



Litgrid

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## CONFIRMATION OF RESPONSIBLE PERSONS

February 23, 2017 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 Raimonda Duobuvienė, Deputy Chief Financier, acting 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 year ended 31 December 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 year ended 31 December 2016 includes a fair review of the development and performance of the business.

Daivis Virbickas

Chief Executive Officer

Rimantas Busila

Director of Finance Department

Raimonda Duobuvienė

Deputy Chief Financier,  
Acting Chief Financier



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**LITGRID AB**

CONDENSED CONSOLIDATED AND THE COMPANY'S  
INTERIM FINANCIAL STATEMENTS FOR 2016, PREPARED  
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING  
STANDARDS AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED) PRESENTED TOGETHER WITH  
CONSOLIDATED INTERIM REPORT



Litgrid

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The condensed interim financial statements was signed on 23 February 2017.

Dainis Virbickas  
Chief executive officer

Rimantas Busila  
Director of the Finance Department

Raimonda Duobuvienė  
Deputy Chief Financier  
Acting Chief Financier



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CONSOLIDATED INTERIM REPORT FOR THE YEAR 2016  
(all amounts in EUR thousands unless stated otherwise)

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## CONSOLIDATED INTERIM REPORT OF LITGRID AB AND ITS SUBSIDIARIES

### I. General Information about the Group

This consolidated interim report has been prepared for the twelve months of 2016.

#### The Issuer and its contact details:

Name	LITGRID AB (hereinafter referred to as “Litgrid” or the “Company”)
Legal form	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
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Email	<a href="mailto:info@litgrid.eu">info@litgrid.eu</a> ; <a href="http://www.litgrid.eu">www.litgrid.eu</a>

#### 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 its work aimed at increasing the country’s energy independence, Litgrid fosters 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 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 secure the energy independence while creating value for the public.

As the backbone of the national power sector, Litgrid is not only responsible for the maintenance of the balance of the electricity used and produced in the system and the reliable transmission of electricity but implements strategic national electricity projects as well. 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.



### *Common European market for electricity*

The integration of the Lithuanian electricity market into the Baltic and Nordic electricity market, and subsequently into the common European market for electricity, 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 ensure 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 in 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. In 2016, the power link served as a support for the system's reliability as well. Lithuania and Poland used LitPol Link as an emergency reserve a few times in 2016: Litgrid - during 141 hours in all, and PSE (the Polish transmission system operator) - during 18 hours in all.

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 Lithuanian 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 were started by the Lithuanian Ornithological Society (upon winning, 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 operating since June 2016, upon completion of trial operation. 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 78% in the period from the start of operation until the end of 2016.

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.

### *Reorientation of the power system toward synchronous operation with continental Europe*

The Law on the Integration of the Power System of the Republic of Lithuania into the European Electricity Systems adopted by the Seimas (Parliament) 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 understanding, harmonisation, and coordination of both 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 million depending on scenario.

In 2014, the project on 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 (HPSP) - 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.

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 was completed in 2016. It has been established that the new line could start at Marijampolė. An analogous study dealing with the potential route of the line in Poland was carried out by PSE Inwestycje, a subsidiary of the Polish TSO.

In the autumn of 2016, construction of the 330 kV line Kruonis HPSP - Alytus started. The new line, forming an integral part of the Lithuanian - Polish electricity systems' connection, will enable a more efficient use of LitPol Link after completion of the synchronisation project.

#### *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 already been launched.

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 kilovolt (kV) transmission line from the Lithuanian Power Plant to Vilnius. An environmental impact assessment programme was prepared for this line in 2016.

The transmission network in north-western Lithuania will be reinforced by a new Kretinga-Benaičiai line the construction of which has been 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 ensures the reliable operation of the network. The reconstruction of 110 kV overhead lines from Merkinė to Trakai and from Zarasai to Utena were completed in 2016. In August 2016, two 110 kV subsurface electricity transmission line 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 an almost 2.5 km long section of the bypass road route.

Modern technologies are employed in the reconstruction of the electricity transmission grid. A digital transformer substation switched in Vidiškės (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 Vidiškės substation. It is estimated that digitalisation of a large substation may cut costs by 20% to 30% and shorten the reconstruction period as fewer design and installation works have to be performed.

Modernisation of transformer substations enables the Company to increase the number of remotely-controlled substations. In September 2016, installation of remote control systems have 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.



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### *Integration of Baltic and Nordic electricity markets*

With the aim 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 3.7 million in the balancing electricity costs in 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.

In 2016, the average electricity price in the Lithuanian bidding area of the Nord Pool electricity exchange was 36.5 EUR/MWh. The market price of electricity dropped 13% compared to 2015.

On 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, aimed at ensuring the maximum market access to the cross-border power links, took effect. Litgrid working jointly with the Baltic States', Swedish and Finnish transmission system operators contributes to development of the common European intra-day trading platform.

### *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 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.

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. In September 2016, a group of fifteen experts, scientists and NGO representatives provided advice to the European Commission on matters related to the interconnection of Europe's electric power infrastructure.

### **Litgrid's subsidiaries and their operations**

As at 31 December 2016, Litgrid group of companies consisted of Litgrid AB, Tetas UAB, and Litgrid Power Link Service UAB.



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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	Preparation for the installation, maintenance and operation of high-voltage direct current power links with the power systems of Poland and Sweden
Country of operation	Lithuania	Lithuania
Litgrid's shareholding	100 %	100 %

Other Litgrid's shareholdings as of 31 December 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	Žvejų g. 14, LT-09310 Vilnius	A. Juozapavičiaus g.13, LT-09311, Vilnius	PO Box 121, NO-1325 Lysaker, Norway
Country of operation	Lithuania and Poland	Lithuania	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia
Litgrid's shareholding	50 % of shares and voting rights attached thereto	20.36 % of shares and voting rights attached thereto	0.01 % of shares and voting rights attached thereto	2 % of shares and voting rights and a board member on rotation basis

### Services provided by Litgrid Group

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

- Transmission of electricity
- System services (capacity reserve)
- Trading in balancing and regulating electricity
- Public interest services (PIS)
- Maintenance and repairs of the electricity grid
- Maintenance, operation and control 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 of 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 ensures a balance between production and consumption of electricity in the country. 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 that enable them to quickly change the electricity generation and consumption conditions and having concluded a relevant agreement with Litgrid.

### *Public service obligations*

Public service obligations (PSO) 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 PSO, their providers, and procedures for the provision of PSO 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. PSO funds are funds that are paid to providers of PSO.

Litgrid provides the following PSO services:

- Preparation and implementation of strategic projects aimed at increasing the 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*

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 electricity grid equipment's maintenance and repair services:

- 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.



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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.

### Personnel

As of 31 December 2016, Litgrid Group employed 685 people: Litgrid - 235 employees, Tetas - 421 employees, and Litgrid Power Link Service - 29 employees.

Litgrid's wage fund in the reporting period amounted to EUR 5,516,000.

	Number of employees as of 31 December 2016	Average monthly pay, EUR
Specialists	228	1,753
Management	7	6,226
Total	235	1,886

Litgrid Group's wage fund in the reporting period amounted to EUR 10,665,000.

	Number of employees as of 31 December 2016	Average monthly pay, EUR
Workers	254	776
Specialists	419	1,548
Management	12	5,333
Total	685	1,351

### Remuneration policy and performance evaluation

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 evaluations of employees' performance as one of the most important tools for effective corporate management that allows linking personal and organisational goals, shows the importance of each employee's work for the attainment of common objectives, makes career planning possible, and motivates 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.

## 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.

Litgrid regularly informs the public 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 five 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 a relevant discussion in the mass media. Safety at work was the subject of the Company's traditional meeting with its contractors in autumn: the Company presented the updated safety at work requirements and shared materials and practical advice on the development of a responsible approach toward safety at work.

## 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



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place. When accepting completed works, contractors' compliance with the requirements is checked including waste management and relevant documentation.

In September, monitoring of environmental impact of LitPol Link started. First observations of accumulations of migrating geese, cranes and water birds were carried out in the areas adjacent to the power link. Environmental monitoring of another electricity transmission line (Telšiai - Klaipėda) is continued: accumulations of migrating birds are observed in the Minija River Valley at Dovilai, and density of predatory birds is being recorded in Mižuikai forest in Rietavas district.

