

**Amber
Grid**



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CONFIRMATION OF RESPONSIBLE PERSONS

23 February 2017 No. *5-300-6*

Acting in accordance with Article 22 of the Law on Securities of the Republic of Lithuania and the Rules for Drawing up and Submission of Periodic and Additional Information as approved by Resolution No 03-48 of the Board of the Bank of Lithuania as of 28 February 2013, we, Saulius Bilys, Director General of AB Amber Grid, and Rimantas Šukys, Financial Director of AB Amber Grid, hereby confirm that, to the best of our knowledge, the attached condensed financial statements of the company AB Amber Grid as of 31 December 2016 drawn up according to International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB Amber Grid.

Director General

Saulius Bilys

Financial Director

Rimantas Šukys

AB AMBER GRID

**CONDENSED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION**

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Statement of financial position

	Notes	As of 31 December 2016 (unaudited)	As of 31 December 2015 (audited)
ASSETS			
A. Non-current assets		348,715	354,911
I. Intangible assets		631	801
II. Property, plant and equipment		347,409	353,888
II.1. Land		125	113
II.2. Buildings and structures		276,153	285,159
II.2.1. Buildings		6,244	6,544
II.2.2. Gas transmission pipelines and related installations		264,918	273,458
II.2.3. Gas distribution pipelines and related installations		103	105
II.2.4. Other buildings and structures		4,888	5,052
II.3. Machinery and equipment		55,565	60,078
II.4. Motor vehicles		1,101	1,216
II.5. Other equipment, tools and devices		2,717	4,046
II.6. Other property, plant and equipment		611	184
II.7. Construction in progress	4	11,137	3,092
III. Non-current financial assets		675	222
III.1. Investment into subsidiary	1	675	222
B. Current assets		42,583	98,442
I. Inventories and prepayments		1,515	3,086
I.1. Inventories		1,360	2,949
I.1.1. Raw materials, spare parts and other inventories		273	1,170
I.1.2. Natural gas		1,074	1,779
I.1.3. Assets held for sale		13	-
I.2. Prepayments		155	137
II. Accounts receivable		25,444	37,001
II.1. Trade receivables	5	6,858	9,435
II.2. Other receivables	6	18,586	27,566
III. Other financial assets	7	1,658	31,386
IV. Cash and cash equivalents	8	13,966	26,969
Total assets		391,298	453,353

(cont'd on the next page)

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

COMPANY'S CONDENSED FINANCIAL STATEMENTS

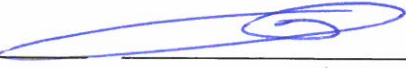

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Statement of financial position (cont'd)

	Notes	As of 31 December 2016 (unaudited)	As of 31 December 2015 (audited)
EQUITY AND LIABILITIES			
C. Equity		202,810	194,664
I. Share capital		51,731	51,731
II. Reserves		130,151	126,955
II.1. Legal reserve		5,173	5,166
II.2. Other reserves		124,978	121,789
III. Retained earnings (deficit)		20,928	15,978
III.1. Current year profit (loss)		20,928	15,978
III.2. Previous year profit (loss)		-	-
D. Accounts payable and liabilities		188,488	258,689
I. Amounts payable after one year and non-current liabilities		152,816	180,742
I.1. Non-current borrowings	9	82,222	112,889
I.2. Grants (deferred revenue)	10	64,450	62,885
I.3. Non-current employee benefits		426	419
I.4. Deferred income tax liability		5,718	4,549
II. Accounts payable within one year and short-term liabilities		35,672	77,947
II.1. Current financial liability		-	-
II.2. Current portion of non-current borrowings	9	11,444	25,121
II.3. Current year portion of non-current employee benefits		80	76
II.4. Trade payables	12	5,694	8,562
II.5. Advance amounts		5	1,261
II.6. Income tax payable		876	316
II.7. Payroll related liabilities		1,422	826
II.8. Other payables and current liabilities	13	16,151	41,785
Total equity and liabilities		391,298	453,353

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

Director General	Saulius Bilys 	23 February 2017
Chief Accountant	Dzintra Tamulienė 	23 February 2017

