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## CONFIRMATION OF RESPONSIBLE PERSONS

May 29, 2015 Vilnius

Referring to the provisions of the 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, the undersigned Daivis Virbickas, Chief Executive Officer, Rimantas Busila, Director of Finance Department and Svetlana Sokolskytė, Chief Financier-Accounting Division Manager of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated financial information of LITGRID AB for the three months period ended 31 March 2015 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 March 2015 includes a fair review of the development and performance of the business.

Daivis Virbickas

Chief Executive Officer

Rimantas Busila

Director of Finance Department

Svetlana Sokolskytė

Chief Financier



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**LITGRID AB**

CONSOLIDATED AND THE COMPANY'S CONDENSED  
INTERIM FINANCIAL INFORMATION FOR A THREE-MONTH  
PERIOD ENDED 31 MARCH 2015, PREPARED ACCORDING  
TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS  
ADOPTED BY THE EUROPEAN UNION (UNAUDITED)  
PRESENTED TOGETHER CONSOLIDATED INTERIM REPORT

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The condensed interim financial information was signed on 29 May 2015.

  
\_\_\_\_\_  
Daivis Virbickas  
Chief executive officer  
\_\_\_\_\_  
Rimantas Busila  
Director of the Finance Department  
\_\_\_\_\_  
Svetlana Sokolskytė  
Chief Financier

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2015  
(All amounts in EUR thousands unless otherwise stated)

		Group As at 31 March 2015	Company As at 31 March 2015	Group As at 31 December 2014	Company As at 31 December 2014
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets		843	823	944	915
Property, plant and equipment	3	364,271	363,357	364,401	363,431
Prepayments for property, plant and equipment		140,115	140,113	82,228	82,228
Investments in subsidiaries	4	-	2,815	-	2,796
Investments in associates and jointly controlled entities	4	1,124	1,047	1,088	1,047
Deferred income tax assets		86	-	91	-
Available-for-sale financial assets		2,237	2,237	2,237	2,237
<b>Total non-current assets</b>		<b>508,676</b>	<b>510,392</b>	<b>450,989</b>	<b>452,654</b>
<b>Current assets</b>					
Inventories		2,283	1,051	2,259	1,005
Prepayments		517	410	275	248
Trade receivables		10,503	7,813	14,456	10,741
Other accounts receivable		31,313	14,848	51,284	21,245
Other financial assets		4,090	1,651	3,263	1,751
Held-to-maturity investments	5	-	-	15,929	15,929
Cash and cash equivalents		2,221	1,890	25,293	25,003
<b>Total current assets</b>		<b>50,927</b>	<b>27,663</b>	<b>112,759</b>	<b>75,922</b>
<b>TOTAL ASSETS</b>		<b>559,603</b>	<b>538,055</b>	<b>563,748</b>	<b>528,576</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	6	146,256	146,256	146,064	146,064
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		6,695	6,597	6,840	6,739
Legal reserve		14,607	14,606	14,609	14,606
Other reserves		171,355	171,355	171,355	171,355
Retained earnings (loss)		(105,776)	(104,726)	(107,931)	(107,036)
<b>Equity attributable to the shareholders of the parent company</b>		<b>241,716</b>	<b>242,667</b>	<b>239,516</b>	<b>240,307</b>
Non-controlling interest		55	-	57	-
<b>Total equity</b>		<b>241,771</b>	<b>242,667</b>	<b>239,573</b>	<b>240,307</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Grants received in advance		120,763	120,763	108,140	108,140
Non-current loans	7	90,500	90,500	88,600	88,600
Deferred income tax liabilities		11,502	11,502	11,669	11,669
Other non-current accounts payable and liabilities		2,958	2,907	2,958	2,907
<b>Total non-current liabilities</b>		<b>225,723</b>	<b>225,672</b>	<b>211,367</b>	<b>211,316</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings	7	30,200	30,200	30,200	30,200
Current loans	7	3,506	-	10,580	-
Trade payables		26,684	24,985	34,997	34,740
Advances received		4,264	1,811	2,919	1,394
Income tax payable		364	363	316	315
Other accounts payable		27,091	12,357	33,796	10,304
<b>Total current liabilities</b>		<b>92,109</b>	<b>69,716</b>	<b>112,808</b>	<b>76,953</b>
<b>Total liabilities</b>		<b>317,832</b>	<b>295,388</b>	<b>324,175</b>	<b>288,269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>559,603</b>	<b>538,055</b>	<b>563,748</b>	<b>528,576</b>

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME  
FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2015  
(All amounts in EUR thousands unless otherwise stated)

