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## CONFIRMATION OF RESPONSIBLE PERSONS

May 25, 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 three months period ended 31 May 2017 is prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period, the Consolidated Interim Report for the three months period ended 31 May 2017 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



Litgrid

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**LITGRID AB**

CONDENSED CONSOLIDATED AND THE COMPANY'S  
INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH  
PERIOD ENDED 31 MARCH 2017, PREPARED ACCORDING  
TO INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED)  
PRESENTED TOGETHER WITH CONSOLIDATED INTERIM  
REPORT



Litgrid

TABLE OF CONTENTS

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	PAGE
CONDENSED INTERIM REPORT	3
<b>CONDENSED INTERIM FINANCIAL STATEMENTS</b>	
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	22
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	23
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	24
CONDENSED INTERIM STATEMENTS OF CASH FLOWS	25
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	26

The condensed interim financial statements was signed on 25 May 2017.

		
Daivis Virbickas Chief executive officer	Rimantas Busila Director of the Finance Department	Raimonda Duobuvienė Deputy Chief Financier Acting Chief Financier



CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

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## CONSOLIDATED INTERIM REPORT OF AB LITGRID AND ITS SUBSIDIARIES

### I. General Information about the Group

This Consolidated Interim Report has been prepared for the first quarter of 2017.

#### The Issuer and its contact details:

Name	LITGRID AB (hereinafter referred to as 'Litgrid' or the 'Company')
Legal form	AB (public company)
Registration date and place	16/11/2010, Register of Legal Entities of the Republic of Lithuania
Business ID	302564383
Registered office address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone	+370 707 02171
Fax	+370 5 272 3986
E-mail	<a href="mailto:info@litgrid.eu">info@litgrid.eu</a> ; <a href="http://www.litgrid.eu">www.litgrid.eu</a>

#### Litgrid's activities

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

Litgrid's mission is to ensure the reliable transmission of electricity and to enable competition in the open electricity market. Litgrid's vision is 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 ensure energy independence while creating value for the public.

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

#### Litgrid: a Company of EPSO-G Group

EPSO-G UAB, a state-controlled company (100% of its shares are owned by the Ministry of Energy), has a 96.6% shareholding in Amber Grid AB, the gas transmission system operator, and a 97.5 % shareholding in Litgrid AB, the electricity transmission system operator. EPSO-G UAB also controls 67 % of the shares in Baltpool UAB, an operator of the Lithuanian energy resources' exchange; its subsidiary Amber Grid AB controls 66 % of the shares in GET Baltic UAB, an operator of the Lithuanian natural gas exchange. The said exchange operators seek to become regional platforms for the trading in energy resources.

Objectives of EPSO-G's corporate governance are to:

- Exercise its ownership rights;
- Implement strategic management of the transmission system and its subsidiaries;
- Increase efficiency of the companies' operations;
- Ensure transparency.



## **Litgrid's operating plans and projections**

Main lines of Litgrid's activities are as follows:

### *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 management of electricity flows will be based on market principles and participation the system's frequency maintenance. 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 later into the common European electricity market, will ensure transparent wholesale electricity prices, competition, and freedom of choice for all market participants as well as equitable trade in electricity with neighbouring European states. Being part of a large electricity market will enable the most effective use of networks and generation infrastructure and for ensuring the security of electricity transmission.

### *Integration of the transmission grid into Europe's electricity infrastructure*

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

## **Most important activities in the first quarter of 2017 in implementing the electric power sector projects**

### *LitPol Link cross-border power link*

Upon winning an open tender for the implementation of a monitoring programme jointly with the Nature Fund of Lithuania, in September 2016 the Lithuanian Ornithologists Society started works under the programme on monitoring the environmental impact of LitPol Link. During three years ornithologists will observe the areas that are crossed by the power link's route and in which valuable habitats or rare plant species have been found. Under the programme, the ornithologists are studying birds' accumulations near the electricity line, and will provide recommendations for increasing visibility of the wires as necessary.

On 28 July 2016, electromagnetic field investigations were conducted, jointly with the National Public Healthcare Laboratory, in those route sections where the line extends near residential and public buildings. The results of the investigations have shown that the electrical and magnetic field strength parameters comply with the National Hygiene Standard HN 104:2011.

LitPol Link interconnection was available to the market 100% of the time throughout the first quarter of 2017.

### *NordBalt cross-border power link*

On completion of a trial operation period, NordBalt power link has been in operation since June 2016. Its subwater cable which is one of the world's longest cables of this type has considerably increased the security of energy supply to Lithuania and other Baltic States. NordBalt interconnection was available to the market 84% of the time throughout the first quarter of 2017.

On 28 April 2017, an agreement on replacing all the underground sleeves connecting cables of NordBalt was announced. The agreement was concluded by and between Litgrid, the Lithuanian electricity transmission system operator, Svenska Kraftnat, the Swedish electricity transmission system operator, and ABB that had designed, manufactured and installed the cables. The replacement works are planned for 2018 after completion of tests of all the newly designed sleeves. The exact dates of start and completion of these works will be announced in Nord Pool's exchanges information system.

### *Reorientation of the electric power system to synchronous operation with grids of continental Europe*

The Law on the Integration of the Power System of the Republic of Lithuania into the European Electricity Systems set the strategic objective to re-orientate the power system of Lithuania to synchronous operation with the continental European network. Full integration of Lithuania's power system into the European electricity infrastructure and common market for

electricity, with the independent system control, is one of strategic objectives of Litgrid. Its attainment requires an understanding, harmonisation, and coordination of national and international interests.

Integration of the electricity systems of the Baltic countries and 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 HPSP - Visaginas. Investments in this project would be approved only after decisions on construction of the nuclear power plant in Lithuania are adopted;
- a new electricity transmission line from the new transformer substation to the Lithuanian-Polish border. The line is required for the synchronisation of the Lithuanian electricity system with the European Continental grid; the latter project is also on the PCI List.

In the autumn of 2016, construction of a 330 kV line Kruonis HPSP - Alytus was started. The new line forms an integral part of the Lithuanian - Polish grids' connection project; it will contribute to a more efficient use of LitPol Link upon completion of the synchronisation project.

#### *Transmission grid development and reconstruction projects*

In the first quarter of 2017 Litgrid carried out works under the following transmission network development projects:

- Construction of a 110 kV electricity transmission line Kretinga-Benaičiai,
- Construction of a 110 kV electricity transmission line Bitėnai-Pagėgiai,
- Construction of a 330 kV electricity transmission line Kruonis HPSP-Alytus,
- Environmental Impact Assessment Report on the construction of a 330 kV electricity transmission line Lithuanian Power Plant - Vilnius; obtaining stakeholders' agreements on the report.
- Extension of 330/110/10 kV Bitėnai substation

Main reconstruction projects in 2017:

- Replacing reinforced concrete pylons in the 330 kV line Jurbarkas-Bitėnai with metal ones,
- Reconstruction of a 110 kV electricity transmission line Klaipėda-Marios,
- Reconstruction of 110 kV VE-3 switchyard,
- Works of Phase 3 of the Vilnius bypass project: replacement of a 110 kV overhead line with a cable line,
- Replacement of a section of a 110 kV electricity transmission line Verkiai-Neris between pylons 7-11 with a cable line,
- Relocating of a section of a 110 kV electricity transmission line Rašė-Suginčiai between pylons 2-4 to another route,
- Optimisation of the electricity transmission grid in North-eastern Lithuania,
- Reconstructions of transformer substations: Kaunas Hydro Electric Power Plant, Trakai, Kuršėnai, Kretinga, Zokniai, Grigiškės, Rietavas, Juodupė, Vilnius E2 and Vilnius E3.

#### *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).

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.





Litgrid

CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

### Litgrid's subsidiaries and their activities

As of 31 March 2017, Litgrid group of companies consisted of Litgrid AB, Tetas UAB, and Litgrid Power Link Service UAB.

Name	Tetas UAB	Litgrid Power Link Service UAB
Legal form	Private company	Private company
Registration date and place	08/12/2005, Register of Legal Entities of the Republic of Lithuania	24/02/2014, 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 services of transformer substations' and distribution stations' installation, maintenance, repair and testing; designing energy facilities	Control and operation of the power system's links with the Polish and Swedish systems
Country of operation	Lithuania	Lithuania
Litgrid's shareholding	100 %	100 %

Other shareholdings of Litgrid Group as of 31 March 2017:

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	0.004 % 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:

- Electricity transmission
- System services (capacity reserve)
- Trading in balancing and regulating electricity
- Public interest services (PIS)
- Maintenance and repairs of the electricity grid
- Maintenance, operation and 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 in the management of the high voltage electricity transmission grid and ensuring a reliable, effective, high-quality, transparent and safe transmission of electricity.