COMPANY'S CONDENSED FINANCIAL STATEMENTS

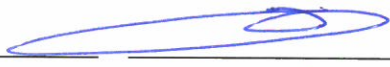

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Income statement

	Notes	For the period of three months ended 31 December 2016 (unaudited)	For the period of three months ended 31 December 2015 (unaudited)	For the period of twelve months ended 31 December 2016 (unaudited)	For the period of twelve months ended 31 December 2015 (audited)
I. Revenue	16	19,750	17,948	66,742	55,800
II. Expenses		(11,712)	(10,604)	(41,978)	(40,671)
II.1. Cost of natural gas		(1,502)	(1,154)	(7,180)	(8,603)
II.2. Depreciation and amortization		(3,956)	(3,772)	(15,871)	(14,980)
II.3. Employee benefits and related social security tax expenses		(2,192)	(2,004)	(8,041)	(7,710)
II.4. Repair and technical maintenance expenses		(1,907)	(2,538)	(5,838)	(6,027)
II.5. Taxes other than income tax		(442)	(425)	(1,843)	(1,493)
II.6. Other expenses		(1,713)	(711)	(3,205)	(1,858)
III. Operation profit (loss)		8,038	7,344	24,764	15,129
IV. Financial activity		(83)	(37)	(484)	(442)
IV.1. Income		5	(16)	77	65
IV.2. Expense		(88)	(53)	(561)	(507)
V. Profit (loss) before income tax		7,955	7,307	24,280	14,687
VI. Income tax	11	(1,332)	(831)	(3,352)	1,291
VI.1. Current period income tax		(753)	(615)	(2,183)	(1,448)
VI.2. Deferred income tax		(579)	(216)	(1,169)	2,739
VII. Net profit (loss)		6,623	6,476	20,928	15,978
Basic and diluted earnings (loss) per share (Eur)	14			0.12	0.09

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

Director General	Saulius Bilys		23 February 2017
Chief Accountant	Dzintra Tamulienė		23 February 2017

COMPANY'S CONDENSED FINANCIAL STATEMENTS



AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Statement of comprehensive income

	For the period of three months ended 31 December 2016 (unaudited)	For the period of three months ended 31 December 2015 (unaudited)	For the period of twelve months ended 31 December 2016 (unaudited)	For the period of twelve months ended 31 December 2015 (audited)
I. Net profit (loss)	6,623	6,476	20,928	15,978
II. Total comprehensive income (loss)	6,623	6,476	20,928	15,978

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

Director General	Saulius Bilys		23 February 2017
Chief Accountant	Dzintra Tamulienė		23 February 2017

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016



(all amounts are in euro thousand unless stated otherwise)

Statement of changes in equity

	Share capital	Legal reserve	Other reserves	Retained earnings (deficit)	Total
Balance as of 31 December 2014 (audited)	51,663	5,166	288,830	(109,044)	236,615
Transfer from other reserves	-	-	(167,041)	167,041	-
Dividends declared	-	-	-	(57,997)	(57,997)
Total comprehensive income (loss)	68*	-	-	15,978	15,978
<i>Net profit (loss) for the year</i>	68*	-	-	15,978	15,978
Balance as of 31 December 2015 (audited)	51,731	5,166	121,789	15,978	194,664
Transfer from other reserves	-	-	3,189	(3,189)	-
Transfer to legal reserve	-	7	-	(7)	-
Dividends declared	-	-	-	(12,782)	(12,782)
Total comprehensive income (loss)	-	-	-	20,928	20,958
<i>Net profit (loss) for the year</i>	-	-	-	20,928	20,928
Balance as of 31 December 2016 (unaudited)	51,731	5,173	124,978	20,928	202,810

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

* Result of share capital conversion into the euro.

Director General	Saulius Bilys		23 February 2017
Chief Accountant	Dzintra Tamulienė		23 February 2017

