



#### CONFIRMATION OF RESPONSIBLE PERSONS

23 November 2017 No. *5-310-28*

Acting in accordance with Article 24 of the Law on Securities of the Republic of Lithuania and the Rules for Drawing up and Submission of Periodic and Additional Information, we, Saulius Bilys, Director General of AB Amber Grid, and Rimantas Šukys, Financial Director of AB Amber Grid, hereby confirm that, to the best of our knowledge, the attached condensed financial statements of the company AB Amber Grid as of 30 September 2017 drawn up according to International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB Amber Grid.

Director General

Saulius Bilys

Financial Director

Rimantas Šukys

**Statement of financial position**

			<b>As of 30 September 2017 (unaudited)</b>	<b>As of 31 December 2016 (audited)</b>
	<b>Notes</b>			
<b>ASSETS</b>				
<b>A. Non-current assets</b>			<b>340,917</b>	<b>348,715</b>
I. Intangible assets			576	631
II. Property, plant and equipment			338,668	347,409
II.1. Land			125	125
II.2. Buildings and structures			272,909	276,153
II.2.1. Buildings			6,038	6,244
II.2.2. Gas transmission pipelines and related installations			262,202	264,918
II.2.3. Gas distribution pipelines and related installations			101	103
II.2.4. Other buildings and structures			4,568	4,888
II.3. Machinery and equipment			51,682	55,565
II.4. Motor vehicles			1,055	1,101
II.5. Other equipment, tools and devices			1,948	2,717
II.6. Other property, plant and equipment			686	611
II.7. Construction in progress	4		10,263	11,137
III. Non-current financial assets			1,673	675
III.1. Investment in the subsidiary	1		675	675
III.2. Non current trade receivables	5		998	-
<b>B. Current assets</b>			<b>21,835</b>	<b>42,583</b>
I. Inventories and prepayments			2,251	1,515
I.1. Raw materials, spare parts and other inventories			2,054	1,360
I.2. Prepayments			197	155
II. Accounts receivable			19,361	25,444
II.1. Trade receivables	5,17		5,378	6,858
II.2. Other receivables	6,17		13,983	18,586
III. Other financial assets	7		11	1,658
IV. Cash and cash equivalents	8		212	13,966
<b>Total assets</b>			<b>362,752</b>	<b>391,298</b>



(cont'd on the next page)

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

**Statement of financial position (cont'd)**

			<b>As of 30 September 2017 (unaudited)</b>	<b>As of 31 December 2016 (audited)</b>
	<b>Notes</b>			
<b>EQUITY AND LIABILITIES</b>				
<b>C. Equity</b>			<b>196,141</b>	<b>202,810</b>
I. Share capital			51,731	51,731
II. Reserves			130,151	130,151
II.1. Legal reserve			5,173	5,173
II.2. Other reserves			124,978	124,978
III. Retained earnings (deficit)			14,259	20,928
III.1. Current year profit (loss)			14,259	20,928
III.2. Previous year profit (loss)			-	-
<b>D. Accounts payable and liabilities</b>			<b>166,611</b>	<b>188,488</b>
I. Amounts payable after one year and non-current liabilities			142,006	152,816
I.1. Non-current borrowings	9		70,778	82,222
I.2. Grants (deferred revenue)	10		63,946	64,450
I.3. Non-current employee benefits			426	426
I.4. Deferred income tax liability			6,856	5,718
II. Accounts payable within one year and short-term liabilities			24,605	35,672
II.1. Current financial liability			-	-
II.2. Current portion of non-current borrowings	9		6,444	11,444
II.3. Current year portion of non-current employee benefits			80	80
II.4. Trade payables	12		2,713	5,694
II.5. Advance amounts			5	5
II.6. Income tax payable			129	876
II.7. Payroll related liabilities			1,547	1,422
II.8. Other payables and current liabilities	13		13,687	16,151
<b>Total equity and liabilities</b>			<b>362,752</b>	<b>391,298</b>

