4,217)
Repair and maintenance expenses	(3,212)	(3,285)	(4,872)	(4,738)
Telecommunications and IT systems expenses	(2,074)	(2,658)	(1,966)	(2,576)
Write-off of property, plant and equipment	(789)	(786)	(789)	(777)
Impairment charge of assets	31	856	30	839
Impairment charge of property, plant and equipment	(434)	-	(434)	-
Other expenses	(10,422)	(11,333)	(3,988)	(3,697)
Total expenses	(108,102)	(68,345)	(98,416)	(57,699)
Operating profit (loss)	15,040	4,442	15,089	4,407
Financial operations				
Finance income	99	280	194	280
Finance expenses	(1,250)	(753)	(1,242)	(726)
Total finance income	(1,151)	(473)	(1,048)	(446)
Share of profit/(loss) of associates and jointly controlled entities	6	11	-	-
Profit (loss) before income tax	13,895	3,980	14,041	3,961
Income tax				
Current year income tax (expense)	(2,151)	(1,194)	(2,148)	(1,177)
Deferred tax income (expense)	592	607	621	636
Total income tax	(1,559)	(587)	(1,527)	(541)
Net profit (loss) for the period from continuing operations	12,336	3,393	12,514	3,420
Profit (loss) for the period from discontinued operations	32	122	-	-
Net profit (loss) for the period	12,368	3,515	12,514	3,420
Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income (loss) for the period	12,368	3,515	12,514	3,420
Net profit (loss) attributable to:				
Owners of the Parent Company	12,358	3,475	12,514	3,420
Non-controlling interest	10	40	-	-
Total comprehensive income (loss) attributable to:	12,368	3,515	12,514	3,420
to:				
Owners of the Parent Company	12,358	3,475	12,514	3,420
Non-controlling interest	10	40	-	-
Total comprehensive income (loss) attributable to:	12,368	3,515	12,514	3,420
Basic and diluted earnings (deficit) per share (in EUR)	0.025	0.007	0.025	0.007

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 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	2016 III Q (unaudited)	2015 III Q (unaudited)	2016 III Q (unaudited)	2015 III Q (unaudited)
Continuing operations				
Revenue				
Sales of transmission and related services	34,226	20,351	34,226	20,351
Other revenue	4,228	4,128	330	586
Total revenue	38,454	24,479	34,556	20,937
Expenses				
Cost of transmission and related services	(17,784)	(8,919)	(17,784)	(8,919)
Depreciation and amortisation	(6,666)	(5,508)	(6,610)	(5,441)
Wages and salaries and related expenses	(3,265)	(2,720)	(1,686)	(1,284)
Repair and maintenance expenses	(1,221)	(1,157)	(1,898)	(1,694)
Telecommunications and IT systems expenses	(497)	(763)	(460)	(738)
Write-off of property, plant and equipment	(197)	(368)	(197)	(368)
Impairment charge of assets	-	9	-	-
Impairment charge of property, plant and equipment	-	-	-	-
Other expenses	(4,167)	(3,699)	(1,332)	(1,226)
Total expenses	(33,797)	(23,125)	(29,967)	(19,670)
Operating profit (loss)	4,657	1,354	4,589	1,267
Financial operations				
Finance income	12	20	12	25
Finance expenses	(400)	(175)	(397)	(168)
Total finance income	(388)	(155)	(385)	(143)
Share of profit/(loss) of associates and jointly controlled entities	5	(37)	-	-
Profit (loss) before income tax	4,274	1,162	4,204	1,124
Income tax				
Current year income tax (expense)	(728)	(343)	(726)	(341)
Deferred tax income (expense)	152	228	154	228
Total income tax	(576)	(115)	(572)	(113)
Net profit (loss) for the period from continuing operations	3,698	1,047	3,632	1,011
Profit (loss) for the period from discontinued operations	-	102	-	-
Net profit (loss) for the period	3,698	1,149	3,632	1,011
Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income (loss) for the period	3,698	1,149	3,632	1,011
Net profit (loss) attributable to:				
Owners of the Parent Company	3,698	1,116	3,632	1,011
Non-controlling interest	-	33	-	-
Total comprehensive income (loss) attributable to:	3,698	1,149	3,632	1,011
Owners of the Parent Company	3,698	1,116	3,632	1,011
Non-controlling interest	-	33	-	-
Basic and diluted earnings (deficit) per share (in EUR)	0.007	0.002	0.007	0.002