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Statement of cash flows

	31 December 2016 (unaudited)	31 December 2015 (audited)
I. Cash flows from (to) operating activities		
I.1. Net profit (loss)	20,928	15,978
Adjustments of non-cash items and other corrections:		
I.2. Depreciation and amortisation	17,802	16,319
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	15	(9)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	1,101	12
I.5. Income tax expenses (income)	3,352	(1,291)
I.6. Interest (income)	(2)	(12)
I.7. Interest expenses	557	393
I.8. Amortisation of grants (deferred revenue)	(1,982)	(1,688)
I.9. Elimination of other non-cash items	(75)	52
	41,696	29,751
Changes in working capital:		
I.10. Decrease (increase) in inventories	702	1,634
I.11. Decrease (increase) in trade accounts receivable	2,577	(2,578)
I.12. Decrease (increase) in other accounts receivable and prepayments	(5,441)	6,087
I.13. Increase (decrease) in trade accounts payable	(367)	884
I.14. Increase (decrease) in other accounts payable and other current liabilities	(26,287)	10,440
I.15. Decrease (increase) in other financial assets	29,728	(16,770)
I.16. Income tax (paid)	(1,622)	(559)
Total changes in working capital	(710)	(862)
Net cash flows from operating activities	40,986	28,889
II. Cash flows from (to) investing activities		
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(13,871)	(52,960)
II.2. Proceeds from sales of property, plant and equipment	13	10
II.3. Acquisition of investments in joint venture	(452)	(131)
II.4. (Acquisition) of held-to maturity investment	-	-
II.5. (Disposal) of held-to-maturity investment	-	-
II.6. Interest received	2	12
II.7. Disposal (acquisition) of other short term investments	-	-
Net cash flows (to) investing activities	(14,308)	(53,069)

The accompanying notes are an integral part of these financial statements.
(cont'd on the next page)

COMPANY'S CONDENSED FINANCIAL STATEMENTS



AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Statements of cash flows (cont'd)

	31 December 2016 (unaudited)	31 December 2015 (audited)
III. Cash flows from (to) financing activities		
III.1. Dividends (paid)	(12,787)	(57,870)
III.2. Proceeds from borrowings	-	138,000
III.3. (Repayments) of borrowings	(44,344)	(39,123)
III.4. Grants received	17,950	9,089
III.5. Interest (paid)	(575)	(661)
III.6. Other cash flows from (to) financial activities	75	-
Net cash flows from (to) financing activities	(39,681)	49,435
IV. Net increase (decrease) in cash and cash equivalents	(13,003)	25,255
V. Cash and cash equivalents at the beginning of the period	26,969	1,714
VI. Cash and cash equivalents at the end of the period	13,966	26,969

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

Director General	Saulius Bilys		23 February 2017
Chief Accountant	Dzintra Tamulienė		23 February 2017

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

Notes to the Financial Statements

1 General information

AB Amber Grid (hereinafter referred to as the 'Company') was registered on 25 June 2013 after the spin-off from AB Lietuvos Dujos of the natural gas transmission activity with respective assets, rights and obligations attributed to the activity in question.

On 13 January 2015, the National Commission for Energy Control and Prices (hereinafter referred to as the 'NCC') stated that AB Amber Grid's transmission activity unbundling was in compliance with provisions of the Law on Natural Gas. On 10 April 2015, upon the obtaining of a positive decision from the European Commission, the NCC issued in respect of the Company an open-ended License No. L2-3 (GDP) for the engagement in the Transmission System Operator's activity within the territory of Lithuania.

The Company's largest shareholder is UAB EPSO-G. UAB EPSO-G is 100-percent owned by the Republic of Lithuania and is managed by trust by the Ministry of Energy of the Republic of Lithuania. UAB EPSO-G is in charge of the management of the shareholdings of the electricity and gas transmission system operators of the Republic of Lithuania.

Since 1 August 2013, the Company's shares have been traded on a stock exchange; they are listed on the Baltic Secondary Trading List of NASDAQ OMX Vilnius Stock Exchange (ISIN code LT0000128696, instrument AMG1L).

As of 31 December 2016, the Company's shareholders were as follows:

	Number of shares owned	Ownership share (percent)
UAB EPSO-G (Company Code 302826889, A. Juozapavičiaus g. 13, Vilnius)	172,279,125	96.58
Other shareholders	6,103,389	3.42
	178,382,514	100.00

The Company's share capital amounts to EUR 51,730,929.06. It is divided into 178,382,514 ordinary registered shares with par value of EUR 0.29 each.

AB Amber Grid has a single subsidiary, UAB GET Baltic. In the financial statements as of 31 December 2016 and 2015, UAB GET Baltic is accounted for at acquisition cost. UAB GET Baltic is a company with a valid natural gas market operator's license, and its main function is to organise and develop trade on the Natural Gas Exchange.

On 23 December 2016, AB Amber Grid acquired from the Finnish natural gas company, Gasum Oy a 34 % stake in UAB GET Baltic. AB Amber Grid became the only shareholder of UAB GET Baltic, which controls 100 % of the authorised share capital. As at 31 December 2016, UAB GET Baltic's authorised share capital amounted to EUR 580,450 and was composed of 3,055,000 units of shares with par value of EUR 0.19 each.