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

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

## COMPANY'S CONDENSED FINANCIAL STATEMENTS



AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

## Income statement

			For the period of three months ended 30 September 2017 (unaudited)	For the period of three months ended 30 September 2016 (unaudited)	For the period of nine months ended 30 September 2017 (unaudited)	For the period of nine months ended 30 September 2016 (unaudited)
	<b>I. Revenue</b>	15	<b>14,147</b>	<b>13,088</b>	<b>46,764</b>	<b>46,992</b>
	<b>II. Expenses</b>		<b>(10,100)</b>	<b>(9,901)</b>	<b>(29,716)</b>	<b>(30,266)</b>
II.1.	Cost of natural gas		(2,384)	(1,646)	(5,514)	(5,653)
II.2.	Depreciation and amortization		(3,572)	(3,968)	(10,860)	(11,915)
II.3.	Remuneration and related social security tax expenses		(1,969)	(1,866)	(5,924)	(5,818)
II.4.	Repair and technical maintenance expenses		(1,037)	(1,373)	(4,078)	(3,677)
II.5.	Taxes other than income tax		(456)	(478)	(1,344)	(1,401)
II.6.	Telecommunications and IT systems expenses		(183)	(143)	(485)	(400)
II.7.	Other expenses		(499)	(427)	(1,511)	(1,402)
	<b>III. Operation profit (loss)</b>		<b>4,047</b>	<b>3,187</b>	<b>17,048</b>	<b>16,726</b>
	<b>IV. Financial activity</b>		<b>(80)</b>	<b>(129)</b>	<b>(237)</b>	<b>(401)</b>
IV.1.	Income	17	3	3	23	72
IV.2.	Expense		(83)	(132)	(260)	(473)
	<b>V. Profit (loss) before income tax</b>		<b>3,967</b>	<b>3,058</b>	<b>16,811</b>	<b>16,325</b>
	<b>VI. Income tax</b>	11	<b>(583)</b>	<b>(289)</b>	<b>(2,552)</b>	<b>(2,020)</b>
VI.1.	Current period income tax		(335)	(282)	(1,414)	(1,430)
VI.2.	Deferred income tax		(248)	(7)	(1,138)	(590)
	<b>VII. Net profit (loss)</b>		<b>3,384</b>	<b>2,769</b>	<b>14,259</b>	<b>14,305</b>
	Basic and diluted earnings (loss) per share (Eur)	14			0,08	0,08

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

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



COMPANY'S CONDENSED FINANCIAL STATEMENTS

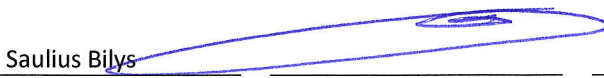

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Statement of comprehensive income

	For the period of three months ended 30 September 2017 (unaudited)	For the period of three months ended 30 September 2016 (unaudited)	For the period of nine months ended 30 September 2017 (unaudited)	For the period of nine months ended 30 September 2016 (unaudited)
I. Net profit (loss)	3,384	2,769	14,259	14,305
II. Total comprehensive income (loss)	3,384	2,769	14,259	14,305

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

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

## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

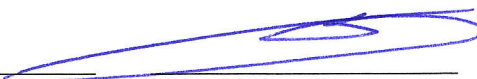

(all amounts are in euro thousand unless stated otherwise)

## Statement of changes in equity

	Share capital	Legal reserve	Other reserves	Retained earnings (deficit)	Total
<b>Balance as of 31 December 2015 (audited)</b>	<b>51,731</b>	<b>5,166</b>	<b>121,789</b>	<b>15,978</b>	<b>194,664</b>
Transfer from other reserves	-	-	3,189	(3,189)	-
Transfer to legal reserve	-	7	-	(7)	-
Dividends declared	-	-	-	(12,782)	(12,782)
Total comprehensive income (loss)	-	-	-	14,305	14,305
<i>Net profit (loss) for the year</i>	-	-	-	14,305	14,305
<b>Balance as of 30 September 2016 (unaudited)</b>	<b>51,731</b>	<b>5,173</b>	<b>124,978</b>	<b>14,305</b>	<b>196,187</b>
Total comprehensive income (loss)	-	-	-	6,623	6,623
<i>Net profit (loss) for the year</i>	-	-	-	6,623	6,623
<b>Balance as of 31 December 2016 (audited)</b>	<b>51,731</b>	<b>5,173</b>	<b>124,978</b>	<b>20,928</b>	<b>202,810</b>
Dividends declared	-	-	-	(20,928)	(20,928)
Total comprehensive income (loss)	-	-	-	14,259	14,259
<i>Net profit (loss) for the year</i>	-	-	-	14,259	14,259
<b>Balance as of 30 September 2017 (unaudited)</b>	<b>51,731</b>	<b>5,173</b>	<b>124,978</b>	<b>14,259</b>	<b>196,141</b>