In cooperation with Lithuanian Ornithological Society, Litgrid has launched a project "Implementation of Bird Protection Measures in the High-Voltage Electricity Transmission Grid". 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-migration white stork accumulation areas, specific protection devices are installed, such as 'forks' preventing the birds from alighting over insulators, or upper insulators in insulator strings are replaced with ones of larger diameter thus reducing the short-circuit probability. Special nesting-boxes are installed for kestrels on 110 kV supports in locations selected by the ornithologists.

In 2016, the company installed 4,617 wire visibility increasing facilities (7,366 since the launching of the project in 2015), 5,906 (10,308) bird protection facilities on the towers of high-voltage lines, and 291 (418) nesting-boxes for kestrels. 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 of 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 on an annual basis.

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 November, a feasibility study investigating the opportunities for a more efficient RES integration and management and for establishing new services for the market participants was completed. The Company is continuing to look into the possibilities of implementing an optimal RES administration model.

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. It has been established that the payback of such converter can only be expected in 2040, i. e. on completion of synchronisation with the grids of Continental Europe.

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.

### **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.



Litgrid

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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.

In 2016, a process data transmission network comprising all automatically-controlled facilities of Litgrid was implemented. The network both ensures cyber security and increases the reliability of the transmission network. Continuity of ITC activities is of utmost importance for the Company. A back-up data transmission line that ensures continuous operation of NordBalt converters' control systems and exchange of process data has been installed jointly with the Swedish TSO. To ensure functioning of critical information systems, Litgrid has implemented advanced IT recovery solutions.



## II. Financial Information

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

	January - December 2016		January - December 2015		January - December 2014	
	Group	Company	Group	Company	Group	Company
<b>Financial indicators (EUR thousands)</b>						
Income from electricity sales	143,215	143,215	82,985	82,985	104,238	104,238
Other operating income	24,867	9,203	17,043	2,085	15,465	1,759
EBITDA*	49,892	49,181	26,549	26,653	33,861	33,829
Profit (loss) before tax	20,516	20,091	1,646	3,677	(130,686)	(132,167)
Net profit (loss)	18,453	18,022	1,414	3,370	(111,599)	(112,849)
Cash flows from operations	31,530	30,770	43,315	41,019	7,345	15,585
<b>Ratios</b>						
EBITDA margin, %	29.7	32.3	26.5	31.3	28.3	31.9
Operating profit margin, %	13.0	14.0	2.2	4.9	-109.0	-124.5
Return on equity, %	7.2	7.0	0.6	1.4	-46.6	-47.0
Return on assets, %	4.0	3.9	0.3	0.7	-19.8	-21.3
Shareholder's equity / Assets, %	54.7	55.9	43.6	47.9	42.5	45.5
Financial liabilities / Equity, %	64.9	64.0	84.3	83.0	54.0	49.4
Liquidity ratio	0.81	0.77	0.49	0.29	1.00	0.99
<b>TSO operating indicators</b>						
Energy transmission volume, m kWh		9,729		9,220		9,334
Process costs in transmission network, %		2.90		1.96		1.92
ENS (Energy Not Supplied due to interruptions), MWh**		1.03		4.54		5.36
AIT (Average Interruption Time), min. **		0.04		0.22		0.25

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

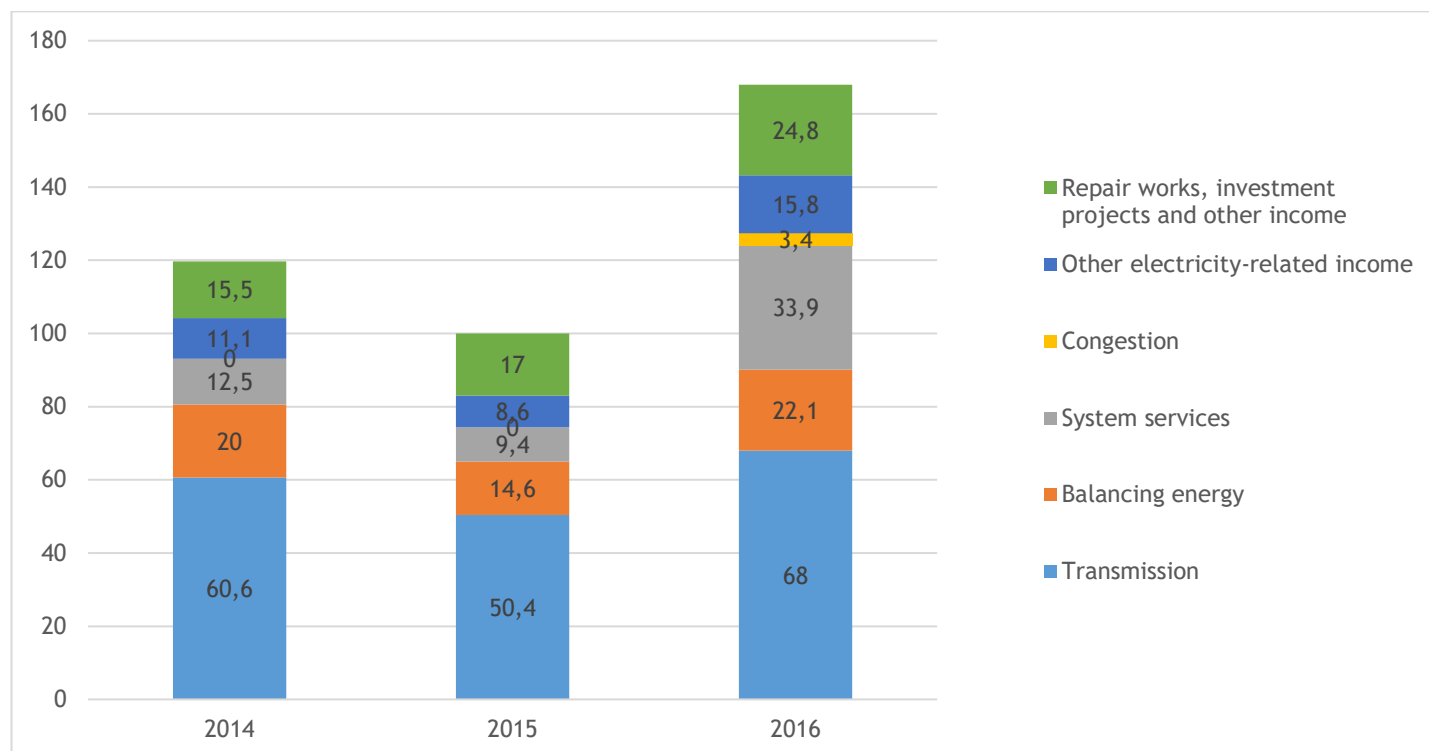
\*\* Only due to the operator's fault or due to undetermined causes.



## Income

In 2016, Litgrid's volumes of electricity transmission via high-voltage networks for national needs amounted to 9 729 million kilowatt-hours (kWh), which is 5.5 % more than in the same period of 2015. The volumes of transmission to customers of the electricity distribution operator amounted to 8 842 million kWh (+5.1 % compared to 2015), and to other customers 886 million kWh (+9.9 % compared to 2015).

### Group's income structure, EUR millions



Litgrid Group's income for 2016 was EUR 168,1 million, a 68% increase compared to 2015.