Company	Company code	Registered address of the company	Stake of shares held as of 31 December 2016	Stake of shares held as of 31 December 2015
UAB GET Baltic	302861178	Savanorių pr. 28, Vilnius	100 %	66 %

According to the exemption clause provisions of Article 6(1) of the Law on Consolidated Financial Statements, the subsidiary's financial statements shall not be subject to consolidation because from the Company's point of view they are negligible, as the subsidiary's assets at year-end do not exceed 5 per cent of the assets of the Company and the sales net income during the reporting year does not exceed 5 percent of the Company's sales net income over the same period.

The condensed financial statements as of 31 December 2016 were drawn up by UAB GET Baltic in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have not been audited.

1 General information (cont'd)

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

- transmission of natural gas in the territory of the Republic of Lithuania;
- balancing of flows of natural gas in the transmission system;
- administration of the funds intended to compensate for the installation and fixed operating costs of the Liquefied Natural Gas Terminal, its infrastructure and connector and, as of 2016, for reasonable costs of the designated supplier for the supply of an obligatory quantity of liquefied natural gas.

As of 31 December 2016, the Company was party to 95 natural gas transmission service contracts with natural gas transmission system users (consumers of natural gas, natural gas distribution system operators, natural gas companies which supply gas up to consumer systems). As regards natural gas businesses that trade in natural gas, but do not transmit gas via the transmission system, the Company had entered with such companies into 3 natural gas balancing agreements.

According to provisions of the Republic of Lithuania Law on Liquefied Natural Gas Terminal Article 5 (2) the Company carries out the functions of the administrator of the LNG terminal funds. The administration of the LNG terminal funds is carried out in accordance with the Procedure for the Administration of the Funds Intended to Compensate for the Liquefied Natural Gas Terminal, its Infrastructure and the Connector Installation Costs and Fixed Operating Costs as approved by the NCC's Resolution No. O3-294 as of 9 October 2012 as subsequently amended (the title was amended on 17 December 2015 by the NCC Resolution No. O3-653 as of 18 December 2015).

AB Amber Grid's condensed financial statements, including the financial statements as of 31 December 2016, the profit (loss) accounts, the comprehensive income statements, the cash flow statements and the statement of changes in equity have not been audited. The Company's financial statements as of 31 December 2015 were audited; they were prepared in accordance with International Financial Reporting Standards (IFRS). For a better understanding of the information contained in these condensed financial statements it is highly recommended to read the present AB Amber Grid's condensed financial statements in conjunction with the Company's annual financial statements of 2015.

2 Accounting principles

1 January 2015 was the day of the introduction of the euro in the Republic of Lithuania. Therefore, starting from this date on, the Company's functional currency was also converted to the euro.

The Company's condensed financial statements as of 31 December 2016 were prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

The figures in the Company's financial statements are presented in thousand euros. The financial statements were prepared relying on the historical cost basis. The Company's accounting policies are consistent with the accounting principles used in the previous year.

3 Information according to segments

The Company is engaged in natural gas transmission activity and operates as one segment. All non-current assets of the Company are located in Lithuania, where the Company carries out its activity.

During the year 2016, the Company earned 75.71 percent of its revenue from Lithuanian system users (in 2015: 76.18 percent) and 24.14 percent of its revenue was received from the transit service, i.e. transportation of gas to the Kaliningrad Region of the Russian Federation and Latvia (in 2015: 23.09 percent).

4 Construction in progress

Major objects of construction in progress of the Company as of 31 December 2016 were as follows:

Object	31 December 2016 (unaudited)	31 December 2015 (audited)
Implementation of the Gas Interconnector Poland-Lithuania (GIPL) Project in the territory of the Republic of Lithuania	6,262	936
Modernisation of Panevėžys Gas Compressor Station	1,861	-
Modernisation of gas transmission pipelines' line valve units	1,765	184
Installation of an intelligent pig receiver on the Riga-Panevėžys-Vilnius gas transmission pipeline (DN700) on the Lithuanian-Latvian border	-	800
Construction of an interconnection of Vilnius-Kaunas and Kaunas-Šakiai gas transmission pipelines	551	544
Introduction of automation into the supervision of the cathodic protection of gas transmission pipelines through the installation of a remote supervision and control system	430	-
Other	848	657
* Less: Impairment of construction in progress	(580)	(29)
	11,137	3,092

* Impairment for the Project "Construction of interconnection between the gas transmission pipelines Vilnius-Kaunas and Kaunas-Šakiai (spatial planning and design services)" was made because the construction of the pipeline was postponed for later periods until its funding issues are resolved.