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

\* Result of share capital conversion into the euro.

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

## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

## Statement of cash flows

	30 September 2017 (unaudited)	30 September 2016 (unaudited)
<b>I. Cash flows from (to) operating activities</b>		
I.1. Net profit (loss)	14,259	14,305
<b>Adjustments of non-cash items and other corrections:</b>		
I.2. Depreciation and amortisation	12,212	13,364
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(12)	(10)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	34	7
I.5. Income tax expenses (income)	2,552	2,020
I.6. Interest (income)	(4)	(3)
I.7. Interest expenses	260	473
I.8. Amortisation of grants (deferred revenue)	(2,205)	(1,491)
I.9. Elimination of other non-cash items	(19)	(69)
	<b>27,077</b>	<b>28,596</b>
<b>Changes in working capital:</b>		
I.10. Decrease (increase) in inventories	(783)	677
I.11. Decrease (increase) in trade accounts receivable	1,440	4,015
I.12. Decrease (increase) in other accounts receivable and prepayments	1,807	(1,443)
I.13. Increase (decrease) in trade accounts payable	12	(850)
I.14. Increase (decrease) in other accounts payable and other current liabilities	(2,245)	(29,550)
I.15. Decrease (increase) in other financial assets	1,647	31,189
I.16. Income tax (paid)	(2,161)	(1,264)
<b>Total changes in working capital</b>	<b>(283)</b>	<b>2,774</b>
<b>Net cash flows from operating activities</b>	<b>26,794</b>	<b>31,370</b>
<b>II. Cash flows from (to) investing activities</b>		
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(6,287)	(12,684)
II.2. Proceeds from sales of property, plant and equipment	12	10
II.3. Acquisition of investments in joint venture	-	(132)
II.4. (Acquisition) of held-to maturity investment	-	-
II.5. (Disposal) of held-to-maturity investment	-	-
II.6. Loans granted	(120)	-
II.7. Interest received	3	2
II.8. Disposal (acquisition) of other short term investments	-	-
<b>Net cash flows (to) investing activities</b>	<b>(6,392)</b>	<b>(12,804)</b>

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

## COMPANY'S CONDENSED FINANCIAL STATEMENTS



AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

## Statements of cash flows (cont'd)

	30 September 2017 (unaudited)	30 September 2016 (unaudited)
<b>III. Cash flows from (to) financing activities</b>		
III.1. Dividends (paid)	(20,984)	(12,780)
III.2. Proceeds from borrowings	-	-
III.3. (Repayments) of borrowings	(16,444)	(32,900)
III.4. Grants received	3,576	17,691
III.5. Interest (paid)	(323)	(502)
III.6. Other cash flows from (to) financial activities	19	69
<b>Net cash flows from (to) financing activities</b>	<b>(34,156)</b>	<b>(28,422)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>(13,754)</b>	<b>(9,856)</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>13,966</b>	<b>26,969</b>
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>212</b>	<b>17,113</b>

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

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



**COMPANY'S CONDENSED FINANCIAL STATEMENTS**

**AS OF 30 SEPTEMBER 2017**

(all amounts are in euro thousand unless stated otherwise)

**Notes to the Financial Statements**

**1 General information**

AB Amber Grid (hereinafter referred to as the 'Company') was registered on 25 June 2013 after the spin-off from AB Lietuvos Dujos of the natural gas transmission activity with respective assets, rights and obligations attributed to the activity in question. The Company's operations date back to 1 August 2013.