Income from electricity transmission increased 35% (to EUR 68 million) compared to 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 51% to EUR 22.1 million. The increase has largely resulted from the 56% 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 grew 3.6 times to EUR 33.9 million. The main growth driver was the tariff for system services which had been increased 3.8 times by the National Commission on Energy Control and Prices 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, Litgrid's revenues from congestion charges in 2016 were EUR 11.4 million (2015: EUR 0.5 million). 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 net work tariffs. Litgrid has recognised, in accordance with the Regulation, EUR 3.4 million as income, i. e. part of the congestion revenues that were used for ensuring

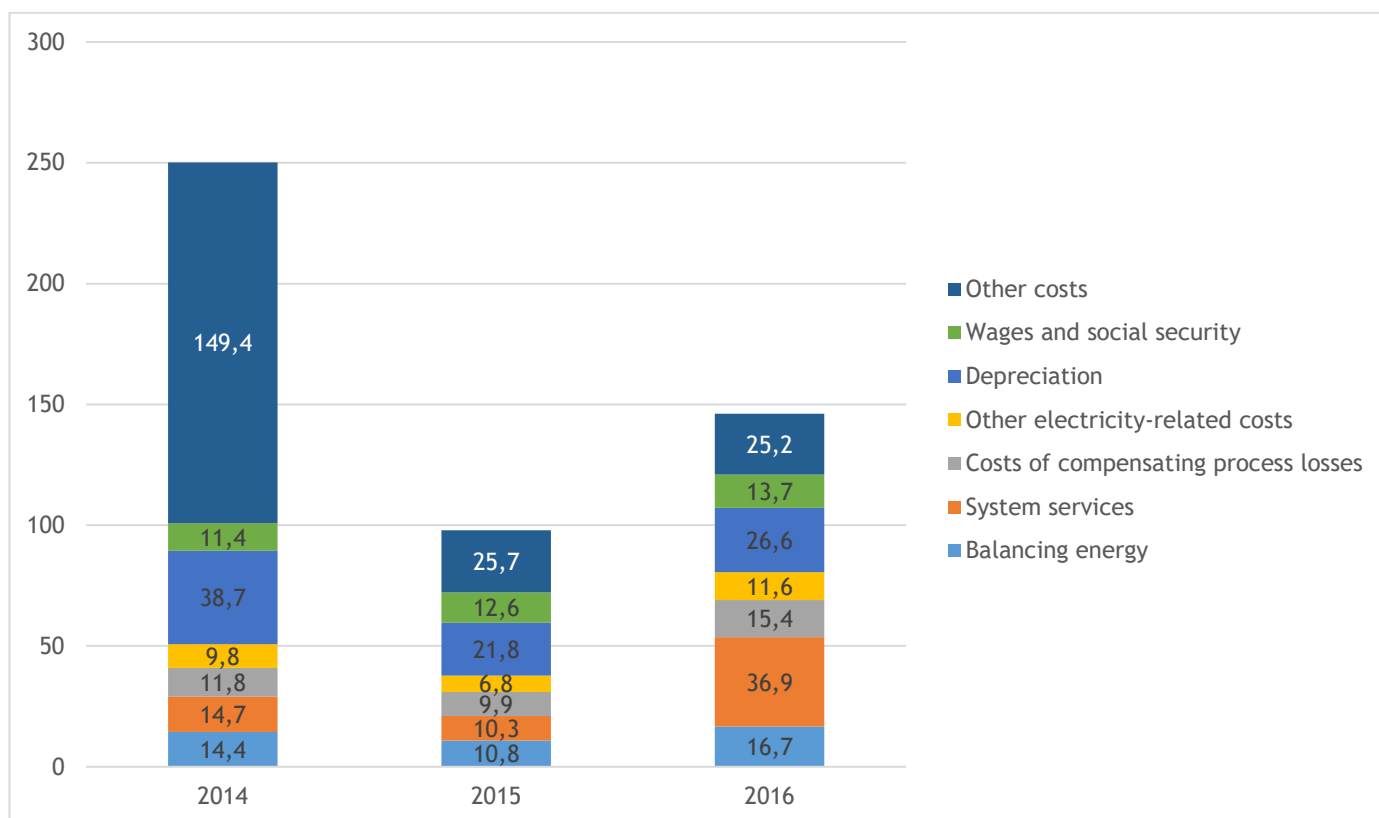


the allocated capacity of the power links. The remaining revenues are carried in the “Future Period Income” line of the Statement of Financial Position.

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 4.5 million; PSO income - EUR 7.1 million; reactive energy income - EUR 1.5 million; connection of new customers - EUR 2.7 million. Income from services provided by Tetas, a subsidiary of Litgrid, account for the largest part of income from repair works, investment projects etc.

## Costs

### Group’s cost structure, EUR millions



The Group’s costs totalled EUR 146.2 million in 2016, which is 49% 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.

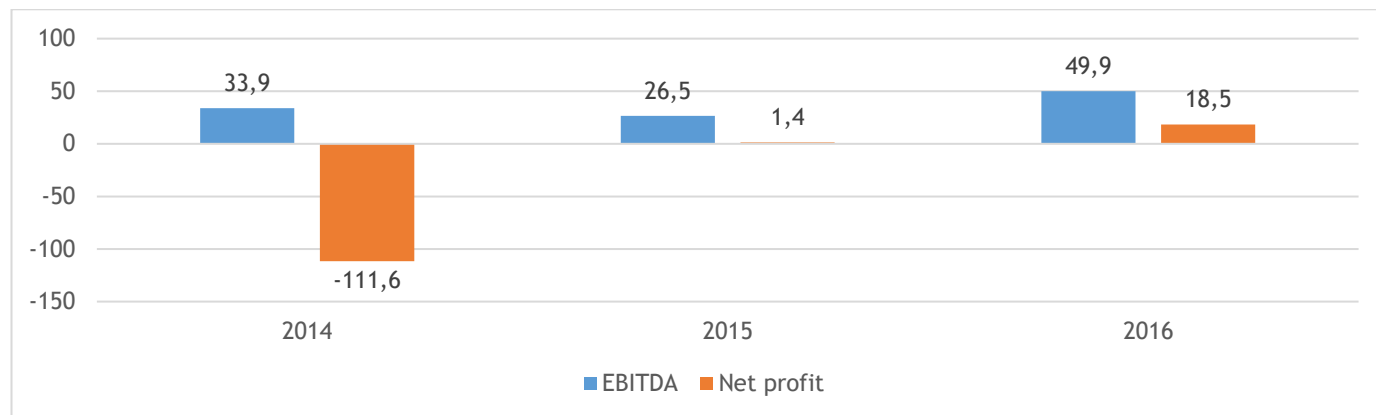
Costs of purchase of electricity and related services account for more than one half of the Group’s costs: EUR 80.6 million or 55% of total costs. These costs more than doubled compared with 2015. Balancing (regulating) electricity costs increased 54% (to EUR 16.7 million). The system service costs increased 3.6 times to EUR 36.9 million, costs of compensating for process losses in the transmission grid increased 56% to EUR 15.4 million. Transit (ITC) costs were EUR 1.2 million, PSO provision costs EUR 7 million, and costs of ensuring the allocated capacity of the Swedish and Polish links EUR 3.4 million.

Due to putting new assets into operation at the end of 2015, depreciation and amortisation costs increased 22% to EUR 26.6 million compared to 2015. Other operating costs increased 13% (to EUR 18 million).





## Profit

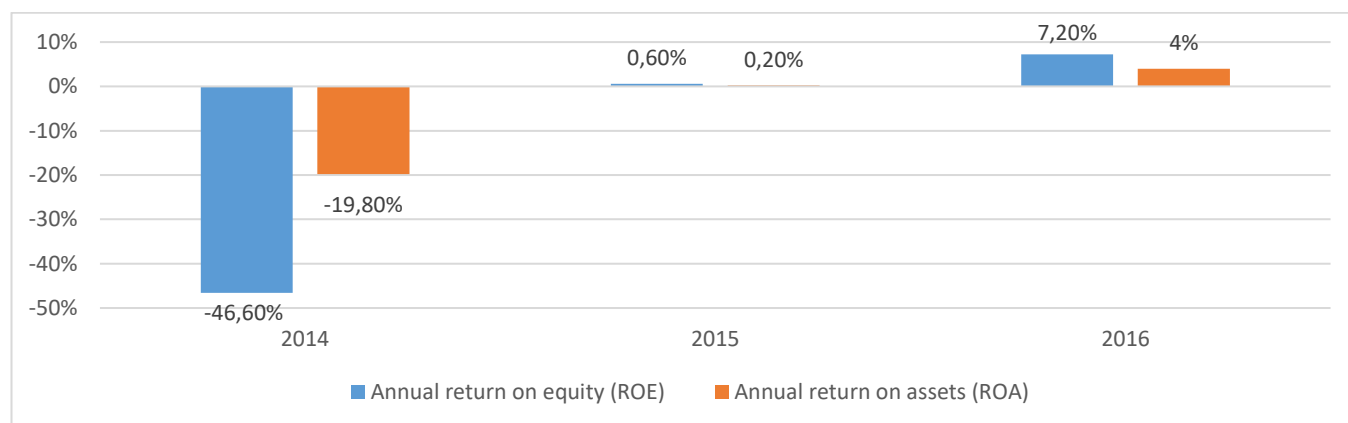


Litgrid Group's EBITDA and net profit, EUR million

The Group's EBITDA for 2016 amounted to EUR 49.9 million. Compared to 2015, the EBITDA increased by EUR 23.3 million, or 88%; the EBITDA margin decreased to 29.7% (2015: 26.5%). The increase in the EBITDA and net profit was mainly determined by the growth in the transmission service volumes and other income (penalties).