5 Trade receivables

	31 December 2016 (unaudited)	31 December 2015 (audited)
Gas transmission services receivables	6,859	9,417
Other trade receivables	15	34
Less: allowance for the decrease in value of trade receivables	(16)	(16)
	6,858	9,435

The trade receivables do not include any interest; the payment period is 15 calendar days.

6 Other receivables

	31 December 2016 (unaudited)	31 December 2015 (audited)
LNG terminal funds receivable (administered by the Company)	13,279	9,473
Other receivables	5,307	18,093
Less: allowance for the decrease in value of other receivables	-	-
	18,586	27,566

The LNG terminal funds receivable include the overdue amount of EUR 3,834 thousand, of which AB Achema's overdue amount is EUR 3,394 thousand and the overdue amount of UAB Kauno Termofikacinė Elektrinė is EUR 351 thousand. For more information about AB Achema's liabilities see Note 17 'Commitments and contingencies'.

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

7 Other financial assets

As of 31 December 2016, the Company's Other Financial Assets consisted of the cash received from the natural gas supply security-related extra tariff component added to the natural gas transmission price (surcharge), for the sake of brevity referred to as LNG terminal funds. These funds have been received from system users, are kept in a separate bank account for LNG terminal funds opened in compliance with legislative requirements and are designated to be paid out to the beneficiaries of LNG terminal funds. As prescribed by the NCC Resolution No. O3-683 as of 23 December 2015, Resolution No. O3-83 of 25 March 2016 and Resolution No. O3-121 of 13 May 2016, the amounts collected in 2016 are remitted to the designated payees of the LNG terminal funds, AB Klaipėdos Nafta and UAB Litgas and the administrator of the LNG-funds, AB Amber Grid.

8 Cash and cash equivalents

	31 December 2016 (unaudited)	31 December 2015 (audited)
Cash at bank	13,966	26,969
	13,966	26,969

The Company keeps its cash in bank accounts or (where there is such a possibility) invests in deposits with the shortest term possible (overnight). As of 31 December 2016, the Company had no overnight deposit contracts.

9 Loans

	31 December 2016 (unaudited)	31 December 2015 (audited)
Long-term loans		
Loans from credit institutions of Lithuania	57,222	87,889
Loan from international financial institutions	25,000	25,000
Short-term loans		
Short-term loans	-	-
Current portion of long-term loans	11,444	25,111
Leasing	-	10
	93,666	138,010

In October of 2016, the Company repaid prior to maturity part (EUR 11,444 thousand) of its loan to Swedbank, AB. After this repayment, the outstanding loan to Swedbank, AB amounts to EUR 68,667 thousand.

On 19 August 2015, the Company entered into a long-term loan agreement with the Nordic Investment Bank, according to which in December 2015 the Company borrowed EUR 25,000 thousand for a 15-year period. The loan is intended for the financing of the construction under the Project 'Capacity enhancement of Klaipėda-Kiemėnai gas pipeline (Construction of Klaipėda-Kuršėnai pipeline)'.

On 22 December 2015, the Company entered into an agreement with the European Investment Bank on the possibility of borrowing of up to EUR 28,000 thousand for the period of up to 20 years. As of 31 December 2016, the loan had not been used. The loan is intended for the financing of the construction under the Project 'Capacity enhancement of Klaipėda-Kiemėnai gas pipeline (Construction of Klaipėda-Kuršėnai gas transmission pipeline)'.

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

10 Grants (deferred revenue)

	Deferred revenue	Asset- related grants	Revenue- related grants	Total
Balance as at 31 December 2015	1,569	61,316	-	62,885
Received / receivable	-	3,537	17	3,554
Written off	-	(7)	-	(7)
Depreciation/amortisation	(34)	(1,931)	(17)	(1,982)
Balance as at 31 December 2016	1,535	62,915	-	64,450

In the profit (loss) statement, the depreciation of the asset-related grants of the year 2016 of EUR 1,931 thousand is presented by cross-covering the costs of depreciation of the related assets with the grant-related revenue (in 2015: EUR 1,336 thousand).

11 Income tax

In 2016, the standard corporate income tax rate applicable to the companies of the Republic of Lithuania was 15 per cent (in 2015: 15 per cent). The income tax expenses for the period comprise the current income tax and the deferred income tax.