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



Litgrid

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

Group	Attributable to owners of the Group									
	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	Total
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	-	-	-	-	-	-	3,475	3,475	40	3,515
Depreciation of revaluation reserve and amounts written off	-	-	(443)	-	-	-	443	-	-	-
Transfer to retained earnings	-	-	-	-	(3)	(108,608)	108,611	-	-	-
Conversion of authorised share capital to the euro	192	-	-	-	-	-	-	192	-	192
Change in interest in the subsidiary	-	-	-	-	-	-	-	-	29	29
Balance at 30 September 2015 (unaudited)	146,256	8,579	6,397	-	14,606	62,747	4,598	243,183	126	243,309
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	-	-	-	-	-	-	12,358	12,358	10	12,368
Depreciation of revaluation reserve and amounts written off	-	-	(461)	-	-	-	461	-	-	-
Transfers to reserves	-	-	-	-	120	-	(120)	-	-	-
Dividends	-	-	-	-	-	-	(4,589)	(4,589)	-	(4,589)
Disposal of subsidiary	-	-	-	-	-	-	95	95	(143)	(48)
Balance at 30 September 2016 (unaudited)	146,256	8,579	5,767	298	14,726	62,747	11,102	249,475	-	249,475

Company	Attributable to owners of the Group							
	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
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	-	-	-	-	-	-	3,420	3,420
Depreciation of revaluation reserve and amounts written off	-	-	(435)	-	-	-	435	-
Conversion of authorised share capital to the euro	192	-	-	-	-	-	-	192
Transfer to retained earnings	-	-	-	-	-	(108,608)	108,608	-
Balance at 30 September 2015 (unaudited)	146,256	8,579	6,304	-	14,606	62,747	5,427	243,919
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	-	-	-	-	-	-	12,514	12,514
Depreciation of revaluation reserve and amounts written off	-	-	(449)	-	-	-	449	-
Transfers to reserves	-	-	-	-	20	-	(20)	-
Dividends	-	-	-	-	-	-	(4,589)	(4,589)
Balance at 30 September 2016 (unaudited)	146,256	8,579	5,689	298	14,626	62,747	14,126	252,321

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



Litgrid

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	30-09-2016 (unaudited)	30-09-2015 (unaudited)	30-09-2016 (unaudited)	30-09-2015 (unaudited)
Cash flows from operating activities				
Profit/(loss) for the year	12,368	3,515	12,514	3,420
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	3 19,772	16,277	19,607	16,068
Revaluation of property, plant and equipment	434	-	434	-
(Reversal of)/impairment of trade receivables	(30)	(839)	(30)	(839)
Share of profit of associates and joint ventures	(6)	(11)	-	-
Income tax expenses	1,559	587	1,527	541
(Gain)/loss on disposal/write-off of property, plant and equipment	789	786	789	777
Elimination of results of financing and investing activities:				
Interest income	-	(16)	-	(16)
Interest expenses	1,223	451	1,215	462
Dividends income	(59)	(122)	(91)	(122)
Other finance (income)/costs	(13)	124	(76)	122
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable	(5,141)	14,587	(6,745)	12,731
(Increase) decrease in inventories, prepayments and other current assets	(2,016)	114	(122)	-
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	(3,472)	(4,170)	(4,007)	(3,607)
Changes in other financial assets	(5,227)	1,670	(5,227)	1,665
Income tax (paid)	(1,212)	(1,164)	(1,207)	(1,164)
Net cash generated from operating activities	18,969	31,789	18,581	30,038
Net cash used in operating activities of the discontinued operations	4,623	(15,691)	-	-
Cash flows from investing activities				
(Purchase) of property, plant and equipment and intangible assets	(49,815)	(173,927)	(49,641)	(173,877)
Grants received	63,204	26,497	63,204	26,497
Disposal (acquisition) of subsidiaries (associates)	-	-	388	(58)
Proceeds from redemption of held-to-maturity investments	-	15,929	-	15,929
Interest received	-	93	-	93
Dividends received	59	122	91	122
Net cash used in investing activities	13,448	(131,286)	14,042	(131,294)
Net cash used in investing activities of the discontinued operations	-	-	-	-
Cash flows from financing activities				
Proceeds from borrowings	40,000	63,800	40,000	63,800
Repayments of borrowings	(5,142)	(2,200)	(5,142)	(2,200)
Overdraft	(61,693)	15,172	(61,818)	16,482
Interest paid	(1,030)	(244)	(1,022)	(217)
Dividends paid	(4,593)	(8)	(4,593)	(8)
Net cash generated from financing activities	(32,458)	76,520	(32,575)	77,857
Net cash generated from financing activities of the discontinued operations	(4,655)	15,518	-	-
Net increase (decrease) in cash and cash equivalents	(73)	(23,150)	48	(23,399)
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	718	2,143	531	1,604