### *System services*

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

### *Trade in balancing and regulating electricity*

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

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

### *Public 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. PIS funds are funds that are paid to the PSO providers.

Litgrid provides the following PSO services:

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

### *Electricity grid maintenance and repairs*

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

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





CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

*HVDC power links' maintenance, operation and control*

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

Since the beginning of 2016, Litgrid Power Link Service has taken over the operation of LitPol Link, and since June 2016 - the operation of NordBalt as well.

**Research and development activities at Litgrid Group**

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

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.

**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 and who purchase 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 March 2017, Litgrid Group employed 692 people: Litgrid AB - 235, Tetras UAB - 426, and Litgrid Power Link Service - 31 employees.

Litgrid's wage fund in the reporting period amounted to EUR 1,318,000.

	Number of employees as of 31 March 2017	Average monthly pay, EUR
Specialists	228	1,724
Management	7	6,381
Total	235	1,862



CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

Litgrid Group's wage fund in the reporting period amounted to EUR 2,609,000.

	Number of employees as of 31 March 2017	Average monthly pay, EUR
Workers	253	738
Specialists	428	1,538
Management	11	5,500
Total	692	1,338

### 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 carries out an ongoing evaluation of employees' performance as one of the most important tools for an effective corporate governance that allows linking personal and organisational goals, showing the importance of each employee's work for the attainment of common objectives, making career planning possible, motivating employees, and 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,
- Actively 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. The term of the collective agreement has been extended until 1 January 2018.

### Litgrid's corporate social responsibility

Litgrid adheres to 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.



**CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017**  
(All amounts in EUR thousands unless otherwise stated)

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Litgrid constantly reminds its contractors working on the high-voltage grid about the necessary to comply with the safety at work regulations.

### **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 the reconstruction of 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 documents evidencing appropriate management of construction waste. In service procurement process, contractors are required to have the Environmental Management Systems according to LST EN ISO 14001 in place. When accepting completed works, contractors' compliance with the requirements is checked including the waste management and the relevant documentation.

Monitoring of environmental impact of LitPol Link has been started in September 2016. The first observations of accumulations of migrating geese, cranes and water birds were conducted last autumn. Environmental monitoring of another electricity transmission line - Telšiai - Klaipėda is continued: birds accumulations in the Minija River valley at Dovilai are observed, density of predatory birds in Mižuikiai forest (Rietavas district) was recorded.

In cooperation with Lithuanian Ornithological Society, Litgrid has launched a project 'Implementation of Bird Protection Measures in the High-Voltage Electricity Transmission Network'. The objective of this project is to reduce the number of deaths of migrating birds, improve breeding conditions of kestrels in Lithuania, monitor bird death cases in the high-voltage electricity transmission network, and make recommendations for the bird protection. Visibility of electricity transmission lines is increased by equipping them with bird-diverting devices in places of most intensive bird migration. In pre-migration white stork accumulation areas, special protection devices are installed, to prevent the birds from sitting on insulators and to protect them from the short-circuit impact. Upper insulators in the strings are being replaced with ones of larger diameter which reduces the short-circuit risk. Special nesting-boxes are installed for kestrels on 110 kV towers at places indicated by the ornithologists.

### **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. Litgrid has implemented IT recovery solutions to ensure continuity of operation of its information systems.

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

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

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

## II. Financial Information

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

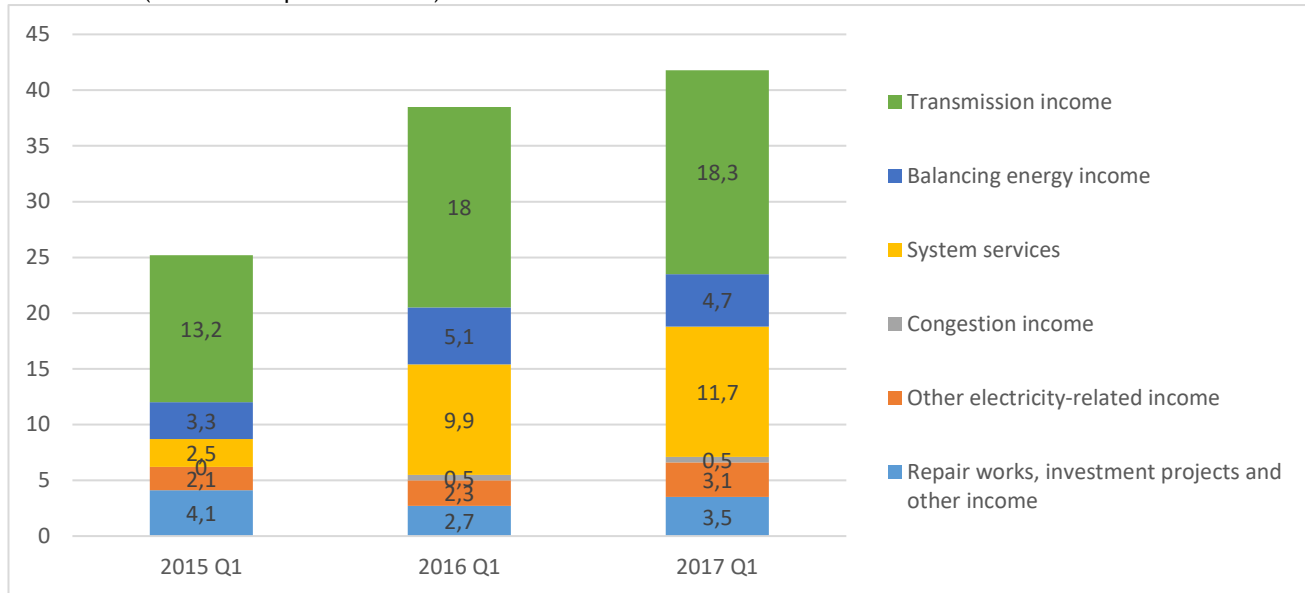
	January-March 2017		January-March 2016		January-March 2015	
	Group	Company	Group	Company	Group	Company
<b>Financial indicators (EUR'000)</b>						
Income from electricity sales	38,259	38,259	35,853	35,853	20,981	20,981
Other operating income	3,498	362	2,678	428	4,060	546
EBITDA*	12,789	13,692	11,150	11,279	7,149	7,246
Profit (loss) before tax	5,765	6,740	3,570	3,814	2,446	2,579
Net profit (loss)	4,516	5,534	3,003	3,216	1,996	2,168
Cash flows from operations	12,627	13,650	11,560	11,173	12,234	10,926
<b>Ratios</b>						
EBITDA margin, %	30.6	35.5	28.9	31.1	28.5	33.7
Operating profit margin, %	14.6	18.2	10.3	11.5	10.6	13.1
Return on equity, %	7.0	8.4	4.7	5.0	3.3	3.5
Return on assets, %	4.0	4.9	2.6	2.8	1.4	1.7
Shareholder's equity / Assets, %	56.9	57.8	55.1	56.2	43.6	47.9
Financial liabilities / Equity, %	59.7	58.4	65.0	64.2	84.2	82.8
Liquidity ratio	0.88	0.87	0.79	0.74	0.49	0.29
<b>TSO's operating indicators</b>						
Energy transmission volume, m kWh		2,620		2,542		2,383
Process costs in transmission network, %		2.76		2.87		2.04
ENS (Energy Not Supplied due to interruptions), MWh**		0.45		0.00		0.37
AIT (Average Interruption Time), min. **		0.02		0.00		0.02

\* 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 the first quarter of 2017, Litgrid's volumes of electricity transmission via high-voltage networks for national needs amounted to 2,620 million kilowatt-hours (kWh), which is 3.1 % more than in the same period of 2016. The volumes of transmission to customers of the distribution operator amounted to 2 393 million kWh (+1.4 % compared to 2016), and to other customers 226 million kWh (+25.5 % compared to 2016).