In accordance with the amendments to the Law on Corporate Income Tax, which provide for a possibility of taking advantage of the corporate income tax relief on investments in new technologies, as at 31 December 2016, the Company had calculated a corporate income tax relief amounting to EUR 2,157 thousand (as at 31 December 2015: EUR 1,431 thousand).

12 Trade payables

	31 December 2016 (unaudited)	31 December 2015 (audited)
Payables to suppliers under investment programme (new construction)	8	5,142
Payables to suppliers under investment programme (reconstruction and modernisation)	3,814	1,182
Payables to good suppliers and service providers	828	870
Payables to repairs service providers (non-current assets repairs programme)	381	470
Payables to natural gas suppliers	663	898
	5,694	8,562

The decrease in trade payables as at 31 December 2016 came as a result of the Company's settlement with the contractors according to the investment programme (new construction) for the Klaipėda-Kuršėnai gas transmission pipeline project construction works.

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2016

(all amounts are in euro thousand unless stated otherwise)

13 Other payables and current liabilities

	31 December 2016 (unaudited)	31 December 2015 (audited)
Payable LNG terminal funds administrated by the Company	11,468	25,794
Accrued LNG terminal funds subject to administration by the Company*	3,696	15,316
Real Estate Tax payable	423	386
Value Added Tax (VAT) payable	165	-
Other payables	399	289
	16,151	41,785

*Accrued LNG terminal funds subject to administration by the Company are accounted when natural gas transmission system users pay them to the Company. Accrued funds subject to administration by the Company are included into the LNG terminal funds account when AB Klaipėdos Nafta and UAB Litgas issue a VAT invoice to the Company in respect of the security-of-supply-related extra tariff component added to the regular natural gas tariff.

14 Earnings per share

Basic earnings per share reflect the Company's net profit divided by the weighted average number of shares. There are no diluting instruments, therefore basic and diluted earnings per share are equal. Calculations of the basic earnings per share are presented below:

	31 December 2016 (unaudited)	31 December 2015 (audited)
Net profit (loss) attributable to the shareholders (EUR thousand)	20,928	15,978
Weighted average number of shares (thousand)	178,383	178,383
Earnings (loss) per share (EUR)	0.12	0.09

15 Dividends

On 26 April 2016, the Annual General Shareholders' Meeting, when approving the Company's 2015 profit appropriation, passed a decision to pay the Company's shareholders dividends in the amount of EUR 12,782 thousand (or EUR 0.07 per ordinary registered share with part value of EUR 0.29) for the year 2015.

16 Revenue

	For the period of three months ended 31 December 2016 (unaudited)	For the period of three months ended 31 December 2015 (unaudited)	For the period of twelve months ended 31 December 2016 (unaudited)	For the period of twelve months ended 31 December 2015 (audited)
Income from natural gas transmission in the territory of Lithuania	18,508	13,828	59,878	49,841
Income from balancing services in the transmission system	1,185	3,879	6,613	5,406
Grants recognised as income	10	183	51	338
Income from LNG terminal fund administration	37	36	145	145
Other income	10	22	55	70
	19,750	17,948	66,742	55,800

17 Commitments and contingencies (cont'd)

Litigation

1. Pursuant to the Republic of Lithuania Law on the Liquefied Natural Gas Terminal and resolutions adopted by the NCC, all users of the natural gas system that transport natural gas through the transmission system, when they make payments for natural gas transmission services, are required to pay an integral natural gas transmission price component that is intended to compensate for the costs of the installation and operation of the liquefied natural gas terminal facility, its infrastructure and the connector (hereinafter referred to as the "LNG terminal funds")¹. Since AB Achema, in spite of the fact that it is a transmission system user, has systematically failed to pay the LNG terminal funds, on 7 March 2014, AB Amber Grid filed a claim with Kaunas Regional Court requesting the Court to award from AB Achema its debt for the LNG terminal funds failed to pay for the period from 1 September 2013 to 31 December 2013 plus a late payment penalty for the unpaid LNG terminal funds for the said period. On 16 March 2015, AB Amber Grid filed a new claim with Kaunas Regional Court regarding the adjudgement from AB Achema of the debt for the LNG terminal funds intended to cover the fixed operating costs of the LNG terminal, its infrastructure and connector that were started to be collected as from 3 December 2014, the late payment penalty and 6 percent annual interest. The Court merged the two cases into one and, on 29 September 2015, Kaunas Regional Court satisfied the claim of AB Amber Grid in its entirety, i.e. awarded the debt of EUR 3,188 thousand for the period from 1 September 2013 to 31 December 2013, plus late payment penalty of EUR 545 thousand, plus procedural interest and awarded the debt of EUR 14,721 thousand for the period from 3 December 2014 to 30 April 2015 and a late payment penalty of EUR 305 thousand and procedural interest. AB Achema appealed against the aforesaid court decision. On 8 June 2016, the Court of Appeal of Lithuania upheld the decision of the court of first instance. On 9 August 2016, the Supreme Court of Lithuania accepted cassation appeal. On 8 December 2016, the Supreme Court of Lithuania accepted AB Achema's request to suspend the judicial proceedings until AB Achema's claim is adjudged by the European Union's General Court in case No T-417 / 2016. At the Supreme Court of Lithuania, the case has not been adjudged yet.