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

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 str. 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 has implemented 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 30 September 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.

As at 30 September 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 30 September 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 Litgrid Power Link Service	A. Juozapavičiaus str. 13, Vilnius, Lithuania	100%	100%	Management and operation of electricity interconnection facilities

The structure of the Group’s investments in the associates and the jointly controlled entity as at 30 September 2016 and 31 December 2015 was as follows:

Company	Address of the company’s registered office	The Group’s shareholding as at 30 September 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%	Coordination and implementation of common tasks, related to the control of Lithuanian-Polish interconnection, planned development of the grid and other areas of cooperation

As at 30 September 2016, the Group had 696 employees (31 December 2015: 659), as at 30 September 2016, the Company had 238 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 nine-month period ending 30 September 2016 is:

2.1 Basis of preparation

The Company's and the Group's condensed interim financial statements for the nine-month period ending 30 September 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 (except Revenues from congestion charges which are disclosed in Note 2.4).

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 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 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 obligations (hereinafter "PSO") funds 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.

2.4 Congestion income

Congestion income arise due to insufficient capacity of power transmission lines and different market prices for electricity in Lithuania, Sweden, Poland and Latvia. According to Regulation of the European Parliament and of the Council (EC) No 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003, any revenues resulting from the allocation of interconnection shall be used for the (a) guaranteeing the actual availability of the allocated capacity; (b) maintaining or increasing interconnection capacities through network investments, in particular in new inter-connectors; (c) where the revenues cannot be efficiently used for the purposes set out in points (a) and/or (b) above, they may be used, subject to approval by the regulatory authorities of the Member States concerned, up to a



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs.

The congestion revenue received by the company is recognized as: a) income in the income statement when used for guaranteeing the actual availability of the allocated capacity; b) grants, when used for investment guaranteeing the capacity of interconnectors; c) income in the income statement, if the regulatory authority will reduce transmission tariff. The remaining unused income is recorded in the deferred income line in the statement of financial position.

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	107	59,253
Write-offs	-	(858)
Transfer from inventories	-	10
Offsetting grants with non-current assets	-	(3,670)
Depreciation and amortization charge	(294)	(15,991)
Net book amount at 30 September 2015	757	403,145
Net book amount at 31 December 2015	876	409,643
Additions*	879	84,383
Disposals	-	(8)
Write-offs	-	(841)
Impairment	-	(434)
Transfer from inventories	-	64
Reclassification	(146)	146
Offsetting grants not received with non-current assets (Note 5)	-	(8,623)
Offsetting grants with non-current assets	-	(67,073)
Depreciation and amortization charge	(333)	(19,439)
Net book amount at 30 September 2016	1,276	397,818
Company	Intangible assets	Property, plant, and equipment
Net book amount at 31 December 2014	915	363,431
Additions	100	59,204
Write-offs	-	(849)
Transfer from inventories	-	13
Offsetting grants with non-current assets	-	(3,670)
Depreciation and amortization charge	(278)	(15,790)
Net book amount at 30 September 2015	737	402,339
Net book amount at 31 December 2015	870	408,757
Additions*	877	84,211
Write-offs	-	(841)
Impairment	-	(434)
Transfer from inventories	-	64
Reclassification	(146)	146
Offsetting grants not received with non-current assets (Note 5)	-	(8,623)
Offsetting grants with non-current assets	-	(67,073)
Depreciation and amortization charge	(331)	(19,276)
Net book amount at 30 September 2016	1,270	396,931