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

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

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

As of 30 September 2017, the Company's shareholders were as follows:

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

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

AB Amber Grid has a single subsidiary, UAB GET Baltic. In the financial statements as of 30 September 2017 and 2016, UAB GET Baltic was accounted for at acquisition cost.

UAB GET Baltic is a company with a valid natural gas market operator's license, and its main function is to organise and develop trade on the Natural Gas Exchange.

On 23 December 2016, AB Amber Grid acquired from the Finnish natural gas company, Gasum Oy, the remaining 34 % stake in UAB GET Baltic, and in this way AB Amber Grid became the only shareholder of UAB GET Baltic, which controls 100 % of the authorised share capital. As at 30 September 2017, UAB GET Baltic's authorised share capital amounted to EUR 580,450 and was composed of 3,055,000 units of ordinary registered shares with par value of EUR 0.19 each.

<b>Company</b>	<b>Company code</b>	<b>Registered address of the company</b>	<b>Stake of shares held as of 30 September 2017</b>	<b>Stake of shares held as of 30 September 2016</b>
UAB GET Baltic	302861178	Savanorių pr. 28, Vilnius	100 %	66 %

In accordance to the exemption provisions of Article 6.1 of the Law on Consolidated Financial Statements, the financial statements of the subsidiary were not subject to consolidation since from the point of view of the Company they are negligent, as of the end of the financial year, the value of the subsidiary's assets did not exceed 5 percent of the value of the Company's assets and the subsidiary's net income from Sales did not exceed 5 percent of the Company's net income over the same period.

UAB GET Baltic's condensed financial statements as of 30 September 2017 were drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have not been audited.



**COMPANY'S CONDENSED FINANCIAL STATEMENTS**

**AS OF 30 SEPTEMBER 2017**

(all amounts are in euro thousand unless stated otherwise)

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**1 General information (cont'd)**

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

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

As of 30 September 2017, the Company was party to 99 natural gas transmission service contracts with natural gas transmission system users (consumers of natural gas, natural gas distribution system operators, natural gas companies which supply gas up to consumer systems). As regards natural gas businesses that trade in natural gas, but do not transmit gas via the transmission system, the Company had entered with such companies into 3 natural gas balancing agreements.

AB Amber Grid's condensed financial statements, including the financial statements as of 30 September 2017, the profit (loss) accounts, the comprehensive income statements, the cash flow statements and the statement of changes in equity have not been audited. The Company's financial statements as of 31 December 2016 have been audited; they were prepared in accordance with International Financial Reporting Standards (IFRS). For a better understanding of the information contained in these condensed financial statements it is highly recommended to read the present AB Amber Grid's condensed financial statements in conjunction with the Company's annual financial statements of 2016.

**2 Accounting principles**

The Company's condensed financial statements as of 30 September 2017 were prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

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

**3 Information according to segments**

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

During the first nine months of 2017, the Company earned 76 percent of its revenue from Lithuanian system users (in 2016: 76 percent) and 24 percent of its revenue was received from the transit service, i.e. transportation of gas to the Kaliningrad Region of the Russian Federation and in the direction of Latvia (in 2016: 24 percent).

## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

**4 Construction in progress**

The largest objects of construction in progress of the Company as of 30 September 2017 were as follows:

Object	30 September 2017 (unaudited)	31 December 2016 (audited)
Implementation of the Gas Interconnection Poland-Lithuania (GIPL) Project in the territory of the Republic of Lithuania	6,431	6,262
Modernisation of Panevėžys Gas Compressor Station	2,833	1,861
Modernisation of gas transmission pipelines' line block valve units	-	1,765
Construction of an interconnection of Vilnius-Kaunas and Kaunas-Šakiai gas transmission pipelines	551	551
Introduction of automation into the supervision of the cathodic protection of gas transmission pipelines through the installation of a remote supervision and control system	144	430
Other	884	848
* Less: Impairment of construction in progress	(580)	(580)
	<b>10,263</b>	<b>11,137</b>

\* Impairment for the Project "Construction of interconnection between the gas transmission pipelines Vilnius-Kaunas and Kaunas-Šakiai (spatial planning and design services)" was made for the amount of EUR 551 thousand because the construction of the pipeline was postponed for later periods and there arose certain uncertainties regarding the resolution of its funding issues and its further development.