2. On 19 November 2012, AB Achema applied to Vilnius Regional Administrative Court requesting to revoke paragraphs 3.1 and 4 of the Commission's Resolution No O3-317 of 19 October 2012 'On the establishment of funds intended to compensate for all or part of the construction and operating costs of the liquefied natural gas terminal, its infrastructure and connector for the year 2013', and to revoke paragraph 2 of the NCC's Resolution No O3-330 of 26 October 2012 'On adjustment of the price caps for natural gas transmission and distribution of AB Lietuvos Dujos and establishment of the additional component to be included in the natural gas transmission price cap (the LNG terminal component) for the year 2013'. (hereinafter referred to as the "First Administrative Case"). AB Amber Grid is involved in the proceedings as a third party concerned. On 28 May 2015, Vilnius Regional Court rejected the claim of AB Achema in its entirety. AB Achema filed an appeal. On 24 October 2016, Lithuania's Supreme Administrative Court suspended the judicial proceedings until the final decision of the the European Union's General Court in case No. T-417 / 2016 takes effect.

3. On 22 December 2014, AB Achema applied to Vilnius Regional Administrative Court requesting to revoke paragraphs 1.1, 2.2.1, 2.3 and 3 of the NCC's Resolution No O3-895 as of 20 November 2014 'On the establishment of the upper liquefaction limit of natural gas (additional natural gas supply security component to be included in the natural gas transmission price) for the years 2015-2019'. By the Court ruling as of 7 July 2015, AB Amber Grid was involved in the case as a third interested party. On 11 November 2015, the Court suspended the proceedings by its ruling, and separate appeals were filed. On 11 January 2016, Lithuania's Supreme Administrative Court upheld Vilnius Regional Administrative Court's ruling as of 11 November 2015 on suspension of judicial proceedings until Lithuania's Supreme Administrative Court adjudges the First Administrative Case.

4. On 22 January 2016, AB Achema appealed to the Vilnius Regional Administrative Court requesting to annul paragraph 1 of the Commission's Resolution No O3-683 of 23 December 2015 'On the setting of an additional natural gas supply security-related price component to be included in the natural gas transmission price'. By a

¹ The Republic of Lithuania Law on the Liquefied Natural Gas Terminal (the original version) stipulated that the Liquefied Natural Gas Terminal expenses shall be compensated, and the Natural Gas Transmission and Distribution Price Caps Calculation Methodology as approved by the NCC's Resolution No O3-106 as of 8 August 2008 employed the term "LNGT-related extra tariff (surcharge)". Since 2014 the Law on the Liquefied Natural Gas Terminal employs the term "natural gas supply security-related extra price component added to the natural gas transmission price".

17 Commitments and contingencies (cont'd)

court ruling of 9 March 2016, AB Amber Grid was involved in the judicial proceedings as a third interested party. The parties submitted their responses. On 10 November 2016, Vilnius Regional Court decided to suspend the judicial proceedings until Lithuania's Supreme Administrative Court adjudges the First Administrative Case.

5. On 18 April 2016, AB Achema applied to Vilnius Regional Administrative Court requesting to revoke paragraph 1 of the Commission's Resolution No O3-83 of 25 March 2016 'On the setting of an additional natural gas supply security-related price component to be included in the natural gas transmission price'. By a court ruling of 2 May 2016, AB Amber Grid was involved in the proceedings as a third interested party. The parties submitted their responses. On 16 November 2016, Vilnius Regional Administrative Court decided to adjourn the judicial proceedings until Lithuania's Supreme Administrative Court adjudges the First Administrative Case.