* 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 carried at the asset acquisition cost less grants received or receivable for the acquisition of the asset and less income from the connection of new users. If the value of the Property, plant, and equipment was not reduced by the grants and the income from new users' connection, the book value of these assets as of 30 September 2016 would be higher by Eur 287,986 thousand. Information about the Property, plant, and equipment the value of which has been reduced by the grants received/receivable and by the income from new users' connection is presented below:

Net book amount at 31 December 2015	217,633
Additions	75,696
Depreciation charge	(5,249)
Write-offs	(94)
Net book amount at 30 September 2016	287,986



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 2016 and 31 December 2015 the Company's investments comprised as following:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest (%)
UAB Tetas	4,356	(441)	3,915	100
UAB Litgrid Power Link Service	174	-	174	100
	<u>4,530</u>	<u>(441)</u>	<u>4,089</u>	

Pursuant to the decision passed during the extraordinary general meeting of the shareholders of Litgrid held on 28 January 2016, the Company and EPSO-G signed the agreement on the purchase and sale of shares on 5 February 2016. Under this agreement the Company transferred to EPSO-G 478,800 ordinary registered intangible shares of Baltpool representing 67% of the total share capital of Baltpool. The agreement stipulates that the right of ownership is transferred to EPSO-G from 1 March 2016. Shares of 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	
	30-09-2016	31-12-2015	30-09-2016	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	6	(25)	-	-
Closing balance	<u>726</u>	<u>720</u>	<u>752</u>	<u>752</u>

5. Other accounts receivable

Other receivables as of 30 September 2016 consist mainly of grants receivables - EUR 25,088 thousand (31 December 2015 - EUR 16,465 thousand), by the amount of these grants is reduced the value of property, plant, and equipment (Note 3).

6. Share capital

On 30 September 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	
	30-09-2016	31-12-2015	30-09-2016	31-12-2015
Non-current borrowings				
Bank loans	119,376	124,518	119,376	124,518
Current borrowings				
Current portion of non-current borrowings	48,082	8,082	48,082	8,082
Overdraft	9,145	70,838	8,024	69,842
Total	<u>176,603</u>	<u>203,438</u>	<u>175,482</u>	<u>202,442</u>

Terms of repayment of non-current borrowings

	Group		Company	
	30-09-2016	31-12-2015	30-09-2016	31-12-2015
Between 1 and 2 years	8,082	8,082	8,082	8,082
From 2 to 5 years	39,604	36,533	39,604	36,533
After 5 years	71,690	79,903	71,690	79,903
Total	<u>119,376</u>	<u>124,518</u>	<u>119,376</u>	<u>124,518</u>



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 (330-110 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 Tetas and Litgrid Power Link Service. Tetas services include reconstruction, repair and technical maintenance of medium voltage transformer substations and distribution stations. 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 Group's information on segments for the period ended 30 September 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	65,648	17,232	25,953	4,673	12,750	126,256
Inter-segment revenue	-	-	-	-	(3,114)	(3,114)
Revenue after elimination of intercompany revenue within the Group	65,648	17,232	25,953	4,673	9,636	123,142
Operating profit/(loss)	13,665	4,007	(2,585)	2	(49)	15,040
Finance income/(cost), net*	x	x	x	x	x	(1,151)
Share of result of associates and joint ventures*	x	x	x	x	x	6
Profit/(loss) before income tax	x	x	x	x	x	13,895
Income tax*	x	x	x	x	x	(1,559)
Discontinued operations	x	x	x	x	x	32
Profit/(loss) for the period	x	x	x	x	x	12,368
Depreciation and amortisation expenses	19,471	34	101	-	165	19,771
Write-offs of property, plant and equipment	789	-	-	-	-	789

* 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.