The Group's net profit for 2016 was EUR 18.5 million (2015: EUR 1.4 million).

The Group's operating profit for 2016 consists of: profit of the transmission segment EUR 19.7 million (2015: EUR 1.3 million profit), loss in the system services segment EUR 3.4 million (2015: EUR 1.3 million loss), profit in the balancing (regulating) electricity segment EUR 5.1 million (2015: 4.2 million profit), profit from other activities EUR 0.5 million (2015: EUR 2 million loss).



Litgrid Group's return indicators, %

In 2016, there has been an increase in the annual ROE and ROA ratios compared to the same period of 2015: from 0.6% to 7.2% and from 0.3% to 4.0%, respectively.

## Balance sheet and cash flows

As of 31 December 2016, assets of the Group amounted to EUR 466.1 million. Non-current assets accounted for 86.4% of total assets of the Group. Shareholders' equity accounted for 54.7% of total assets.

As of 31 December 2016, the Group's financial liabilities to credit institutions were EUR 165.5 million (- EUR 37.9 million over 2016). The ratio between financial liabilities and equity was 64.9%. Long-term financial debts payable within one year accounted for 29.6% of all financial debts. Cash and cash equivalents totalled EUR 0.8 million and the unused overdraft was EUR 34.8 million.

The Group's net cash flows from operations in 2016 amounted to EUR 31.5 million, while payments for non-current tangible and intangible assets were EUR 56 million; EUR 68.6 million were received as subsidies.



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The Group's net cash flows (excluding cash flows from financial activities) in 2016 totalled EUR 44.2 million.

### **Investments in non-current assets**

In 2016, investments of Litgrid (works performed and assets acquired irrespective of terms of payment) amounted to EUR 36.7 million. 50% of these investments were earmarked for the implementation of strategic energy projects, and 50% for the reconstruction and development of the 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 were as follows: ENS 6.3 MWh and AIT 0.29 min. The actual results for 2016: ENS 1.03 MWh and AIT 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 2016.

### **Dividend policy**

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

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**

Ensuring the reliability of electricity transmission and preventing disruptions of energy supply is one of the main functions and responsibilities of the Company. 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.



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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 endeavours to attract and retain highly-qualified employees that are able to implement ambitious operational and strategic plans. For that purpose, educational and substitutability plans are being developed and the remuneration and motivation policies have been updated.

### **Financial risk**

Companies of 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, 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 a smooth 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.



### III. Information about Share Capital and Shareholders

Litgrid has not acquired any of its own shares and has not 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. 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 controlled by EPSO-G UAB (A. Juozapavičiaus 13, LT-09310 Vilnius, business ID 302826889) wholly-owned by the Ministry of Energy. In accordance with 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 on 28 September 2012.

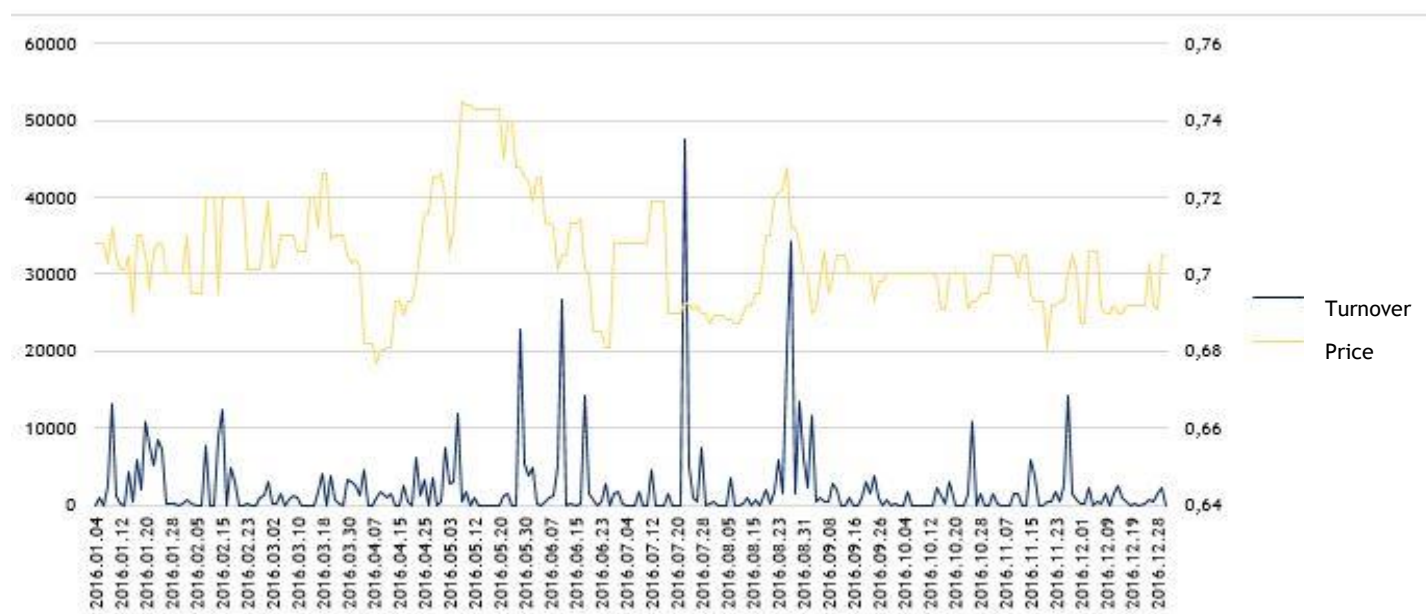
Swedbank AB is the provider of services of accounting for Litgrid's securities and the related services in the period from 1 February 2016 until 31 January 2019.