Group's income structure, EUR million

Litgrid Group's income for Q1 of 2017 was EUR 41.8 million, an 8% increase compared to the same period of 2016. Income from electricity transmission increased 1.5% (to EUR 18.3 million) compared to 2016. Income from electricity transmission accounted for 44 % of total revenues of the Group. The increase has resulted from larger electricity transmission volumes.

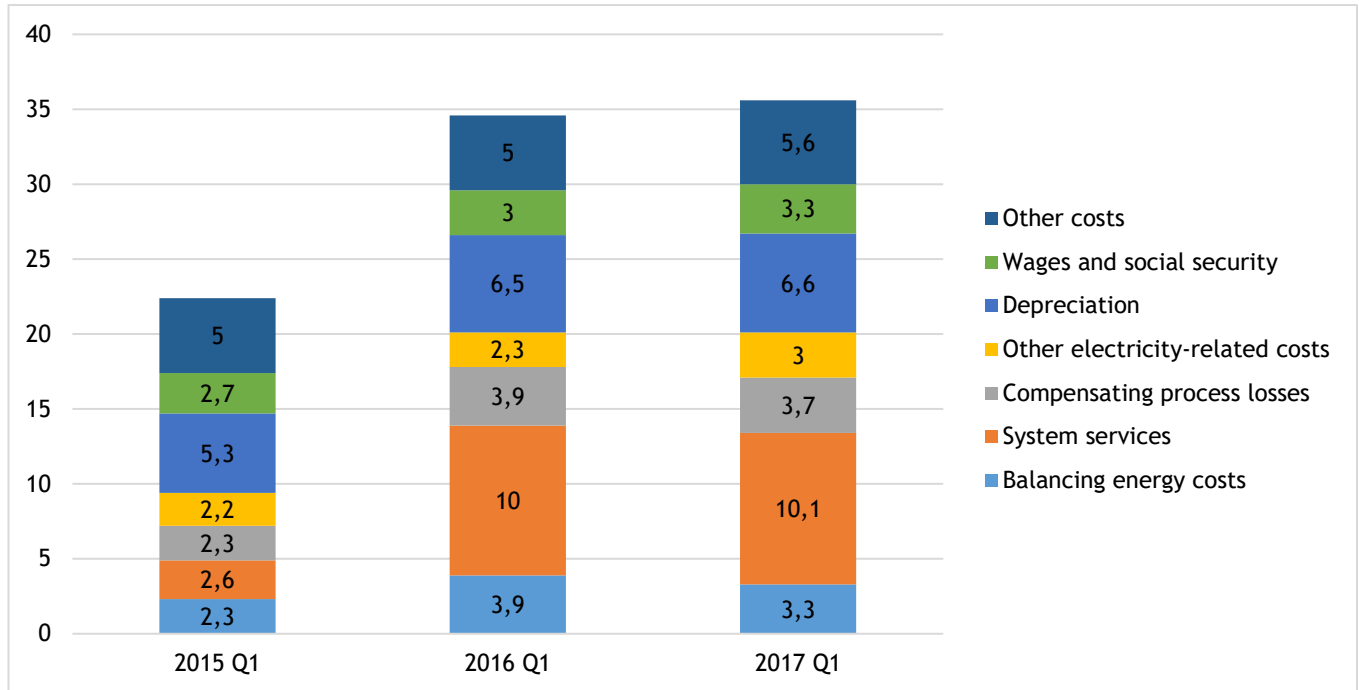
Income from balancing/regulating electricity decreased 9% to EUR 4.7 million. The reduction has resulted mainly from the 6% decrease in the balancing/regulating electricity sales volumes, which, in turn, was largely determined by lower demand from the balancing energy suppliers and the reduced need for securing the allocated capacity (i.e. the capacity traded on the electricity exchange) of the power links with Sweden and Poland.

Income from system services has grown 18% to EUR 11.7 million. The main growth driver was an 11% higher tariff for system services set by the National Commission on Energy Control and Prices from 1 January 2017.

Revenues from congestion charges for Lithuanian-Polish, Lithuanian-Swedish and Lithuanian-Latvian power links in Q1 of 2017 decreased 23 % compared to 2016 (to EUR 2.1 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 0.5 million as income for Q1 2017, 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 0.5 million; PIS income - EUR 2.1 million; reactive energy income - EUR 0.4 million; connection of new customers - EUR 0.1 million. Other income from repair works, investment projects etc. consists mainly of the income from services provided by Tetas UAB, a subsidiary of Litgrid.

**Costs**



Litgrid Group's cost structure, EUR million

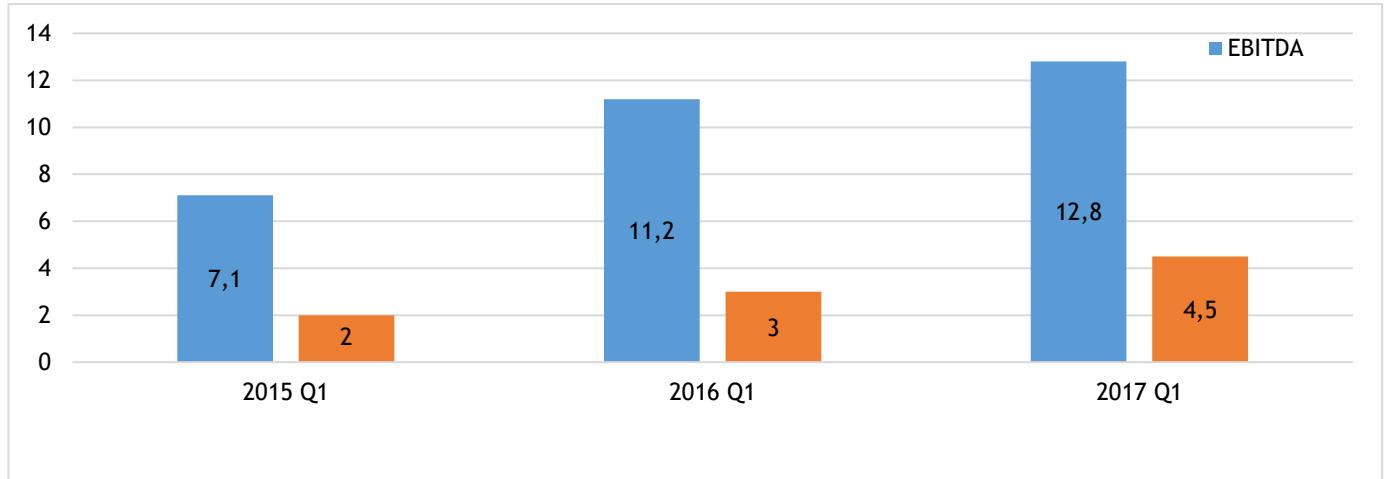
The Group's costs in Q1 of 2017 totalled EUR 35.7 million, which is 3% more compared to the same period of 2016.

Costs of purchase of electricity and related services account for the majority of the Group's costs: EUR 20.2 million or 57% of total costs. This indicator is very similar to that of 2016. Balancing (regulating) electricity costs shrunk 15% (to EUR 3.3 million). The system service costs increased 1.4 % to EUR 10.1 million, costs of compensating for process losses in the transmission grid decreased 4.5 % to EUR 3.7 million. Transit (ITC) costs were EUR 0.4 million, PIS provision costs EUR 2.1 million, and costs of ensuring the allocated capacity of the Swedish and Polish links EUR 0.5 million.

Depreciation and amortisation costs increased 2.5 % to EUR 6.6 million compared to 2016. Other operating costs increased by 11% (to EUR 8.9 million) compared to the same period of 2016.