**5 Trade receivables**

	30 September 2017 (unaudited)	31 December 2016 (audited)
<b>Non-current trade receivables</b>		
Other trade receivables	998	-
<b>Current trade receivables</b>		
Gas transmission services receivables	5,408	6,859
Other trade receivables	27	15
Less: allowance for the decrease in value of trade receivables	(57)	(16)
	<b>5,378</b>	<b>6,858</b>

The trade receivables do not include any interest; their payment period is 15 calendar days. In 2017 in respect of the heat producer, UAB Geoterma, an impairment loss of EUR 41 thousand was formed.

**6 Other receivables**

	30 September 2017 (unaudited)	31 December 2016 (audited)
LNG terminal funds receivable (administered by the Company)	12,994	13,279
Other receivables (grants)	788	3,488
Receivables accrued for natural gas transportation	-	1,676
Other receivables	201	143
	<b>13,983</b>	<b>18,586</b>

The LNG terminal funds receivable as at 30 September 2017 include the overdue amount of EUR 4,829 thousand, of which AB Achema's overdue amount is EUR 3,658 thousand, the overdue amount of UAB Kauno Termofikacinė Elektrinė is EUR 1,002 thousand and the overdue amount of UAB Geoterma is EUR 65 thousand. For more

## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

**6 Other receivables (cont'd)**

information about AB Achema's liabilities and about UAB Geoterma see Note 16 'Commitments and contingencies'.

The Company's Other Receivables are not subject to impairment.

**7 Other financial assets**

As of 30 September 2017, the Company's Other Financial Assets consisted of the cash received from the natural gas supply security-related extra tariff component added to the natural gas transmission price (surcharge), for the sake of brevity referred to as LNG terminal funds. The aforesaid funds were received from system users, they are kept in a separate LNG terminal funds bank account fully compliant with legislative requirements and are designated to be paid out to the beneficiaries of LNG terminal funds: to the operator of the LNG terminal (AB Klaipėdos Nafta), to the designated supplier (UAB Litgas) and to AB Amber Grid (in order to compensate for the cost of the administration of the LNG terminal funds). On 15 May 2017, by Resolution No O3E-145, the NCC adopted a new additional security-related price component to be added to the regular natural gas price, which started to be applied to system users as from 1 July 2017. The NCC by Note No O5E-107 as of 11 May 2017 "On the recalculation of the rate of additional security-related price component to be added to the regular natural gas price for the year 2017" and by Note No O5E-109 as of 12 May 2017 "On the adjustment of the recalculation of the rate of additional security-related price component to be added to the regular natural gas price for the year 2017 as approved by Note No O5E-107 as of 11 May 2017" and by Letter No R2-(D)-2125 as 28 July 2017 "Regarding proportions of the LNG terminal funds to be assigned to the beneficiaries" assigned the specific shares (in percentage), in which the LNGT funds administered by AB Amber Grid shall on a monthly basis be distributed and paid out to LNGT funds' beneficiaries.

**8 Cash and cash equivalents**

Cash at bank

<b>30 September 2017 (unaudited)</b>	<b>31 December 2016 (audited)</b>
212	13,966
<b>212</b>	<b>13,966</b>

The Company keeps its cash balance in bank accounts. Cash balance as of 30 September 2017 decreased due to the fact that the Company, under the impact of the negative interest rates prevailing on the market, decided to change the Company's treasury management policies, the aim being minimum cash balance. Nevertheless, where there is such a possibility, the Company invests in deposits with the shortest term possible (overnight). As of 30 September 2017, the Company had no overnight deposit contracts.