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

#### Trading in Litgrid securities in regulated markets:

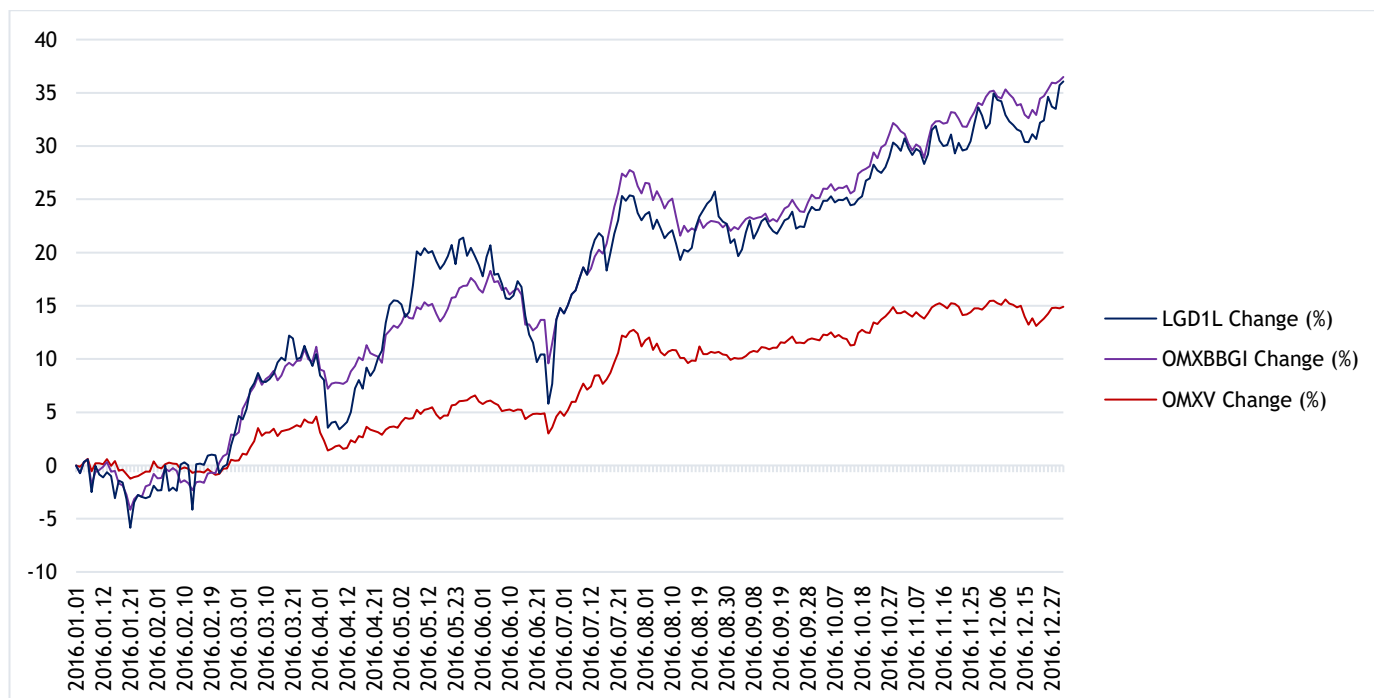
Indicator	2015	2016	2017
Opening price, EUR	0.698	0.708	0.700
Highest price, EUR	0.740	0.745	0.710
Lowest price, EUR	0.550	0.676	0.683
Closing price, EUR	0.708	0.705	0.683
Turnover, pcs	656,613	788,916	26,980
Turnover, EUR m	0.45 EUR	0.56 EUR	0.02 EUR
Capitalisation, EUR m	357.07 EUR	355.55 EUR	344.46 EUR

#### Turnover and prices of Litgrid shares, EUR:





**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 attending the 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.



### *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 decides 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 object of the Company's operations. It also makes 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 within its remit 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
<b>Supervisory Council</b>				
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	-
<b>Audit Committee</b>				
Member	Aušra Pranckaitytė	2014 02 24	2016 04 26	-
Member	Rima Kvietkauskaitė	2014 02 24	2016 04 26	-
Members	Ana Tursienė	2014 02 24	2016 04 26	-
<b>Board</b>				
Chairperson	Rimvydas Štilinis	2016 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 Sankovski	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	-
<b>Chief Executive Officer</b>	Daivis Virbickas	2013 09 10		-
<b>Chief Financier</b>	Jūratė Vyšniauskienė	2015 10 19	2017 02 09	-
<b>Acting Chief Financier</b>	Raimonda Duobuvienė	2017 02 10		-



## 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 (Latvia) since March 2016.

No payments were made to the CEO of the Company and 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 twelve 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.



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

Date	Notice
2016 01 08	Convention of an extraordinary meeting of shareholders of Litgrid
2016 01 28	Decisions adopted at the extraordinary meeting of shareholders of Litgrid on 28 January 2016
2016 02 05	Baltpool shares sale and purchase agreement concluded by Litgrid and EPSO-G
2016 02 26	Financial results of Litgrid Group for 12 months of 2015 published
2016 04 04	Convention of a general meeting of shareholders of Litgrid
2016 04 26	Decisions adopted at the general meeting of shareholders of Litgrid on 26 April 2016
2016 04 26	Consolidated Annual Report and Financial Report of Litgrid for 2015
2016 04 27	Report by Daivis Virbickas, CEO of Litgrid, at the annual report event
2016 05 09	Litgrid's dividend payment procedure for 2015
2016 05 09	Information on a notice of resignation
2016 05 16	Registration of amended Articles of Association of Litgrid AB
2016 05 27	Results of Litgrid Group as of the beginning of the year: growth in revenues and net profit
2016 07 08	Convention of an extraordinary meeting of shareholders of Litgrid
2016 07 29	Decisions adopted at the extraordinary meeting of shareholders of Litgrid on 29 July 2016
2016 08 25	Growth in net profit of Litgrid Group
2016 09 05	Rimvydas Štilinis elected Chairperson of the Board of Litgrid
2016 09 30	The Commission on Prices approved the price ceiling for the electricity transmission services
2016 10 28	The Commission on Prices published prices for the electricity transmission services
2016 11 25	Grid Reliability Underpinning Growth in Litgrid Group's Income

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](http://www.nasdaqomxbaltic.com/market/?pg=news&issuer=LGD&start_d=1&start_m=1&start_y=1996) and on Litgrid's website <http://www.litgrid.eu/index.php/apie-litgrid/investuotojams/esminiai-ivykiai-/478>.



CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016  
(All amounts in EUR thousands unless otherwise stated)

		Group		Company	
		31-12-2016	31-12-2015	31-12-2016	31-12-2015
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	4	1,491	876	1,486	870
Property, plant and equipment	4	397,503	409,148	396,612	408,262
Prepayments for property, plant and equipment		727	56,298	727	56,298
Investments in subsidiaries	5	-	-	4,089	4,089
Investments in associates and jointly controlled entities	5	763	720	752	752
Deferred income tax assets		66	63	-	-
Available-for-sale financial assets		2,273	2,273	2,273	2,273
<b>Total non-current assets</b>		<b>402,823</b>	<b>469,378</b>	<b>405,939</b>	<b>472,544</b>
<b>Current assets</b>					
Inventories		3,397	2,518	125	1,157
Prepayments		274	240	122	203
Trade receivables		19,127	12,918	14,638	8,720
Other accounts receivable	6	30,375	20,277	29,793	22,318
Prepaid income tax		1	1,457	-	1,435
Other financial assets		9,260	2,574	9,260	2,574
Cash and cash equivalents		798	791	608	483
<b>Total current assets</b>		<b>63,232</b>	<b>40,775</b>	<b>54,546</b>	<b>36,890</b>
Assets of disposal group classified as held for sale		-	43,726	-	325
<b>TOTAL ASSETS</b>		<b>466,055</b>	<b>553,879</b>	<b>460,485</b>	<b>509,759</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	7	146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		5,608	6,228	5,533	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)		16,925	2,476	19,369	5,351
<b>Equity attributable to the shareholders of the parent company</b>		<b>255,139</b>	<b>241,190</b>	<b>257,408</b>	<b>243,975</b>
Non-controlling interest		-	133	-	-
<b>Total equity</b>		<b>255,139</b>	<b>241,323</b>	<b>257,408</b>	<b>243,975</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Grants received in advance		38	3,870	38	3,870
Non-current loans	8	116,435	124,518	116,435	124,518
Deferred income tax liabilities		8,166	10,356	8,166	10,356
Deferred income		7,966	-	7,966	-
Other non-current accounts payable and liabilities		152	203	81	151
<b>Total non-current liabilities</b>		<b>132,757</b>	<b>138,947</b>	<b>132,686</b>	<b>138,895</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	8	8,082	8,082	8,082	8,082
Current loans	8	40,986	70,838	40,171	69,842
Trade payables		13,857	28,068	8,376	25,301
Advances received		869	2,014	869	2,014
Income tax payable		1,374	4	1,360	-
Other accounts payable		12,991	23,160	11,533	21,650
<b>Total current liabilities</b>		<b>78,159</b>	<b>132,166</b>	<b>70,391</b>	<b>126,889</b>
<b>Total liabilities</b>		<b>210,916</b>	<b>271,113</b>	<b>203,077</b>	<b>265,784</b>
Liabilities of disposal group classified as held for sale		-	41,443	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>466,055</b>	<b>553,879</b>	<b>460,485</b>	<b>509,759</b>