	Group January-March 2015	Company January-March 2015	Group January-March 2014	Company January-March 2014
<b>Revenue</b>				
Sales of electricity and related services	20 981	20 981	27 903	27 903
Other revenue	4 124	546	2 747	460
<b>Total revenue</b>	<b>25,105</b>	<b>21,527</b>	<b>30,650</b>	<b>28,363</b>
<b>Operating expenses</b>				
Purchase of electricity and related services	(9,316)	(9,316)	(11,598)	(11,598)
Depreciation and amortisation	(5,337)	(5,260)	(10,747)	(10,651)
Wages and salaries and related expenses	(2,809)	(1,479)	(2,515)	(1,385)
Repair and maintenance expenses	(975)	(1,343)	(766)	(1,040)
Telecommunications and IT systems expenses	(1,068)	(1,013)	(885)	(842)
Write-off of property, plant and equipment	(6)	(6)	(322)	(322)
Other expenses	(2,969)	(291)	(2,869)	(1,042)
<b>Total operating expenses</b>	<b>(22,480)</b>	<b>(18,708)</b>	<b>(29,702)</b>	<b>(26,880)</b>
<b>Operating profit (loss)</b>	<b>2,625</b>	<b>2,819</b>	<b>948</b>	<b>1,483</b>
<b>Financial operations</b>				
Finance income	103	103	76	76
Finance costs	(353)	(343)	(207)	(198)
<b>Total finance income</b>	<b>(250)</b>	<b>(240)</b>	<b>(131)</b>	<b>(122)</b>
Share of profit/ (loss) of associates and jointly controlled entities	36	-	52	-
<b>Profit (loss) before income tax</b>	<b>2,411</b>	<b>2,579</b>	<b>869</b>	<b>1,361</b>
<b>Income tax</b>				
Current year income tax (expense)	(577)	(577)	(1,370)	(1,370)
Deferred tax income (expense)	162	166	1,141	1,141
<b>Total income tax</b>	<b>(415)</b>	<b>(411)</b>	<b>(229)</b>	<b>(229)</b>
<b>Net profit (loss) for the year</b>	<b>1,996</b>	<b>2,168</b>	<b>640</b>	<b>1,132</b>
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income</b>	<b>1,996</b>	<b>2,168</b>	<b>640</b>	<b>1,132</b>
<b>Net profit (loss) attributable to:</b>				
Owners of the Company	2,008	2,168	656	1,132
Non-controlling interest	(12)	-	(16)	-
	<b>1,996</b>	<b>2,168</b>	<b>640</b>	<b>1,132</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Company	2,008	2,168	656	1,132
Non-controlling interest	(12)	-	(16)	-
	<b>1,996</b>	<b>2,168</b>	<b>640</b>	<b>1,132</b>
<b>Basic and diluted earnings (deficit) per share (in EUR)</b>	<b>0.004</b>	<b>0.004</b>	<b>0.001</b>	<b>0.002</b>

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2015  
(All amounts in EUR thousands unless otherwise stated)

Group	Equity attributable to owners of the Group						Non-controlling interest	Total	
	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings			Subtotal
Balance at 1 January 2014	146,064	8,579	65,504	14,616	189,601	12,464	436,828	75	436,903
Net profit (loss)	-	-	-	-	-	656	656	(16)	640
Depreciation of revaluation reserve and amounts written off	-	-	(1,389)	-	-	1,389	-	-	-
Balance at 31 March 2014	146,064	8,579	64,115	14,616	189,601	14,509	437,484	59	437,543
Balance at 1 January 2015	146,064	8,579	6,840	14,609	171,355	(107,931)	239,516	57	239,573
Net profit (loss)	-	-	-	-	-	2,008	2,008	(12)	1,996
Conversion of the share capital into euros	192	-	-	-	-	-	192	-	192
Depreciation of revaluation reserve and amounts written off	-	-	(145)	-	-	145	-	-	-
Transfers to retained earnings	-	-	-	(2)	-	2	-	-	-
Change in ownership interest in subsidiary	-	-	-	-	-	-	-	10	10
Balance at 31 March 2015	146,256	8,579	6,695	14,607	171,355	(105,776)	241,716	55	241,771
Company	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total		
Balance at 1 January 2014	146,064	8,579	65,399	14,606	189,601	14,701	438,950		
Net profit (loss)	-	-	-	-	-	1,132	1,132		
Depreciation of revaluation reserve and amounts written off	-	-	(1,389)	-	-	1,389	-		
Balance at 31 March 2014	146,064	8,579	64,010	14,606	189,601	17,222	440,082		
Balance at 1 January 2015	146,064	8,579	6,739	14,606	171,355	(107,036)	240,307		
Net profit (loss)	-	-	-	-	-	2,168	2,168		
Conversion of the share capital into euros	192	-	-	-	-	-	192		
Depreciation of revaluation reserve and amounts written off	-	-	(142)	-	-	142	-		
Balance at 31 March 2015	146,256	8,579	6,597	14,606	171,355	(104,726)	242,667		