6. On 18 August 2016, AB Amber Grid filed a lawsuit with Kaunas Regional Court requesting to adjudge from AB Achema debt amounting to EUR 2,430 thousand of the LNG terminal funds under the natural gas transmission service contracts of 2012 and 2014. At present the case is being prepared for action on the merits.

7. On 6 October 2016, AB Achema filed a complaint against the defendant, the Republic of Lithuania, claiming damages incurred as a result of the provision of state aid that was uncoordinated with the European Commission. AB Amber Grid was involved in the judicial proceedings as a third interested party. In the case, the parties have already submitted their responses.

8. On 28 December 2016, AB Achema appealed to Vilnius Regional Administrative Court for the annulment of the NCC's Resolution No O3-369 as of 17 November 2016 "On the setting of an additional natural gas supply security-related price component to be included in the natural gas transmission price". AB Amber Grid was involved in the proceedings as a third interested party. In the case, a deadline has been already set for the submission of responses.

18 Related party transactions

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

As of 31 December 2016 and as of 31 December 2015, the related parties of the Company were as follows:

- UAB GET Baltic (AB Amber Grid's subsidiary);
- UAB EPSO-G (the parent company);
- AB LITGRID (a subsidiary of UAB EPSO-G);
- UAB Baltpool (a subsidiary of UAB EPSO-G);
- UAB Tetas (a subsidiary of AB LITGRID);
- UAB LITGRID Power Link Service (a subsidiary of AB LITGRID);
- UAB Duomenų Logistikos Centras (an associated company of AB LITGRID Group);
- Lit Pol Link Sp.z.o.o. (a joint venture co-owned by AB LITGRID and the Polish electricity network operator PSE S.A.);
- Management.

The tables below present the Company's balances and transactions with the related parties as of 31 December 2016 and as of 31 December 2015.

As of 31 December 2016 (unaudited)	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB GET Baltic	134	7	1	1
UAB EPSO-G	11	-	-	10
	145	7	1	11

18 Related party transactions (cont'd)

As of 31 December 2015 (audited)	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB GET Baltic	-	6	1	-
	-	6	1	-

There were no guarantees either provided or received for receivables from the related parties or for payables to them. As at 31 December 2016, the Company had not accounted any impairment loss allowances for receivables from any related parties.

Benefits to the Management

During the period of 12 months ended 31 December 2016, the Company's benefits to the Management of the Company amounted to EUR 365 thousand (during the period of 12 months ended 31 December 2015: EUR 359 thousand). The Company's Management consists of the Chief Executive Officer and his four deputies. The Management of the Company were not given any loans or guarantees and were not subject to any asset transfers.

19 Subsequent events

On 9 January 2017, the Lithuanian natural gas transmission system operator, AB Amber Grid, and the Polish gas transmission system operator, GAZ-SYSTEM S.A., together with the European Union (EU) Innovation and Networks Executive Agency (INEA) agreed on amending the tripartite agreement for the EU financial support under the Connecting Europe Facility (CEF) for the Gas Pipeline Interconnection Poland-Lithuania (GIPL) Project's preparatory works and construction works.

The amendments to the agreement on the EU's financial support to the GIPL Project EU financial were initiated because the Polish gas transmission system operator, GAZ-SYSTEM S.A., was faced with problems in the GIPL Project's preparatory works and proposed changes in the original pipeline routing in Poland. As a result, the GIPL Project scope in the Republic of Poland was changed as well as the implementation timelines. In the light of this, in autumn of 2016 the Government of the Republic of Lithuania accordingly decided to extend the GIPL Project in the Republic of Lithuania implementation end date to 31 December 2021.

The GIPL Project aims to integrate the Baltic gas markets into a single EU gas market, to diversify the gas supply sources and to increase the security of gas supplies. Because of its regional importance the GIPL Project was included in the EU list of projects of common interest.

The GIPL Project is implemented by the Polish and Lithuanian transmission system operators – GAZ-SYSTEM S.A. and AB Amber Grid.

The projected gas transmission pipeline (700 mm in diameter) will connect the Gas Compressor Stations of the two countries – Lithuania and Poland (Hołowczyce). The total indicative projected pipeline length is up to 534 km, of which up to 357 km will be constructed in the territory of Poland, and about 177 km will be constructed in the territory of Lithuania.