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



Litgrid

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	2016	2015	2016	2015
<b>Continuing operations</b>				
<b>Revenue</b>				
Sales of transmission and related services	143,215	82,985	143,215	82,985
Other revenue	24,867	17,043	9,203	2,085
<b>Total revenue</b>	<b>9 168,082</b>	<b>100,028</b>	<b>152,418</b>	<b>85,070</b>
<b>Expenses</b>				
Cost of transmission and related services	(80,615)	(37,793)	(80,615)	(37,793)
Depreciation and amortisation	4 (26,586)	(21,774)	(26,364)	(21,511)
Wages and salaries and related expenses	(13,680)	(12,559)	(7,286)	(6,685)
Repair and maintenance expenses	(4,219)	(4,213)	(6,357)	(6,031)
Telecommunications and IT systems expenses	(3,098)	(3,396)	(2,951)	(3,283)
Write-off of property, plant and equipment	(912)	(2,232)	(911)	(2,214)
Impairment charge of assets	(2)	710	(2)	699
Impairment charge of property, plant and equipment	4 (502)	-	(502)	-
Other expenses	(16,576)	(16,571)	(6,026)	(4,079)
<b>Total expenses</b>	<b>(146,190)</b>	<b>(97,828)</b>	<b>(131,014)</b>	<b>(80,897)</b>
<b>Operating profit (loss)</b>	<b>21,892</b>	<b>2,200</b>	<b>21,404</b>	<b>4,173</b>
<b>Financial operations</b>				
Finance income	106	287	201	287
Finance expenses	(1,525)	(816)	(1,514)	(783)
<b>Total finance income</b>	<b>(1,419)</b>	<b>(529)</b>	<b>(1,313)</b>	<b>(496)</b>
Share of profit/(loss) of associates and jointly controlled entities	43	(25)	-	-
<b>Profit (loss) before income tax</b>	<b>20,516</b>	<b>1,646</b>	<b>20,091</b>	<b>3,677</b>
<b>Income tax</b>				
Current year income tax (expense)	(4,286)	(1,685)	(4,257)	(1,673)
Deferred tax income (expense)	2,191	1,339	2,188	1,366
<b>Total income tax</b>	<b>(2,095)</b>	<b>(346)</b>	<b>(2,069)</b>	<b>(307)</b>
<b>Net profit (loss) for the period from continuing operations</b>	<b>18,421</b>	<b>1,300</b>	<b>18,022</b>	<b>3,370</b>
<b>Profit (loss) for the period from discontinued operations</b>	<b>32</b>	<b>114</b>	<b>-</b>	<b>-</b>
<b>Net profit (loss) for the period</b>	<b>18,453</b>	<b>1,414</b>	<b>18,022</b>	<b>3,370</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>				
Change in fair value of financial assets	-	350	-	350
Effect of deferred income tax	-	(52)	-	(52)
<b>Total other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>-</b>	<b>298</b>	<b>-</b>	<b>298</b>
<b>Total comprehensive income (loss) for the period</b>	<b>18,453</b>	<b>1,712</b>	<b>18,022</b>	<b>3,668</b>
<b>Net profit (loss) attributable to:</b>				
Owners of the Parent Company	18,443	1,376	18,022	3,370
Non-controlling interest	10	38	-	-
<b>Total comprehensive income (loss) attributable to:</b>	<b>18,453</b>	<b>1,414</b>	<b>18,022</b>	<b>3,370</b>
<b>to:</b>				
Owners of the Parent Company	18,443	1,674	18,022	3,668
Non-controlling interest	10	38	-	-
<b>Total comprehensive income (loss) attributable to:</b>	<b>18,453</b>	<b>1,712</b>	<b>18,022</b>	<b>3,668</b>
<b>Basic and diluted earnings (deficit) per share (in EUR)</b>	<b>12 0.037</b>	<b>0.003</b>	<b>0.036</b>	<b>0.007</b>

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



Litgrid

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

	Group		Company	
	2016 IV Q	2015 IV Q	2016 IV Q	2015 IV Q
<b>Continuing operations</b>				
<b>Revenue</b>				
Sales of transmission and related services	35,233	22,858	35,233	22,858
Other revenue	9,707	4,383	3,680	106
<b>Total revenue</b>	<b>44,940</b>	<b>27,241</b>	<b>38,913</b>	<b>22,964</b>
<b>Expenses</b>				
Cost of transmission and related services	(19,226)	(11,328)	(19,226)	(11,328)
Depreciation and amortisation	(6,815)	(5,502)	(6,758)	(5,443)
Wages and salaries and related expenses	(3,638)	(4,157)	(1,884)	(2,468)
Repair and maintenance expenses	(1,007)	(928)	(1,485)	(1,293)
Telecommunications and IT systems expenses	(1,024)	(738)	(985)	(707)
Write-off of property, plant and equipment	(123)	(1,446)	(122)	(1,437)
Impairment charge of assets	(33)	(146)	(32)	(140)
Impairment charge of property, plant and equipment	(68)	-	(68)	-
Other expenses	(6,154)	(5,238)	(2,038)	(382)
<b>Total expenses</b>	<b>(38,088)</b>	<b>(29,483)</b>	<b>(32,598)</b>	<b>(23,198)</b>
<b>Operating profit (loss)</b>	<b>6,852</b>	<b>(2,242)</b>	<b>6,315</b>	<b>(234)</b>
<b>Financial operations</b>				
Finance income	7	7	7	7
Finance expenses	(275)	(63)	(272)	(57)
<b>Total finance income</b>	<b>(268)</b>	<b>(56)</b>	<b>(265)</b>	<b>(50)</b>
Share of profit/(loss) of associates and jointly controlled entities	37	(36)	-	-
<b>Profit (loss) before income tax</b>	<b>6,621</b>	<b>(2,334)</b>	<b>6,050</b>	<b>(284)</b>
<b>Income tax</b>				
Current year income tax (expense)	(2,135)	(491)	(2,109)	(496)
Deferred tax income (expense)	1,599	732	1,567	730
<b>Total income tax</b>	<b>(536)</b>	<b>241</b>	<b>(542)</b>	<b>234</b>
<b>Net profit (loss) for the period from continuing operations</b>	<b>6,085</b>	<b>(2,093)</b>	<b>5,508</b>	<b>(50)</b>
<b>Profit (loss) for the period from discontinued operations</b>	-	(8)	-	-
<b>Net profit (loss) for the period</b>	<b>6,085</b>	<b>(2,101)</b>	<b>5,508</b>	<b>(50)</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>				
Change in fair value of financial assets	-	350	-	350
Effect of deferred income tax	-	(52)	-	(52)
<b>Total other comprehensive income that will not be reclassified subsequently to profit or loss</b>	-	<b>298</b>	-	<b>298</b>
<b>Total comprehensive income (loss) for the period</b>	<b>6,085</b>	<b>(1,803)</b>	<b>5,508</b>	<b>248</b>
<b>Net profit (loss) attributable to:</b>				
Owners of the Parent Company	6,085	(2,099)	5,508	(50)
Non-controlling interest	-	(2)	-	-
	<b>6,085</b>	<b>(2,101)</b>	<b>5,508</b>	<b>(50)</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Parent Company	6,085	(1,801)	5,508	248
Non-controlling interest	-	(2)	-	-
	<b>6,085</b>	<b>(1,803)</b>	<b>5,508</b>	<b>248</b>
<b>Basic and diluted earnings (deficit) per share (in EUR)</b>	<b>0.012</b>	<b>(0.004)</b>	<b>0.011</b>	<b>0.000</b>