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2015  
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group January- March 2015	Company January- March 2015	Group January- March 2014	Company January- March 2014
<b>Cash flows from operating activities</b>					
Net profit (loss)		1,996	2,168	640	1,132
<b>Reversal of non-monetary expenses (income) and other adjustments</b>					
Depreciation and amortization expense	3	5,337	5,261	10,746	10,651
Impairment of assets (impairment reversal)		(839)	(839)	-	-
Share of profit/(loss) of associates and jointly controlled entities		(36)	-	(52)	-
Income tax expense/(income)		415	411	229	229
Loss on write-off of property, plant and equipment		6	6	322	322
Elimination of results of financing and investing activities:					
Interest income		(15)	(15)	(55)	(55)
Interest expenses		159	149	205	196
Other financial assets		106	106	(19)	(19)
<b>Changes in working capital</b>					
(Increase) decrease in trade receivables and other receivables		24,170	9,570	12,305	4,618
(Increase) decrease in inventories and prepayments		(265)	(207)	(948)	(310)
Increase (decrease) in accounts payable, grants and advance amounts received		(12,150)	(5,784)	(12,877)	(3,795)
Income tax paid		-	-	(579)	(579)
Other financial assets		(827)	100	2,323	48
<b>Net cash flows generated from operating activities</b>		<b>18,057</b>	<b>10,926</b>	<b>12,240</b>	<b>12,438</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(66,320)	(66,282)	(7,149)	(7,175)
Disposal of property, plant and equipment and intangible assets		2	-	-	-
Grants received		14,346	14,346	7,058	7,058
Investments in time deposits				(11,585)	(11,585)
(Purchase)/Disposal of held-to-maturity investments	5	15,929	15,929	20,273	20,273
Purchase of subsidiary(associate)		-	(19)	-	(43)
Interest received		79	79	125	125
Other cash flows from investing activities		10	-	17	17
<b>Net cash flows generated from investing activities</b>		<b>(35,954)</b>	<b>(35,947)</b>	<b>8,739</b>	<b>8,670</b>
<b>Cash flows from financing activities</b>					
Received loans		3,000	3,000	-	-
(Repayment) of loans		(1,100)	(1,100)	(1,100)	(1,100)
Overdraft		(7,073)	-	158	-
Interest paid		(78)	(68)	(206)	(198)
Dividends paid		(10)	(10)	(9)	(9)
Other cash flows from financing activities		86	86	-	-
<b>Net cash flows generated from financing activities</b>		<b>(5,175)</b>	<b>1,908</b>	<b>(1,157)</b>	<b>(1,307)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(23,072)</b>	<b>(23,113)</b>	<b>19,822</b>	<b>19,801</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>25,293</b>	<b>25,003</b>	<b>23,622</b>	<b>23,387</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2,221</b>	<b>1,890</b>	<b>43,444</b>	<b>43,188</b>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2015  
(All amounts in EUR thousands unless otherwise stated)

## 1. General information

LITGRID AB is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus str. 13, LT-09311, Vilnius, Lithuania. LITGRID AB (hereinafter LITGRID or “the Company”) is a limited liability profit-making entity established as a result of spin-off of Lietuvos Energija AB operations based the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010 which was passed to approve the spin-off of Lietuvos Energija AB. The Company was registered with the Register of Legal Entities on 16 November 2010. The Company’s code is 302564383; VAT payer’s code is LT100005748413.

LITGRID is an operator of electricity transmission system operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is responsible for the integration and development of the Lithuanian electricity market, as well as for the maintenance and development of electricity transmission network - the strategic projects for electricity interconnections with Sweden and Poland that will ensure the country’s energetic independence.

The principal objectives of the Company’s activities include ensuring the stability and reliability of electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances.

On 31 March 2015 the Company’s share capital, converted into euros, was €146,256,100.20. It consists of 504,331,380 ordinary shares with a nominal value of €0.29 per share.