**9 Loans****Long-term loans**

Loans from credit institutions of Lithuania

45,778

57,222

Loan from international financial institutions

25,000

25,000

**Short-term loans**

Loans from credit institutions of Lithuania

-

-

Current portion of long-term loans

6,444

11,444

**77,222****93,666**



## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

**9 Loans (cont'd)**

In February and April of 2017, the Company repaid prior to maturity part (EUR 16,444 thousand) of its long-term loan to Swedbank, AB. After the repayment, the outstanding loan to Swedbank, AB amounts to EUR 52,222 thousand.

On 22 December 2015, the Company entered into an agreement with the European Investment Bank on the possibility of borrowing of up to EUR 28,000 thousand for the period of up to 20 years. As of 30 September 2017, the loan was not used. The repayment of the loan or its part is possible until 21 December 2017.

In order to balance its working capital, on 1 March 2017 the Company concluded an overdraft contract for the amount of up to EUR 10,000 thousand. As at 30 September 2017, the overdraft was not used

**10 Grants (deferred revenue)**

	Deferred revenue	Asset- related grants	Revenue- related grants	Total
<b>Balance as at 31 December 2016</b>	<b>1,535</b>	<b>62,915</b>	-	<b>64,450</b>
Received / receivable	-	873	3	876
Depreciation/amortisation	(26)	(1,351)	(3)	(1,380)
<b>Balance as at 30 September 2017</b>	<b>1,509</b>	<b>62,437</b>	-	<b>63,946</b>

In the profit (loss) statement, the depreciation of the asset-related grants as at 30 September 2017 amounting to EUR 1,351 thousand (in 2016: EUR 1,003 thousand) was presented by cross-covering the costs of depreciation of the related assets with the grant-related revenue.

**11 Income tax**

In 2017, the standard corporate income tax rate applicable to the companies of the Republic of Lithuania was 15 per cent (in 2016: 15 per cent). The income tax expenses for the period comprise the current income tax and the deferred income tax.

In accordance with amendments to the Law on Corporate Income Tax, which provide for a possibility of taking advantage of the corporate income tax relief on investments in new technologies, as at 30 September 2017, the Company had calculated a corporate income tax relief amounting to EUR 1,399 thousand (as at 30 September 2016: EUR 1,405 thousand).

**12 Trade payables**

	30 September 2017 (unaudited)	31 December 2016 (audited)
Payables to suppliers under investment programme (new construction)	26	8
Payables to suppliers under investment programme (reconstruction and modernisation)	804	3,814
Payables to suppliers of goods and providers of services	599	828
Payables to providers of repairs services under non-current assets repairs programme	412	381
Payables to suppliers of natural gas	872	663
	<b>2,713</b>	<b>5,694</b>

The decrease in trade payables as at 30 September 2017 came as a result of the Company's lower investments according to Investment Programmes and settlements with contractors, the payment terms range from 30 to 60 days. The trade payables are interest-free.

## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

**13 Other payables and current liabilities**

	<b>30 September 2017 (unaudited)</b>	<b>31 December 2016 (audited)</b>
Payable LNG terminal funds administrated by the Company	12,123	11,468
Accrued LNG terminal funds subject to administration by the Company*	838	3,696
Real Estate Tax payable	-	423
Value Added Tax (VAT) payable	501	165
Other payables	225	399
	<b>13,687</b>	<b>16,151</b>

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

**14 Earnings per share**

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

	<b>30 September 2017 (unaudited)</b>	<b>30 September 2016 (unaudited)</b>
Net profit (loss) attributable to the shareholders (EUR thousand)	14,259	14,305
Weighted average number of shares (thousand)	178,383	178,383
Earnings per share (EUR)	<b>0.08</b>	<b>0.08</b>