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



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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
<b>Balance at 1 January 2015</b>	146,064	8,579	6,840	-	14,609	171,355	(107,931)	239,516	57	239,573
Comprehensive income/(expenses) for the period	-	-	-	298	-	-	1,797	2,095	38	2,133
Depreciation of revaluation reserve and amounts written off	-	-	(612)	-	-	-	612	-	-	-
Transfer to retained earnings	-	-	-	-	(3)	(108,608)	108,611	-	-	-
Conversion of authorised share capital to the euro	192	-	-	-	-	-	(192)	-	-	-
Change in interest in the subsidiary	-	-	-	-	-	-	-	-	38	38
<b>Balance at 31 December 2015</b>	<b>146,256</b>	<b>8,579</b>	<b>6,228</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>2,897</b>	<b>241,611</b>	<b>133</b>	<b>241,744</b>
Change in accounting policy	-	-	-	-	-	-	(421)	(421)	-	(421)
<b>Balance at 31 December 2015</b>	<b>146,256</b>	<b>8,579</b>	<b>6,228</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>2,476</b>	<b>241,190</b>	<b>133</b>	<b>241,323</b>
<b>Balance at 1 January 2016</b>	<b>146,256</b>	<b>8,579</b>	<b>6,228</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>2,476</b>	<b>241,190</b>	<b>133</b>	<b>241,323</b>
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	18,443	18,443	10	18,453
Depreciation of revaluation reserve and amounts written off	-	-	(620)	-	-	-	620	-	-	-
Transfers to reserves	-	-	-	-	120	-	(120)	-	-	-
Dividends	-	-	-	-	-	-	(4,589)	(4,589)	-	(4,589)
Disposal of subsidiary	-	-	-	-	-	-	95	95	(143)	(48)
<b>Balance at 31 December 2016</b>	<b>146,256</b>	<b>8,579</b>	<b>5,608</b>	<b>298</b>	<b>14,726</b>	<b>62,747</b>	<b>16,925</b>	<b>255,139</b>	<b>-</b>	<b>255,139</b>

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
<b>Balance at 1 January 2015</b>	146,064	8,579	6,739	-	14,606	171,355	(107,036)	240,307
Comprehensive income/(expenses) for the period	-	-	-	298	-	-	3,791	4,089
Depreciation of revaluation reserve and amounts written off	-	-	(601)	-	-	-	601	-
Conversion of authorised share capital to the euro	-	-	-	-	-	(108,608)	108,608	-
Transfer to retained earnings	192	-	-	-	-	-	(192)	-
<b>Balance at 31 December 2015</b>	<b>146,256</b>	<b>8,579</b>	<b>6,138</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>5,772</b>	<b>244,396</b>
Change in accounting policy	-	-	-	-	-	-	(421)	(421)
<b>Balance at 31 December 2015</b>	<b>146,256</b>	<b>8,579</b>	<b>6,138</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>5,351</b>	<b>243,975</b>
<b>Balance at 1 January 2016</b>	<b>146,256</b>	<b>8,579</b>	<b>6,138</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>5,351</b>	<b>243,975</b>
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	18,022	18,022
Depreciation of revaluation reserve and amounts written off	-	-	(605)	-	-	-	605	-
Transfers to reserves	-	-	-	-	20	-	(20)	-
Dividends	-	-	-	-	-	-	(4,589)	(4,589)
<b>Balance at 31 December 2016</b>	<b>146,256</b>	<b>8,579</b>	<b>5,533</b>	<b>298</b>	<b>14,626</b>	<b>62,747</b>	<b>19,369</b>	<b>257,408</b>

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



Litgrid

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit/(loss) for the year	18,453	1,414	18,022	3,370
<b>Adjustments for non-cash items and other adjustments:</b>				
Depreciation and amortisation expenses	4 26,586	21,774	26,364	21,511
(Reversal of)/impairment charge on assets	504	(356)	504	(1,944)
Loss on disposal of financial assets	-	62	-	62
Share of profit of associates and joint ventures	(43)	25	-	-
Income tax expenses	2,095	346	2,069	307
(Gain)/loss on disposal/write-off of property, plant and equipment	912	2,212	911	2,214
<b>Elimination of results of financing and investing activities:</b>				
Interest income	-	(17)	-	(17)
Interest expenses	1,482	1,530	1,471	1,499
Dividends income	(59)	(122)	(91)	(122)
Other finance (income)/costs	(4)	79	(67)	79
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other amounts receivable	(9,661)	1,978	(9,704)	279
(Increase) decrease in inventories, prepayments and other current assets	(1,671)	1,172	355	180
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	1,091	15,956	(915)	16,338
Changes in other financial assets	(6,686)	(823)	(6,686)	(823)
Income tax (paid)	(1,469)	(1,915)	(1,463)	(1,914)
<b>Net cash generated from operating activities</b>	<b>31,530</b>	<b>43,315</b>	<b>30,770</b>	<b>41,019</b>
<b>Net cash used in operating activities of the discontinued operations</b>	<b>4,623</b>	<b>(13,315)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	(55,978)	(212,833)	(55,744)	(212,647)
Grants received	68,592	47,868	68,592	47,868
Additional investments in subsidiaries	-	-	-	(78)
Disposal of subsidiaries (associates)	-	-	388	-
Proceeds from redemption of held-to-maturity investments	-	15,929	-	15,929
Interest received	4	94	4	94
Dividends received	59	122	91	122
Other cash flows from investing activities	-	126	-	126
<b>Net cash used in investing activities</b>	<b>12,677</b>	<b>(148,694)</b>	<b>13,331</b>	<b>(148,586)</b>
<b>Net cash used in investing activities of the discontinued operations</b>	<b>-</b>	<b>(16)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	40,000	65,000	40,000	65,000
Repayments of borrowings	(48,083)	(51,200)	(48,083)	(51,200)
Overdraft	(29,852)	68,098	(29,671)	69,842
Interest paid	(1,639)	(613)	(1,628)	(582)
Dividends paid	(4,594)	(13)	(4,594)	(13)
<b>Net cash generated from financing activities</b>	<b>(44,168)</b>	<b>81,272</b>	<b>(43,976)</b>	<b>83,047</b>
<b>Net cash generated from financing activities of the discontinued operations</b>	<b>(4,655)</b>	<b>12,936</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7</b>	<b>(24,502)</b>	<b>125</b>	<b>(24,520)</b>
Cash and cash equivalents at the beginning of the period	791	25,293	483	25,003
<b>Cash and cash equivalents at the end of the period</b>	<b>798</b>	<b>791</b>	<b>608</b>	<b>483</b>

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



Litgrid

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts in EUR thousands unless otherwise stated)

**1. General information**

Litgrid AB is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus 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.

As at 31 December 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 31 December 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
<b>Total:</b>	<b>504,331,380</b>	<b>100</b>

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

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

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

Company	Address of the company’s registered office	Shareholding as at 31 December 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 31 December 2016 and 31 December 2015 was as follows:

Company	Address of the company’s registered office	The Group’s shareholding as at 31 December 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 31 December 2016, the Group had 685 employees (31 December 2015: 659), as at 31 December 2016, the Company had 235 employees (31 December 2015: 235).



## 2. Summary of principal accounting policies

The principal accounting policies adopted in the preparation of the Company's and the Group's condensed interim financial information for the year ended 31 December 2016 is:

### 2.1 Basis of preparation

The Company's and the Group's condensed interim financial statements for the year ended 31 December 2016 have been prepared in accordance with the 34<sup>th</sup> 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 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.

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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. Adjustment of comparative figures

In 2016 the Company's management decided to change the accounting policy relating to the congestion income accounting (Note 2.4), and congestion income till the year 2016 which were recognized in the income statement (though it have not been used for guaranteeing the actual availability of the allocated capacity) to recognize as grants which reduce long-term fixed assets. Due to the change of accounting policy in the financial statements of the year 2016 the comparative figures were adjusted as follows: in the statement of financial position as of December 31, 2015 the value of long term fixed assets decreased by 495 thousand euros, deferred income tax liability decreased by 74 thousand euros and retained earnings decreased by 421 thousand euros, in the income statement revenue decreased by 495 thousand euros, deferred income tax income increased by 74 thousand euros and net profit decreased by 421 thousand euros and in the cash flow statement net profit decreased by 421 thousand euros, income tax expenses decreased by 74 thousand euros and grants received increased by 495 thousand euros.