**Profit**

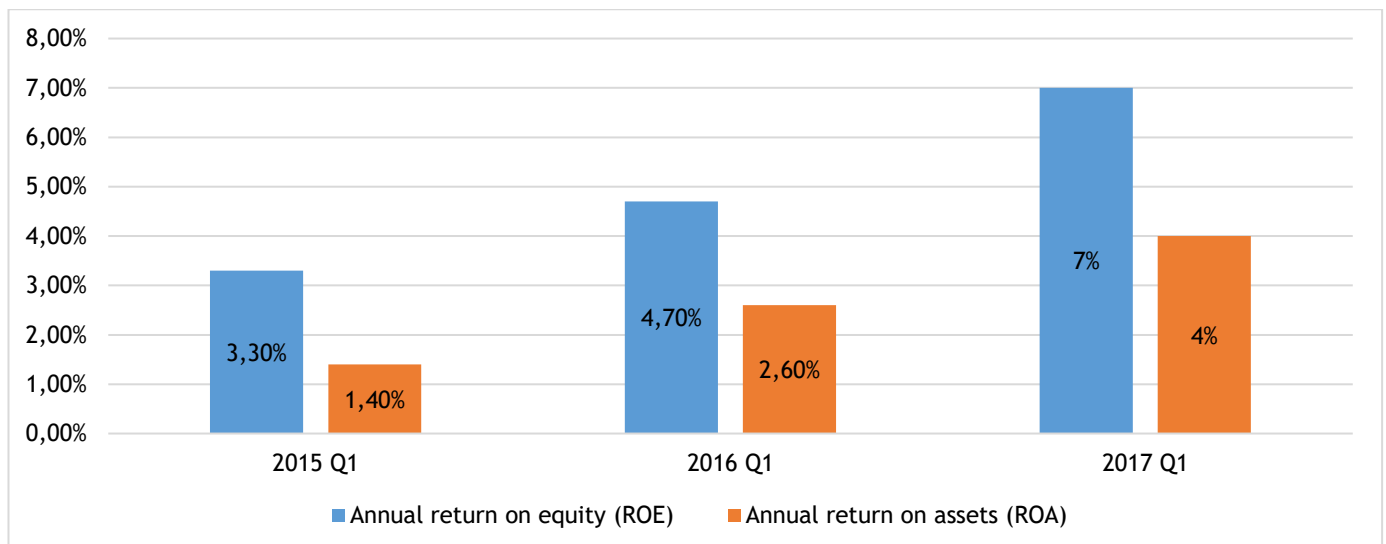


Litgrid Group’s EBITDA and net profit, EUR million.

The Group’s EBITDA for Q1 of 2017 amounted to EUR 12.8 million. Compared to the same period of 2016, the EBITDA increased by EUR 1.6 million, or 15%; the EBITDA margin increased to 30.6% (2016: 28.9%). The net profit of the Group in Q1 of 2017 was EUR 4.5 million (2016: EUR 3 million).

The Group’s operating profit for Q1 of 2017 consists of: profit of the transmission segment EUR 4.3 million (2016: EUR 3.1 million profit), profit of the system services segment EUR 1.5 million (2016: EUR 0.1 million loss), profit in the balancing (regulating) electricity segment EUR 1.3 million (2016: 1.2 million profit), and loss on other activities EUR 1 million (2016: EUR 0.2 million loss).

**Return indicators**



Litgrid Group’s return indicators, %

There has been an increase in the annual ROE and ROA ratios for Q1 of 2017 compared to the same period of 2016: from 4.7 % to 7 % and from 2.6 % to 4 %, respectively.



## Balance sheet and cash flows

As of 31 March 2017, assets of the Group amounted to EUR 455.8 million. Non-current assets accounted for 87.7% of total assets of the Group. Shareholders' equity accounted for 56.9% of total assets.

As of 31 March 2017, the Group's financial liabilities to credit institutions were EUR 154.9 million (- EUR 10.6 million over Q1 of 2017). The ratio between financial liabilities and equity was 59.7%. Long-term financial debts payable within one year accounted for 25.6% of all financial debts. Cash and cash equivalents totalled EUR 0.8 million and unused overdraft was EUR 45.5 million.

The Group's net cash flows from operations in Q1 of 2017 amounted to EUR 12.6 million, while payments for non-current tangible and intangible assets were EUR 4 million; EUR 0.6 million were received as subsidies.

The Group's net cash flows (excluding cash flows from financial activities) in Q1 of 2017 totalled EUR 10.8 million.

## Investments in non-current assets

In Q1 of 2017, investments of Litgrid (works performed and assets acquired irrespective of terms of payment) amounted to EUR 2.9 million, with 40% of them earmarked for the implementation of strategic energy projects and 60% for the reconstruction and development of national electricity transmission grid.

## TSO performance indicators

Based on the requirements for the electricity transmission reliability and service quality approved by the National Commission for Prices and Energy Control, two indicators are used to measure the electricity transmission reliability level: ENS (Energy not Supplied due to interruptions) and AIT (Average Interruption Time). The indicators set for Litgrid for 2017 are as follows: ENS 6.3 MWh and AIT 0.29 min. In Q1 of 2017, ENS was 0.45 MWh and AIT was 0.02 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 the first quarter of 2017.

## Dividend policy

The Government of the Republic of Lithuania, which indirectly (through EPSO-G UAB) controls 97.5% of Litgrid shares, has established the principles for the allocation of dividends for shares owned by the State in its Resolution No. 20 of 14 January 1997 (revised text: Resolution No. 786 of 11 August 2016). The general meeting of shareholders of Litgrid held on 25 April 2017 declared payable dividend of EUR 18.2 million, or EUR 0.036 per share.

## Risks and risk management

### Political, regulatory and compliance risks

The electric power sector is a vitally important part of the economy that exerts a significant influence over political and economic interests. The structure and management of the electric power sector and the operation of the companies in the 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 both results of Litgrid Group and reliability of the system. 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 regarding the Company's activities raised by the public, regulatory authorities or other stakeholders.

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



CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

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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**

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

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

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

### **Financial risk**

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

### **Technological risk**

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

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

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

### **Environmental risks**

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

### III. Information on Share Capital and Shareholders

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

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

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

As of 31 December 2016, the company had 5,520 (five thousand five hundred and twenty) shareholders. 97.5% of Litgrid shares are owned by EPSO-G (A. Juozapavičiaus 13, LT-09310 Vilnius, business ID 302826889), 100% of which are owned by the Ministry of Energy.

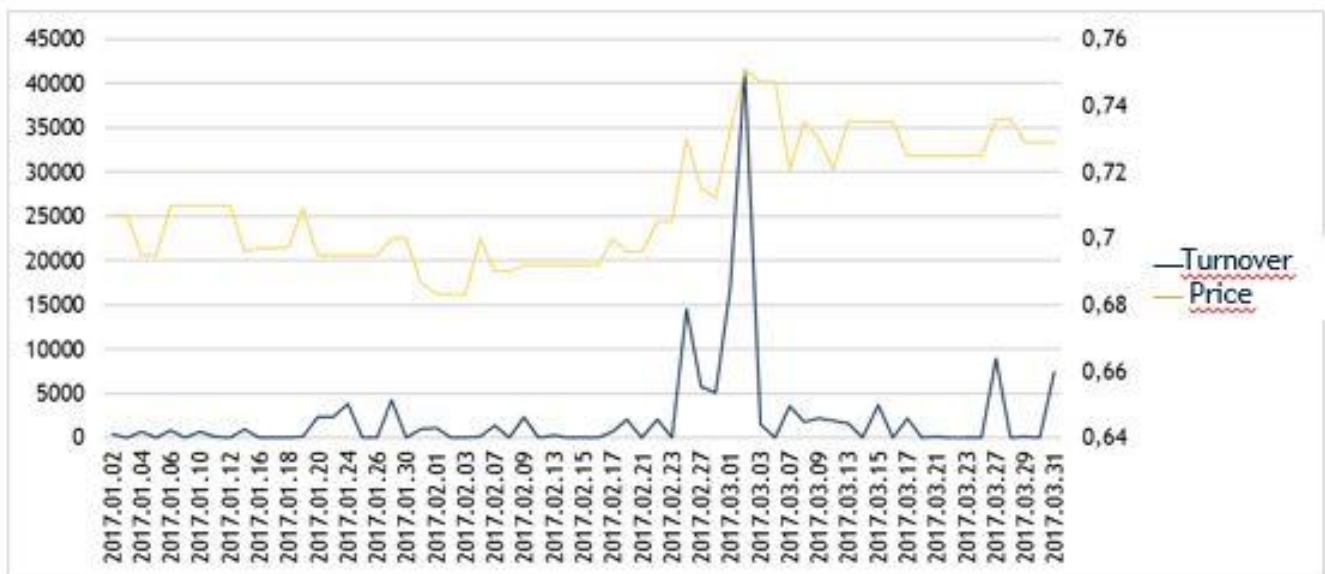
Services of accounting for Litgrid's securities and the related services from 1 February 2016 to 31 January 2019 are provided by Swedbank AB.