**15 Revenue**

	<b>For the period of three months ended 30 September 2017 (unaudited)</b>	<b>For the period of three month ended 30 September 2016 (unaudited)</b>	<b>For the period of nine months ended 30 September 2017 (unaudited)</b>	<b>For the period of nine months ended 30 September 2016 (unaudited)</b>
Income from natural gas transmission in the territory of Lithuania	11,443	11,468	40,616	41,370
Income from balancing services in the transmission system	1,796	1,553	5,033	5,428
Grants recognised as income	834	14	853	42
Income from LNG terminal fund administration	31	36	89	108
Other income	43	17	173	44
	<b>14,147</b>	<b>13,088</b>	<b>46,764</b>	<b>46,992</b>



## 16 Commitments and contingencies

### Litigation

1. Pursuant to the Republic of Lithuania Law on the Liquefied Natural Gas Terminal and resolutions adopted by the NCC, all users of the natural gas system that transport natural gas through the transmission system, when they make payments for natural gas transmission services, are required to pay an integral natural gas transmission price component that is intended to compensate for the costs of the installation and operation of the liquefied natural gas terminal facility, its infrastructure and the connector (hereinafter referred to as the "LNG terminal funds")<sup>1</sup>. Since AB Achema, in spite of the fact that it is a transmission system user, has systematically failed to pay the LNG terminal funds, on 7 March 2014, AB Amber Grid filed a claim with Kaunas Regional Court requesting the Court to award from AB Achema its debt for the LNG terminal funds failed to pay for the period from 1 September 2013 to 31 December 2013 plus a late payment penalty for the unpaid LNG terminal funds for the said period. On 16 March 2015, AB Amber Grid filed a new claim with Kaunas Regional Court regarding the adjudgement from AB Achema of the debt for the LNG terminal funds intended to cover the fixed operating costs of the LNG terminal, its infrastructure and connector that were started to be collected as from 3 December 2014, the late payment penalty and 6 percent annual interest. The Court merged the two cases into one and, on 29 September 2015, Kaunas Regional Court satisfied the claim of AB Amber Grid in its entirety, i.e. awarded the debt of EUR 3,188 thousand for the period from 1 September 2013 to 31 December 2013, plus late payment penalty of EUR 545 thousand, plus procedural interest and awarded the debt of EUR 14,721 thousand for the period from 3 December 2014 to 30 April 2015 and a late payment penalty of EUR 305 thousand and procedural interest. AB Achema appealed against the aforesaid court decision. On 8 June 2016, the Court of Appeal of Lithuania upheld the decision of the court of first instance.

On 9 August 2016, the Supreme Court of Lithuania accepted cassation appeal. On 8 December 2016, the Supreme Court of Lithuania accepted AB Achema's request to suspend the judicial proceedings until AB Achema's claim is adjudged by the European Union's General Court in case No T-417/2016. At the Supreme Court of Lithuania, the case has not been adjudged yet.

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

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

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

## 16 Commitments and contingencies (cont'd)

4. On 22 January 2016, AB Achema appealed to the Vilnius Regional Administrative Court requesting to annul paragraph 1 of the Commission's Resolution No O3-683 of 23 December 2015 'On the setting of an additional natural gas supply security-related price component to be included in the natural gas transmission price'. By a was involved in the judicial proceedings as a third interested party. The parties submitted their responses. On 10 November 2016, Vilnius Regional Court decided to suspend the judicial proceedings until Lithuania's Supreme Administrative Court adjudges the First Administrative Case.

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

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

7. On 6 October 2016, AB Achema filed a complaint against the defendant, the Republic of Lithuania, claiming damages incurred as a result of the provision of state aid that was uncoordinated with the European Commission. AB Amber Grid was involved in the judicial proceedings as a third interested party. In the case, the parties have already submitted their responses. On 15 March 2017 the court rejected the complaint, and AB Achema filed an appeal.

8. On 28 December 2016, AB Achema appealed to Vilnius Regional Administrative Court for the annulment of the NCC's Resolution No O3-369 as of 17 November 2016 "On the setting of an additional natural gas supply security-related price component to be included in the natural gas transmission price". AB Amber Grid was involved in the proceedings as a third interested party. In the case, a deadline was set for the submission of responses. On 3 April 2017, a ruling was issued to suspended the judicial proceedings until the coming into effect of the final decision in administrative case No A-162-858/2017 examined at Lithuania's Supreme Administrative Court (judicial proceedings No 3-61-3-02929-2012-0).