### 4. Intangible assets and property, plant, and equipment

Group	Intangible assets	Property, plant, and equipment
<b>Net book amount at 31 December 2014</b>	<b>944</b>	<b>364,401</b>
Additions	293	235,742
Write-offs	(5)	(2,615)
Transfer from inventories	-	10
Transfer to assets held for sale	(23)	(7)
Reclassification	66	(66)
Offsetting grants not received with non-current assets	-	(16,465)
Offsetting grants with non-current assets	-	(150,462)
Depreciation and amortization charge	(399)	(21,390)
<b>Net book amount at 31 December 2015</b>	<b>876</b>	<b>409,148</b>
<b>Net book amount at 31 December 2015</b>	<b>876</b>	<b>409,148</b>
Additions	1,232	91,112
Disposals	-	(8)
Write-offs	-	(1,175)
Impairment	-	(502)
Transfer from inventories	-	1,011
Reclassification	(146)	146
Offsetting grants not received with non-current assets	-	(3,685)
Offsetting grants with non-current assets	-	(72,424)
Depreciation and amortization charge	(471)	(26,120)
<b>Net book amount at 31 December 2016</b>	<b>1,491</b>	<b>397,503</b>
<b>Company</b>	<b>Intangible assets</b>	<b>Property, plant, and equipment</b>
<b>Net book amount at 31 December 2014</b>	<b>915</b>	<b>363,431</b>
Additions	269	235,548
Write-offs	-	(2,606)
Transfer from inventories	-	13
Reclassification	66	(66)
Offsetting grants not received with non-current assets	-	(16,465)
Offsetting grants with non-current assets	-	(150,462)
Depreciation and amortization charge	(380)	(21,131)
<b>Net book amount at 31 December 2015</b>	<b>870</b>	<b>408,262</b>
<b>Net book amount at 31 December 2015</b>	<b>870</b>	<b>408,262</b>
Additions*	1,230	90,880
Write-offs	-	(1,174)
Impairment	-	(502)
Transfer from inventories	-	1,011
Reclassification	(146)	146
Offsetting grants not received with non-current assets (Note 6)	-	(3,685)
Offsetting grants with non-current assets	-	(72,424)
Depreciation and amortization charge	(468)	(25,902)
<b>Net book amount at 31 December 2016</b>	<b>1,486</b>	<b>396,612</b>



\* 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 31 December 2016 would be higher by euros 286,996 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	218,128
Additions	76,109
Depreciation charge	(7,191)
Write-offs	(50)
Net book amount at 31 December 2016	<u>286,996</u>

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

### *Investments in subsidiaries in the Company's financial statements*

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

Subsidiaries	<u>Investment cost</u>	<u>Impairment</u>	<u>Carrying amount</u>	<u>Ownership interest (%)</u>
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:

	<u>Group</u>		<u>Company</u>	
	<u>31-12-2016</u>	<u>31-12-2015</u>	<u>31-12-2016</u>	<u>31-12-2015</u>
Opening balance	720	1,088	752	1,047
Impairment of investments	-	(343)	-	(295)
Share of profit (loss) of associates and jointly controlled entities	43	(25)	-	-
Closing balance	<u>763</u>	<u>720</u>	<u>752</u>	<u>752</u>

## 6. Other accounts receivable

Other receivables as of 31 December 2016 consist mainly of grants receivables - EUR 20,150 thousand (31 December 2015 - EUR 16,465 thousand), by the amount of these grants is reduced the value of property, plant, and equipment (Note 4).

## 7. Share capital

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

## 8. Loans

Loans of the Group/Company were as follows:

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
<b>Non-current borrowings</b>				
Bank loans	116,435	124,518	116,435	124,518
<b>Current borrowings</b>				
Current portion of non-current borrowings	8,082	8,082	8,082	8,082
Overdraft	40,986	70,838	40,171	69,842
<b>Total</b>	<b>165,503</b>	<b>203,438</b>	<b>164,688</b>	<b>202,442</b>

Terms of repayment of non-current borrowings

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Between 1 and 2 years	8,082	8,082	8,082	8,082
From 2 to 5 years	42,676	36,533	42,676	36,533
After 5 years	65,677	79,903	65,677	79,903
<b>Total</b>	<b>116,435</b>	<b>124,518</b>	<b>116,435</b>	<b>124,518</b>

## 9. 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).



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The Group's information on segments for the period ended 31 December 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	89,325	22,065	33,923	7,105	20,554	172,972
Inter-segment revenue	-	-	-	-	(4,890)	(4,890)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>89,325</b>	<b>22,065</b>	<b>33,923</b>	<b>7,105</b>	<b>15,664</b>	<b>168,082</b>
<b>Operating profit/(loss)</b>	<b>19,731</b>	<b>5,084</b>	<b>(3,409)</b>	<b>(2)</b>	<b>488</b>	<b>21,892</b>
Finance income/(cost), net*	x	x	x	x	x	(1,419)
Share of result of associates and joint ventures*	x	x	x	x	x	43
<b>Profit/(loss) before income tax</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>20,516</b>
Income tax*	x	x	x	x	x	(2,095)
Discontinued operations	x	x	x	x	x	32
<b>Profit/(loss) for the period</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>18,453</b>
Depreciation and amortisation expenses	26,047	79	238	-	222	26,586
Write-offs of property, plant and equipment	911	-	-	-	-	911

\* 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's information on segments for the period ended 31 December 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	56,819	14,569	9,370	4,313	20,477	105,548
Inter-segment revenue	-	-	-	-	(5,520)	(5,520)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>56,819</b>	<b>14,569</b>	<b>9,370</b>	<b>4,313</b>	<b>14,957</b>	<b>100,028</b>
<b>Operating profit/(loss)</b>	<b>1,313</b>	<b>4,194</b>	<b>(1,329)</b>	<b>(4)</b>	<b>(1,974)</b>	<b>2,200</b>
Finance income/(cost), net*	x	x	x	x	x	(529)
Share of result of associates and joint ventures*	x	x	x	x	x	(25)
<b>Profit/(loss) before income tax</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>1,646</b>
Income tax*	x	x	x	x	x	(346)
Discontinued operations	x	x	x	x	x	114
<b>Profit/(loss) for the period</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>1,414</b>
Depreciation and amortisation expenses	21,331	135	45	-	263	21,774
Write-offs of property, plant and equipment	2,214	-	-	-	-	2,214

\* 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 89% of total revenue.

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

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Lithuania	148,857	95,921	133,193	80,963
Norway	4,283	373	4,283	373
Sweden	11,074	-	11,074	-
Latvia	714	835	714	835
Estonia	1,544	1,862	1,544	1,862
Poland	524	590	524	590
Italy	607	-	607	-
Other countries	479	447	479	447
<b>Total:</b>	<b>168,082</b>	<b>100,028</b>	<b>152,418</b>	<b>85,070</b>

## 10. 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;



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- 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	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
UAB EPSO-G	388	19	388	19
UAB Tetas	-	-	4	305
UAB Litgrid Power Link Service	-	-	109	135
UAB Baltpool	24,001	22,474	24,001	22,474
Group's associates and jointly controlled entities	1,218	1,509	1,218	1,509
	<b>25,607</b>	<b>24,002</b>	<b>25,720</b>	<b>24,442</b>

Purchases of goods and services

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
UAB EPSO-G	17	-	15	-
UAB Tetas	-	-	3,641	3,731
UAB Litgrid Power Link Service	-	-	1,256	878
UAB Baltpool	( 652)	10,454	(652)	10,454
Group's associates and jointly controlled entities	361	593	361	593
	<b>(274)</b>	<b>11,047</b>	<b>4,621</b>	<b>15,656</b>

Amounts receivable from related parties

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
UAB EPSO-G	-	2	-	2
UAB Litgrid Power Link Service	-	-	11	13
UAB Baltpool	4,871	2,028	4,871	2,028
Group's associates and jointly controlled entities	85	143	85	143
	<b>4,956</b>	<b>2,173</b>	<b>4,967</b>	<b>2,186</b>

Amounts payable to related parties

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
UAB EPSO-G	15	-	14	-
UAB Tetas	-	-	159	154
UAB Litgrid Power Link Service	-	-	186	38
UAB Baltpool	-	149	-	149
Group's associates and jointly controlled entities	38	94	38	94
	<b>53</b>	<b>243</b>	<b>397</b>	<b>435</b>

**Payments to the key management personnel**

	Group		Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
Employment-related payments, whereof:	801	736	556	520
- 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.

**11. 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.



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**12. Basic and diluted earnings per share**

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

	<u>31-12-2016</u>	<u>31-12-2015</u>
Net profit (loss) attributable to the Company's shareholders (thousand EUR)	18,443	1,376
Weighted average number of shares (units)	<u>504,331,380</u>	<u>504,331,380</u>
Basic and diluted earnings per share (in EUR)	<u><u>0.037</u></u>	<u><u>0.003</u></u>

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