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

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

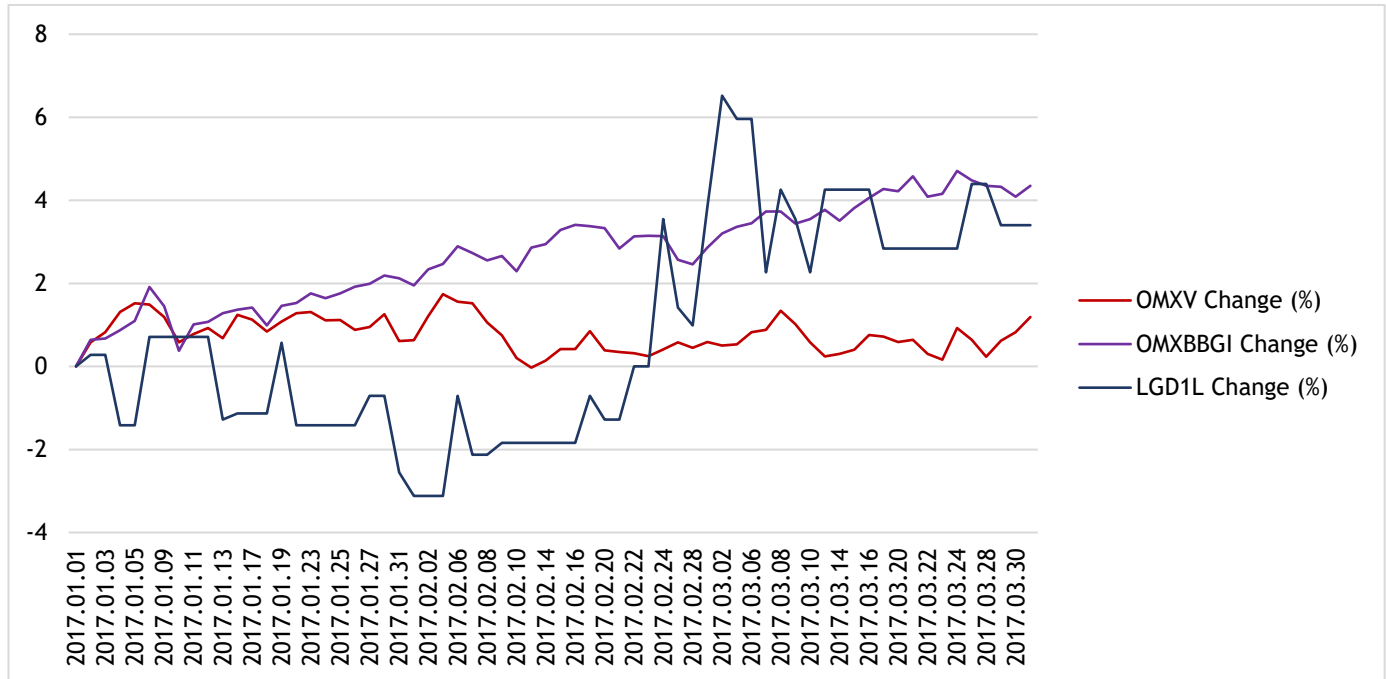
Indicator	2015	2016	2017
Opening price, EUR	0.698	0.708	0.700
Highest price, EUR	0.740	0.745	0.751
Lowest price, EUR	0.550	0.676	0.680
Closing price, EUR	0.708	0.705	0.682
Turnover, pcs	656,613	788,916	261,508
Turnover, EUR m	0.45	0.56	0.19
Capitalisation, EUR m	357.07	355.55	343.95

#### Turnover and price 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 AB may be amended according to the procedure prescribed by the Republic of Lithuania Law on Companies. Adoption of an amendment requires a two-third majority vote of the shareholders participating in a general meeting of shareholders.

The Articles of Association of Litgrid AB 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.



CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

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 operating plan of the Company, a ten-year transmission grid development plan, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board takes decisions on the Company's undertaking of new types of activities or ceasing to carry out certain activities to the extent that this does not contradict the purpose of the Company's operations. It also takes decisions on the issue of bonds, restructuring of the Company, transfer of the Company's shares to other persons, and financial transactions exceeding EUR 3 million in value. The Board also decides other matters as stated in the Articles of Association.

*Areas of activities of the Chief Executive Officer*

The Managing Director is the single-handed management body of the Company. The Managing Director 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 Managing Director as well as the procedure for his election and recall is prescribed by laws, other legal acts and the Articles of Association.

**Members of the Board, the Managing Director and the Chief Financial Officer of Litgrid:**

Position	Name	Start date	End date	Number of the issuer's shares held
<b>Board</b>				
<b>Chairperson of the Board</b>				
<b>Member of the Board</b>	Rimvydas Štilinis	2016 07 29		-
<b>Member of the Board</b>	Daivis Virbickas	2013 09 10		-
<b>Member of the Board</b>	Vidmantas Grušas	2013 09 10		-
<b>Member of the Board</b>	Nemunas Biknius	2016 07 29		-
<b>Member of the Board</b>	Domas Sidaravičius	2016 07 29		-
<b>Managing Director</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.





CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

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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 (former Riga Polytechnic Institute) 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.

Gross payment for Quarter I of 2017 to those Members of the Board who receive remuneration for their work in the Board based on the shareholders' decision of 29 July 2016 totalled EUR 8,250.

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 10.

## 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.



CONSOLIDATED INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

**Notices of material events published by Litgrid in the period between 1 January and 24 May 2017:**

Date	Notice
2017 02 23	D. Virbickas: Our goal is sustainable results. Publication of interim unaudited financial results for 12 months of 2016
2017 03 07	Strategy of EPSO-G Group: strategic projects, regional development and efficiency
2017 04 03	Convention of a general meeting of shareholders of Litgrid AB
2017 04 05	EPSO-G Supervisory Council's feedback to the general meeting of shareholders of Litgrid AB
2017 04 19	Invitation: 'Inspiring Works and Goals: Litgrid AB's Operating Report to the Public'. 27 April, 10.00 at ISM University and online
2017 04 21	CORRECTION: Convention of a general meeting of shareholders of Litgrid AB A mistake in the record date of the general meeting of shareholders was corrected
2017 04 25	Decisions adopted at the general meeting of shareholders of Litgrid on 25 April 2017
2017 04 25	Consolidated Annual Report and Financial Report of Litgrid AB and Its Subsidiaries for 2016
2017 04 25	Litgrid's dividend payment procedure for 2016
2017 04 27	Litgrid AB presents its results for 2016 in an event under the title 'Inspiring Works and Goals'. Report by Litgrid AB's Managing Director DAVIS VIRBICKAS in the event presenting the Annual Operating Report
2017 05 02	Litgrid AB Strategy and Corporate Social Responsibility Report
2017 05 09	Convention of an extraordinary general meeting of shareholders of Litgrid AB
2017 05 16	Litgrid sold shares of Technologijų ir inovacijų centras to Lietuvos energija

Detailed information on all material events published in 2017 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 the website of Litgrid <http://www.litgrid.eu/index.php/apie-litgrid/investuotojams/esminiai-ivykiai-/478>.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-03-2017	31-12-2016	31-03-2017	31-12-2016
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	4	1,523	1,491	1,518	1,486
Property, plant and equipment	4	394,635	398,433	393,556	397,542
Prepayments for property, plant, equipment		854	727	854	727
Investments in subsidiaries	5	-	-	4,089	4,089
Deferred income tax assets		25	66	-	-
Available-for-sale financial assets		2,693	2,693	2,693	2,693
<b>Total non-current assets</b>		<b>399,730</b>	<b>403,410</b>	<b>402,710</b>	<b>406,537</b>
<b>Current assets</b>					
Inventories		3,383	3,910	161	125
Prepayments		828	274	537	122
Trade receivables		15,978	19,041	15,162	14,552
Other amounts receivable	6	23,375	24,916	22,541	24,593
Prepaid income tax		2	3	-	-
Other financial assets		11,646	10,012	11,646	10,012
Cash and cash equivalents		888	798	623	608
<b>Total current assets</b>		<b>56,100</b>	<b>58,954</b>	<b>50,670</b>	<b>50,012</b>
<b>TOTAL ASSETS</b>		<b>455,830</b>	<b>462,364</b>	<b>453,380</b>	<b>456,549</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Authorised share capital	7	146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		5,478	5,608	5,406	5,533
Reserve of changes in fair value of financial assets		655	655	655	655
Legal reserve		14,726	14,726	14,626	14,626
Other reserves		62,747	62,747	62,747	62,747
Retained earnings (deficit)		20,880	16,234	23,836	18,175
<b>Total equity</b>		<b>259,321</b>	<b>254,805</b>	<b>262,105</b>	<b>256,571</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Grants		38	38	38	38
Non-current borrowings	8	115,335	116,435	115,335	116,435
Finance lease liabilities		150	-	-	-
Deferred income tax liability		7,842	8,216	7,842	8,216
Deferred revenue		9,575	7,966	9,575	7,966
Other non-current amounts payable and liabilities		152	152	81	81
<b>Total non-current liabilities</b>		<b>133,092</b>	<b>132,807</b>	<b>132,871</b>	<b>132,736</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	8	8,082	8,082	8,082	8,082
Current borrowings	8	31,514	40,986	29,522	40,171
Current portion of finance lease liabilities		74	-	-	-
Trade payables		9,953	13,857	8,133	8,376
Advance amounts received		637	869	637	869
Income tax liability		2,523	1,360	2,513	1,360
Other current amounts payable and liabilities		10,634	9,598	9,517	8,384
<b>Total current liabilities</b>		<b>63,417</b>	<b>74,752</b>	<b>58,404</b>	<b>67,242</b>
<b>Total liabilities</b>		<b>196,509</b>	<b>207,559</b>	<b>191,275</b>	<b>199,978</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>455,830</b>	<b>462,364</b>	<b>453,380</b>	<b>456,549</b>