9. On 15 June 2017, AB Achema appealed to Vilnius Regional Administrative Court for the annulment of the NCC's Resolution No O3E-145 as of 15 May 2017 "On the recalculation of an additional natural gas supply security-related price component to be included in the natural gas transmission price for the year 2017". AB Amber Grid was involved in the proceedings as a third party concerned and on 29 June 2017 submitted a response to AB Achema's appeal. The case awaits a hearing, which has been already scheduled.

10. On 21 June 2017, AB Amber Grid appealed to the Klaipeda City District Court with a petition for the issuance of a court order regarding the debtor UAB GEOTERMA in the amount of EUR 106 thousand, plus penalty in the amount of 6 thousand plus 6 percent annual interest from the awarded amount for the period from the date of the opening of the court proceedings until the date of full execution of the court order, plus award of the litigation expenses in the amount of EUR 0.4 thousand. In order to enforce the execution of the court, it was requested to impose interim measures on the seizure of immovable and movable property, monetary funds and property rights belonging to the borrower and / or third parties amounting to EUR 112 thousand. On 22 June 2017, Klaipeda City District Court granted the claim of AB Amber Grid, ordered the aforesaid amount and decided to apply the interim measures. The debtor did not raise any objections, and the bailiff, Brigita Tamkevičienė, applied interim measures, arrested the debtor's assets, and started an enforcement case in order to recover the awarded debt amount.



## COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

**17 Related party transactions**

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

As of 30 September 2017 and as of 30 September 2016, the related parties of the Company were as follows:

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

The tables below present the Company's balances and transactions with the related parties as of 30 September 2017 and as of 30 September 2016:

<b>As of 30 September 2017 (unaudited)</b>	<b>Acquisitions</b>	<b>Sales</b>	<b>Accounts receivable</b>	<b>Accounts payable</b>
UAB GET Baltic	2,217	13	122	731
UAB EPSO-G	77	-	-	31
	<b>2,294</b>	<b>13</b>	<b>122</b>	<b>762</b>

<b>As of 30 September 2016 (unaudited)</b>	<b>Acquisitions</b>	<b>Sales</b>	<b>Accounts receivable</b>	<b>Accounts payable</b>
UAB GET Baltic	133	5	1	-
	<b>133</b>	<b>5</b>	<b>1</b>	<b>-</b>

On 30 March 2017, AB Amber Grid and GET Baltic signed a loan agreement under which AB Amber Grid may extend to GET Baltic UAB a loan of up to EUR 200,000 (two hundred thousand euros). The annual interest rate on the loan is variable consisting of a variable interest rate of 1 (one) month EURIBOR plus a fixed-rate margin of 1.5 percent (one point five percent). The contractual maturity date of the loan is 31 March 2018.

As at 30 September 2017, AB Amber Grid's loan granted to UAB GET Baltic amounted EUR 120,000 (one hundred and twenty thousand euros).

From 6 April 2017 until 30 September 2017 the interest accrued on the loan amount used stood at EUR 604.53 (six hundred and four euros and 53 euro cents).

There were no guarantees either provided or received for receivables from the related parties or for payables to them. As at 30 September 2017, the Company did not account any impairment loss allowances for receivables from any related parties.

**Benefits to the Management**

During the period of nine months ended 30 September 2017, the Company's benefits to the Management of the Company amounted to EUR 308 thousand (during the period of nine months ended 30 September 2016: EUR 294 thousand). The Company's Management consists of the Chief Executive Officer (Director General) and his four deputies. The Management of the Company were not given any loans or guarantees and were not subject to any asset transfers.

During the first nine months of 2017, benefits paid to the members of the Board amounted to EUR 22 thousand (in 2016: EUR 8 thousand).

### **18 Subsequent events**

On 4 October 2017, UAB Kauno Termofikacijos Elektrinė paid the overdue amount of EUR 1,002 thousand of LNG-terminal-funds administrated by our Company.