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

The Group's information on segments for the period ended 30 September 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	42,473	9,628	6,873	3,132	14,652	76,758
Inter-segment revenue	-	-	-	-	(3,971)	(3,971)
Revenue after elimination of intercompany revenue within the Group	42,473	9,628	6,873	3,132	10,681	72,787
Operating profit/(loss)	1,655	3,430	(727)	50	34	4,442
Finance income/(cost), net*	x	x	x	x	x	(473)
Share of result of associates and joint ventures*	x	x	x	x	x	11
Profit/(loss) before income tax	x	x	x	x	x	3,980
Income tax*	x	x	x	x	x	(587)
Discontinued operations	x	x	x	x	x	122
Profit/(loss) for the period	x	x	x	x	x	3,515
Depreciation and amortisation expenses	16,068	-	-	-	205	16,273
Write-offs of property, plant and equipment	777	-	-	-	9	786

* 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 87% of total revenue.

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

	Group		Company	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
Lithuania	107,413	70,341	97,776	59,660
Norway	4,138	225	4,138	225
Sweden	8,298	60	8,298	60
Latvia	594	431	594	431
Estonia	1,233	1,373	1,233	1,373
Poland	404	-	404	-
Greece	172	-	172	-
Belgium	24	-	24	-
Italy	607	-	607	-
Romania	201	-	201	-
Austria	58	-	58	-
Russia	-	357	-	357
Total:	123,142	72,787	113,505	62,106

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 (the same shareholders);
- UAB Baltpool (the same shareholders);
- Management members.

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	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
UAB EPSO-G	388	14	388	14
UAB Tetas	-	-	4	8
UAB Litgrid Power Link Service	-	-	81	111
UAB Baltpool	17,598	16,753	17,598	16,753
Group's associates and jointly controlled entities	989	1,167	989	1,167
	18,975	17,934	19,060	18,053



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016
(All amounts in EUR thousands unless otherwise stated)

Purchases of goods and services

	Group		Company	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
UAB Tetas	-	-	2,175	3,214
UAB Litgrid Power Link Service	-	-	946	678
UAB Baltpool	(652)	11,725	(652)	11,725
Group's associates and jointly controlled entities	216	401	216	401
	(436)	12,126	2,685	16,018

Amounts receivable from related parties

	Group		Company	
	30-09-2016	2015-12-31	30-09-2016	2015-12-31
UAB EPSO-G	-	2	-	2
UAB Litgrid Power Link Service	-	-	11	13
UAB Baltpool	4,643	2,028	4,643	2,028
Group's associates and jointly controlled entities	95	143	95	143
	4,738	2,173	4,749	2,186

Amounts payable to related parties

	Group		Company	
	30-09-2016	2015-12-31	30-09-2016	2015-12-31
UAB Tetas	-	-	429	154
UAB Litgrid Power Link Service	-	-	205	38
UAB Baltpool	-	149	-	149
Group's associates and jointly controlled entities	38	94	38	94
	38	243	672	435

Payments to the key management personnel

	Group		Company	
	30-09-2016	30-09-2015	30-09-2016	30-09-2015
Employment-related payments, whereof:	603	554	422	393
- Termination benefits	33	-	33	-
Average number of the key management personnel	12	12	7	7

The management comprises the heads of administration and department directors of the holding group companies.

10. Dividends

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.

11. Basic and diluted earnings per share

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

	30-09-2016	30-09-2015
Net profit (loss) attributable to the Company's shareholders (thousand EUR)	12,358	3,475
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings per share (in EUR)	0.025	0.007

12. Subsequent events

National Commission for Energy Control and Prices has published prices for electricity transmission and system services and the procedure for their application, as approved by Litgrid Management Board on 21st October. The approved average electricity transmission rate as of 1st January 2017 is 0,672 ct/kWh, system services rate - 0,393 ct/kWh.