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



CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-03-2017	31-03-2016 (adjusted)	31-03-2017	31-03-2016 (adjusted)
<b>Continuing operations</b>					
<b>Revenue</b>					
Revenue from electricity transmission and related services		38,259	35,853	38,259	35,853
Other income		3,498	2,678	362	428
<b>Total revenue</b>	9	<b>41,757</b>	<b>38,531</b>	<b>38,621</b>	<b>36,281</b>
<b>Expenses</b>					
Expenses of electricity transmission and related services		(20,183)	(20,128)	(20,183)	(20,128)
Depreciation and amortisation	4	(6,615)	(6,452)	(6,558)	(6,398)
Wages and salaries and related expenses		(3,277)	(2,989)	(1,756)	(1,642)
Repair and maintenance expenses		(963)	(859)	(1,389)	(1,228)
Telecommunications and IT maintenance expenses		(362)	(768)	(326)	(730)
Expenses of property, plant and equipment write-off		(100)	(277)	(100)	(277)
Impairment of inventories and amounts receivable		4	(6)	6	(4)
Impairment of property, plant and equipment	4	-	(434)	-	(434)
Other expenses		(4,183)	(2,638)	(1,275)	(1,274)
<b>Total expenses</b>		<b>(35,679)</b>	<b>(34,551)</b>	<b>(31,581)</b>	<b>(32,115)</b>
<b>Operating profit/(loss)</b>		<b>6,078</b>	<b>3,980</b>	<b>7,040</b>	<b>4,166</b>
<b>Financing activities</b>					
Finance income		16	16	16	79
Finance costs		(329)	(433)	(316)	(431)
<b>Total finance costs</b>		<b>(313)</b>	<b>(417)</b>	<b>(300)</b>	<b>(352)</b>
Share of profit/(loss) of associates and joint ventures		-	7	-	-
<b>Profit/(loss) before income tax</b>		<b>5,765</b>	<b>3,570</b>	<b>6,740</b>	<b>3,814</b>
<b>Income tax</b>					
Current year income tax expenses		(1,582)	(1,244)	(1,580)	(1,241)
Deferred income tax (expenses)/income		333	645	374	643
<b>Total income tax</b>		<b>(1,249)</b>	<b>(599)</b>	<b>(1,206)</b>	<b>(598)</b>
<b>Profit/(loss) for the period from continuing operations</b>		<b>4,516</b>	<b>2,971</b>	<b>5,534</b>	<b>3,216</b>
<b>Discontinued operations</b>					
Profit (loss) for the period from discontinued operations		-	32	-	-
<b>Profit (loss) for the period</b>		<b>4,516</b>	<b>3,003</b>	<b>5,534</b>	<b>3,216</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
<b>Total comprehensive income (loss) for the period</b>		<b>4,516</b>	<b>3,003</b>	<b>5,534</b>	<b>3,216</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Parent		4,516	2,993	5,534	3,216
Non-controlling interest		-	10	-	-
		<b>4,516</b>	<b>3,003</b>	<b>5,534</b>	<b>3,216</b>
<b>Total comprehensive income(loss) attributable to:</b>					
Owners of the Parent		4,516	2,993	5,534	3,216
Non-controlling interest		-	10	-	-
		<b>4,516</b>	<b>3,003</b>	<b>5,534</b>	<b>3,216</b>
<b>Basic and diluted earnings (deficit) per share (in EUR)</b>		<b>0.009</b>	<b>0.006</b>	<b>0.011</b>	<b>0.006</b>

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

Group	Attributable to owners of the Group									Total
	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Interim amount	Non-controlling interest	
<b>Balance at 1 January 2016</b>	146,256	8,579	6,228	298	14,606	62,747	2,476	241,190	133	241,323
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	2,993	2,993	10	3,003
Depreciation of revaluation reserve and amounts written off	-	-	(151)	-	-	-	151	-	-	-
Change in interest in the subsidiary	-	-	-	-	-	-	95	95	(143)	(48)
<b>Balance at 31 March 2016</b>	<b>146,256</b>	<b>8,579</b>	<b>6,077</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>5,715</b>	<b>244,278</b>	<b>-</b>	<b>244,278</b>
<b>Balance at 1 January 2017</b>	<b>146,256</b>	<b>8,579</b>	<b>5,608</b>	<b>655</b>	<b>14,726</b>	<b>62,747</b>	<b>16,234</b>	<b>254,805</b>	<b>-</b>	<b>254,805</b>
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	4,516	4,516	-	4,516
Depreciation of revaluation reserve and amounts written off	-	-	(130)	-	-	-	130	-	-	-
<b>Balance at 31 March 2017</b>	<b>146,256</b>	<b>8,579</b>	<b>5,478</b>	<b>655</b>	<b>14,726</b>	<b>62,747</b>	<b>20,880</b>	<b>259,321</b>	<b>-</b>	<b>259,321</b>

Company	Attributable to owners of the Group							Total
	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	
<b>Balance at 1 January 2016</b>	146,256	8,579	6,138	298	14,606	62,747	5,351	243,975
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	3,216	3,216
Depreciation of revaluation reserve and amounts written off	-	-	(144)	-	-	-	144	-
<b>Balance at 31 March 2016</b>	<b>146,256</b>	<b>8,579</b>	<b>5,994</b>	<b>298</b>	<b>14,606</b>	<b>62,747</b>	<b>8,711</b>	<b>247,191</b>
<b>Balance at 1 January 2017</b>	<b>146,256</b>	<b>8,579</b>	<b>5,533</b>	<b>655</b>	<b>14,626</b>	<b>62,747</b>	<b>18,175</b>	<b>256,571</b>
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	5,534	5,534
Depreciation of revaluation reserve and amounts written off	-	-	(127)	-	-	-	127	-
<b>Balance at 31 March 2017</b>	<b>146,256</b>	<b>8,579</b>	<b>5,406</b>	<b>655</b>	<b>14,626</b>	<b>62,747</b>	<b>23,836</b>	<b>262,105</b>

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	31-03-2017	31-03-2016 (adjusted)	31-03-2017	31-03-2016 (adjusted)
<b>Cash flows from operating activities</b>				
Profit/(loss) for the year	4,516	3,003	5,534	3,216
<b>Adjustments for non-cash items and other adjustments:</b>				
Depreciation and amortisation expenses	6,614	6,452	6,558	6,398
Impairment of property, plant and equipment	-	434	-	434
(Reversal of)/impairment charge on assets	(4)	4	(6)	4
Share of profit of associates and joint ventures	-	(7)	-	-
Income tax expenses	1,249	599	1,206	598
(Gain)/loss on disposal/write-off of property, plant and equipment	100	277	100	277
Elimination of results of financing and investing activities:				
Interest expenses	329	429	316	427
Other finance (income)/costs	(16)	(12)	(16)	(75)
<b>Changes in working capital:</b>				
(Increase) decrease in trade receivables and other amounts receivable	4,666	(1,291)	1,448	(4,074)
(Increase) decrease in inventories, prepayments and other current assets	(16)	(932)	(441)	(191)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	(2,747)	2,626	1,012	4,181
Changes in other financial assets	(1,634)	(22)	(1,634)	(22)
Income tax (paid)	(430)	-	(427)	-
<b>Net cash generated from operating activities</b>	<b>12,627</b>	<b>11,560</b>	<b>13,650</b>	<b>11,173</b>
<b>Net cash used in operating activities of the discontinued operations</b>	<b>-</b>	<b>4,623</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
(Purchase) of property, plant and equipment and intangible assets	(3,958)	(38,514)	(3,895)	(38,469)
Congestion revenue received	1,609	2,255	1,609	2,255
Grants received	561	32,742	561	32,742
Disposal of subsidiaries (associates)	-	-	-	388
<b>Net cash generated from (used in) investing activities</b>	<b>(1,788)</b>	<b>(3,517)</b>	<b>(1,725)</b>	<b>(3,084)</b>
<b>Net cash generated from (used in) investing activities of the discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(1,100)	(1,100)	(1,100)	(1,100)
Finance lease payments	(3)	-	-	-
Overdraft	(9,472)	(3,450)	(10,649)	(3,489)
Interest paid	(171)	(217)	(158)	(215)
Dividends paid	(3)	(8)	(3)	(8)
<b>Net cash generated from (used in) financing activities</b>	<b>(10,749)</b>	<b>(4,775)</b>	<b>(11,910)</b>	<b>(4,812)</b>
<b>Net cash generated from (used in) financing activities of the discontinued operations</b>	<b>-</b>	<b>(4,655)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>90</b>	<b>3,236</b>	<b>15</b>	<b>3,277</b>
Cash and cash equivalents at the beginning of the period	798	791	608	483
<b>Cash and cash equivalents at the end of the period</b>	<b>888</b>	<b>4,027</b>	<b>623</b>	<b>3,760</b>

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



## 1 General information

Litgrid AB is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. Litgrid AB (hereinafter “Litgrid” or “the Company”) is a limited liability profit-making entity established as a result of the unbundling of Lietuvos Energija AB operations based on the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010 which was passed to approve the unbundling 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, the Company is also responsible for the integration of the Lithuanian power system into the European electricity infrastructure and common electricity market. The Company was involved in the implementation of the projects for cross-border strategic power links NordBalt (Lithuania-Sweden) and LitPol Link (Lithuania-Poland).

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 March 2017 the share capital of the Company amounted to EUR 146,256,100.20. It was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each.

As at 31 March 2017 and 31 December 2016, 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 EPSO-G UAB (company code 302826889, address A. Juozapavičiaus g. 13, Vilnius, Lithuania) 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 31 March 2017 and 31 December 2016 the Group included Litgrid and its directly controlled subsidiaries listed below:

Company	Address of the company’s registered office	Shareholding as at 31 March 2017	Shareholding as at 31 December 2016	Profile of activities
Tetas UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation and distribution station design, reconstruction, repair and maintenance services
Litgrid Power Link Service UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	100%	100%	Management and operation of electricity interconnection facilities

The structure of the Group’s investments in associates and joint venture was as follows as at 31 March 2017 and 31 December 2016:

Company	Address of the company’s registered office	The Group’s shareholding as at 31 March 2017	The Group’s shareholding as at 31 December 2016	Profile of activities
Duomenų Logistikos Centras UAB	Žvejų g. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	Implementation and co-ordination of joint assignments in relation to operation of current interconnection Lithuania-Poland, planned development of the network and other fields of co-operation.

On 27 January 2017, the Company’s Board gave its consent to the arrangement of sale of all 20.36% shares held under the title of ownership by Litgrid AB in Duomenų Logistikos Centras UAB, together with the shares held in Duomenų Logistikos Centras UAB by Lietuvos Energija UAB. For the purpose of these financial statements, the Company’s investment in associate was reclassified to current assets.

As at 31 March 2017, the Group had 692 employees (31 December 2016: 685), and the Company had 235 employees (31 December 2016: 235).

## 2 Summary of principal accounting policies

The principal accounting policies applied in the preparation of Company's and the Group's condensed interim financial statements for the three-month period ended 31 March 2017 is:

### 2.1 Basis of preparation

The Company's and the Group's condensed interim financial statements for the three-month period ended 31 March 2017 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 2016, prepared according to International Financial Reporting Standards as adopted by the European Union.

These financial statements have 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 loss, 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 2016.

### 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 variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

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

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

### 2.3 Grants

#### Asset-related grants

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

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

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

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

### 2.4 Congestion income

Congestion revenue arise from insufficient capacity of electricity lines when different prices are being formed at the electric power exchange for Lithuania, Sweden, Poland and Latvia. Revenue that were received as a result of price differences at different bidding areas are distributed equally by the exchange operator (Nord Pool AS) to the transmission system operators of the countries which operate the interconnections.

Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 identifies that any revenues resulting from the allocation of interconnection shall 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) 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.

Considering the purpose to which the EU regulation foresees, the congestion income are recognised:

- Guaranteeing the actual availability - income is recognised in the period in which related expenses are incurred. In case of unplanned disconnection of the electricity interconnection and when the trade in the interconnection's capacities has already been completed at the electricity exchange (i.e. when they have already been distributed), the operators operating the line ensure that the market participants use the capacities that have been traded. In such a case, the Company incurs costs that arise as a result of the price difference between the price of electricity traded by the operators and the price of regulation and (or) balancing electricity purchased/sold by the Company.
- Maintaining and increasing interconnection capacities - congestion income is recognized in the financial statements similarly to the government grants: initially, congestion income is recognized as deferred income, and then is recorded as deduction of value of respective asset and subsequently recognised as income, reducing depreciation charge of related asset over the expected useful life of the asset.
- Tariff reduction - revenues are recognised in the period in which the Company receives less revenue because of lower tariffs.

### 3 Correction of comparative figures

In 2016, the Company's management decided to introduce changes in the accounting policies relating to congestion revenue (Note 2.4), and to account for congestion revenue that was received before 31 March 2016 and was recognised in the statement of comprehensive income as deferred revenue, the amount of which was deducted from property, plant and equipment. As a result of change in the accounting policy, for the purpose of the financial statements for 31 March 2016, the comparative figures were corrected as follows: in the statement of comprehensive income, revenue was reduced by EUR 2,255 thousand, deferred income tax benefit was increased by EUR 338 thousand, and net profit was reduced by EUR 1,917 thousand; in the statement of cash flows, net profit was reduced by EUR 1,917 thousand, income tax expenses were reduced by EUR 338 thousand, and congestion revenue received were increased by EUR 2,255 thousand.

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

Group	Intangible assets	Property, plant, and equipment
<b>Net book amount at 31 December 2015</b>	<b>876</b>	<b>409,148</b>
Additions	-	73,635
Disposals	-	(8)
Write-offs	-	(304)
Impairment	-	(434)
Reclassification	20	(20)
Transfer from grants not received	-	(34,841)
Offsetting grants with non-current assets	-	(36,612)
Depreciation and amortization charge	(106)	(6,346)
<b>Net book amount at 31 March 2016</b>	<b>790</b>	<b>404,218</b>
<b>Net book amount at 31 December 2016</b>	<b>1,491</b>	<b>398,433</b>
Additions	152	3,365
Write-offs	-	(110)
Offsetting grants with non-current assets	-	(561)
Depreciation and amortization charge	(120)	(6,492)
<b>Net book amount at 31 March 2017</b>	<b>1,523</b>	<b>394,635</b>

Company	Intangible assets	Property, plant, and equipment
Net book amount at 31 December 2015	870	408,262
Additions	-	73,590
Write-offs	-	(304)
Impairment	-	(434)
Reclassification	20	(20)
Transfer from grants not received	-	(34,841)
Offsetting grants with non-current assets	-	(36,612)
Depreciation and amortization charge	(106)	(6,293)
<b>Net book amount at 31 March 2016</b>	<b>784</b>	<b>403,348</b>
Net book amount at 31 December 2016	1,486	397,542
Additions	152	3,122
Write-offs	-	(110)
Offsetting grants with non-current assets	-	(561)
Depreciation and amortization charge	(120)	(6,437)
<b>Net book amount at 31 March 2017</b>	<b>1,518</b>	<b>393,556</b>

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 March 2017 would be higher by Eur 284,404 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 2016	285,745
Additions	561
Depreciation charge	1,902
<b>Net book amount at 31 March 2017</b>	<b>284,404</b>

## 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 March 2017 and 31 December 2016 the Company's investments comprised as following:

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

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

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

	Group		Company	
	31-03-2017	31-12-2016	31-03-2017	31-12-2016
Opening balance	-	720	-	752
Investment in associate reclassified to available-for-sale financial assets	-	(752)	-	(752)
Share of profit/(loss) of associates and joint ventures	-	32	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As described in Note 1, on 27 January 2017, the Company's Board gave its consent to the arrangement of sale of all 20.36% shares held under the title of ownership by Litgrid UAB in Duomenų Logistikos Centras UAB, together with the shares held in Duomenų Logistikos Centras UAB by Lietuvos Energija UAB. For the purpose of these financial statements, the Company's investment in associate was reclassified to available-for-sale financial assets.

## 6 Other accounts receivable

Other receivables as of 31 March 2017 consist mainly of grants receivables - EUR 18,867 thousand (31 December 2016 - EUR 18,867 thousand).

## 7 Share capital

As at 31 March 2017 and 31 December 2016 the share capital of the Company amounted to EUR 146,256,100.20 and it was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each.

## 8 Borrowings

Borrowings of the Group/Company were as follows:

	Group		Company	
	31-03-2017	31-12-2016	31-03-2017	31-12-2016
<b>Non-current borrowings</b>				
Borrowings from banks	115,335	116,435	115,335	116,435
<b>Current borrowings</b>				
Current portion of non-current borrowings	8,082	8,082	8,082	8,082
Overdraft	31,514	40,986	29,522	40,171
<b>Total borrowings</b>	<b>154,931</b>	<b>165,503</b>	<b>152,939</b>	<b>164,688</b>

Maturity of non-current borrowings:

	Group		Company	
	31-03-2017	31-12-2016	31-03-2017	31-12-2016
Between 1 and 2 years	8,082	8,082	8,082	8,082
From 2 to 5 years	42,676	42,676	42,676	42,676
After 5 years	64,577	65,677	64,577	65,677
<b>Total</b>	<b>115,335</b>	<b>116,435</b>	<b>115,335</b>	<b>116,435</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 distinguished within 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 UAB and Litgrid Power Link Service UAB. The core line of business of Tetas UAB is provision of medium-voltage transformer substation and distribution station reconstruction, repair and maintenance services. The purpose of Litgrid Power Link Service UAB is a centre of competence of high qualification and specific engineering fields, and operation and management of HVDC (High Voltage Direct Current) links.

The Group's information on segments for the period ended 31 March 2017 is presented in the table below:

2017	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	20,073	4,672	11,735	2,141	4,074	42,695
Inter-segment revenue					(938)	(938)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>20,073</b>	<b>4,672</b>	<b>11,735</b>	<b>2,141</b>	<b>3,136</b>	<b>41,757</b>
<b>Operating profit/(loss)</b>	<b>4,283</b>	<b>1,250</b>	<b>1,484</b>	<b>23</b>	<b>(962)</b>	<b>6,078</b>
Finance income/(cost), net*	x	x	x	x	x	(313)
Share of result of associates and joint ventures*	x	x	x	x	x	-
<b>Profit/(loss) before income tax</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>5,765</b>
Income tax*	x	x	x	x	x	(1,249)
Discontinued operations	x	x	x	x	x	-
<b>Profit/(loss) for the year</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>4,516</b>
Depreciation and amortisation expenses	6,429	32	97	-	57	6,615
Write-offs of property, plant and equipment	100	-	-	-	-	100

\* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

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

2016	Operating segments					Total
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	
Revenue	19,838	5,142	9,938	1,363	3,142	39,423
Inter-segment revenue	-	-	-	-	(892)	(892)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>19,838</b>	<b>5,142</b>	<b>9,938</b>	<b>1,363</b>	<b>2,250</b>	<b>38,531</b>
<b>Operating profit/(loss)</b>	<b>3,139</b>	<b>1,146</b>	<b>(119)</b>	<b>(1)</b>	<b>(185)</b>	<b>3,980</b>
Finance income/(cost), net*	x	x	x	x	x	(417)
Share of result of associates and joint ventures*	x	x	x	x	x	7
<b>Profit/(loss) before income tax</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>3,570</b>
Income tax*	x	x	x	x	x	(599)
Discontinued operations	x	x	x	x	x	32
<b>Profit/(loss) for the year</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>3,003</b>
Depreciation and amortisation expenses	6,353	34	11	-	54	6,452
Write-offs of property, plant and equipment	277	-	-	-	-	277

\* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 94% of total revenue.

In 2017 and 2016, the Group's and the Company's revenue by the geographical location of the customers:

	Group		Company	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Lithuania	39,361	37,229	36,225	34,979
Norway	494	476	494	476
Sweden	1,127	7	1,127	7
Latvia	130	286	130	286
Estonia	430	421	430	421
Poland	131	112	131	112
Other	84	-	84	-
<b>Total</b>	<b>41,757</b>	<b>38,531</b>	<b>38,621</b>	<b>36,281</b>

## 10 Related-party transactions

The Company's/Group's related parties in 2017 and 2016 were as follows:

- EPSO-G (the parent company of the Company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and joint ventures of the Company;
- Amber Grid AB (common shareholders);
- Baltpool UAB (common shareholders);
- Management.

Transactions with related parties are carried out in accordance with market conditions and the tariffs approved under legislation or in accordance with the requirements of the Law on Public Procurement.

### Sales of goods and services

	Group		Company	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
The Group's parent company (EPSO-G UAB)	-	388	-	388
EPSO-G UAB group companies	1,250	5,725	1,250	5,725
The Company's subsidiaries	-	-	30	32
	<b>1,250</b>	<b>6,113</b>	<b>1,280</b>	<b>6,145</b>

### Purchases of goods and services

	Group		Company	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
The Group's parent company (EPSO-G UAB)	20	-	18	-
EPSO-G UAB group companies	158	(652)	158	(652)
The Company's subsidiaries	-	-	909	863
	<b>178</b>	<b>(652)</b>	<b>1,085</b>	<b>211</b>

### Amounts receivable from related parties

	Group		Company	
	31-03-2017	31-12-2016	31-03-2017	31-12-2016
EPSO-G UAB group companies	3,264	4,871	3,264	4,871
The Company's subsidiaries	-	-	333	332
	<b>3,264</b>	<b>4,871</b>	<b>3,597</b>	<b>5,203</b>

### Amounts payable to related parties

	Group		Company	
	31-03-2017	31-12-2016	31-03-2017	31-12-2016
The Group's parent company (EPSO-G UAB)	16	15	15	14
The Company's subsidiaries	-	-	669	345
	<b>16</b>	<b>15</b>	<b>684</b>	<b>359</b>





NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2017  
(All amounts in EUR thousands unless otherwise stated)

**Payments to the key management personnel**

	Group		Company	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Employment-related payments	223	182	134	131
Whereof: termination benefits	25	-	-	-
Number of the key management personnel (average annual)	12	12	7	7

Key management personnel consists of the Group's heads of administration and department directors.

**11 Basic and diluted earnings per share**

In 2017 and 2016, the Group's basic and diluted earnings per share were as follows:

	31-03-2017	31-03-2016
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	4,516	2,993
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	<u>0.009</u>	<u>0.006</u>

**12 Events after the end of the reporting period**

During the Ordinary General Meeting of Shareholders of LITGRID AB held on 25 April 2017, the decision was made in relation to the payment of dividends in the amount of EUR 18,175,685. Dividends per share amounted to EUR 0.036.

In accordance with the decision adopted in AB Litgrid Ordinary General Meeting of Shareholders on 25 April 2017, on 15 May 2017 AB Litgrid and UAB Lietuvos energija have signed an agreement to sell UAB Technologiju ir inovaciju centras shares owned by Litgrid. Under this agreement AB Litgrid has transferred to UAB Lietuvos energija the ownership of 1000 units of ordinary registered non-material shares of UAB Technologiju ir inovaciju centras. This constitutes to 0.004 % of all UAB Technologiju ir inovaciju centras shares. Shares were sold for EUR 847, calculated in accordance with the point 1.1 of the shareholder's agreement no. SUT-309-15. The transfer of the selling price is considered the moment of share ownership transition to UAB Lietuvos energija.

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