As at March 2015 d. and 31 December 2014, the Company’s shareholders structure was as follows:

Company’s shareholders	Number of shares held	Number of shares held (%)
UAB EPSO-G	491,736,153	97.5
Other shareholders	12,595,227	2.5
<b>Total:</b>	<b>504,331,380</b>	<b>100</b>

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

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

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

Company	Address of the company’s registered office	Shareholding as at 31 March 2015	Shareholding as at 31 December 2014	Profile of activities
BALTPOL UAB	A. Juozapavičiaus str. 13, Vilnius, Lithuania	67%	67%	Electricity market operator, PSO funds administrator
UAB TETAS	Senamiesčio str. 102B, Panevėžys, Lithuania	100%	100%	Specialised transformer substation and distribution point technical maintenance, repair, and installation services; testing and trial work; energy site design
UAB Tinklo Priežiūros Centras	A. Juozapavičiaus str. 13, Vilnius, Lithuania	100%	100%	Preparation for installation, management, and operation of high voltage direct current electricity links with the electricity systems of Poland and Sweden

The structure of the Group’s investments in the associates and the jointly controlled entity as at 31 March 2015 and 31 December 2014 was as follows:

Company	Address of the company’s registered office	The Group’s shareholding as at 31 March 2015	The Group’s shareholding as at 31 December 2014	Profile of activities
UAB Duomenų Logistikos Centras	Žvejų str. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskigo 900-033 Warsaw, Poland	50%	50%	Designing of electricity transmission interconnection facilities

As at 31 March 2015, the Group had 702 employees (31 December 2014: 707), as at 31 March 2015, the Company had 231 employees (31 December 2014: 226).



## **2. Summary of principal accounting policies**

The principal accounting policies adopted in the preparation of the Company's and the Group's condensed interim financial information for the three-month period ending 31 March 2015 is:

### **2.1 Basis of preparation**

The Company's and the consolidated interim condensed financial information for the three-month period ending 31 March 2015 is prepared in accordance with the 34<sup>th</sup> International Accounting Standard (hereinafter - IAS) "Interim Financial Reporting".

The condensed interim financial information is presented in thousands of euros, unless otherwise stated. Comparative information from the previous year is recalculated in accordance with the official euro exchange rate: 1 EUR = 3.4528 Lt.

In order to better understand the data presented in this condensed financial information, this financial information should be read in conjunction with the 2014 consolidated financial report and the Company's 2014 financial statement, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

This condensed interim financial information has been prepared on a historical cost basis, except for tangible assets, which are stated at revalued amounts, less accumulated depreciation and calculated depreciation losses as well as financial assets held for sale, costed at their true value.

The interim financial information is unaudited.

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 information are the same as those applied in preparing the financial statements for 2014.

There were no new standards, amendments to standards and interpretations applicable to the Company and the Group since 2015 and having a significant impact on this financial information.

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

The consolidated financial statements of the Group include LITGRID 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 Business combinations between entities under common control**

IFRS 3, 'Business combinations' is not applied to business combinations between entities under common control, therefore such business combinations are accounted for using the pooling of interest method of accounting. The Group does not restate assets and liabilities to their fair value as at the acquisition date, instead the Group combines the acquired assets and liabilities at their carrying amounts. No goodwill arises and the excess of the consideration paid or the carrying amount of net assets transferred over the consideration received or the carrying amount of net assets acquired is recorded directly in equity in the financial statements.

### **2.4 Functional currency**

The Group's functional currency changed on 1 January 2015, the date of the introduction of the euro into the Republic of Lithuania. The recalculation of the litas to the euro has been applied at the litas to euro exchange rate of 3.45280 litas for 1 euro, which was irrevocably set by the EU Council.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A THREE-MONTH PERIOD ENDED 31 MARCH 2015  
(All amounts in EUR thousands unless otherwise stated)

### 3. Property, plant and equipment

Group	Land	Buildings	Structures and machinery	Motor vehicles	Other PPE	Construction in progress	Total
Net book amount at 31 December 2013 (adjusted)	568	9,396	464,022	206	11,757	45,329	531,278
Additions	-	-	-	14	14	5,361	5,389
Write-offs	-	-	(345)	-	(1)	-	(346)
Transfer to (from) intangible assets (IA)	-	-	-	-	(6)	-	(6)
Reclassification between categories	-	499	6 285	-	(2,282)	(4,502)	-
Offsetting grants with non-current assets	-	-	-	-	-	(1,474)	(1,474)
Depreciation charge	-	(262)	(9,857)	(34)	(472)	-	(10,625)
Net book amount at 31 March 2014 (adjusted)	568	9,633	460,105	186	9,010	44,714	524,216
Net book amount at 31 December 2014	534	9,446	283,532	130	7,392	63,367	364,401
Additions	-	-	-	11	9	6,818	6,838
Disposals	-	-	-	-	(2)	-	(2)
Write-offs	-	-	(7)	-	-	-	(7)
Reclassification between categories	-	121	1,761	-	337	(2,219)	-
Offsetting grants with non-current assets	-	-	-	-	-	(1,723)	(1,723)
Depreciation charge	-	(146)	(4,585)	(15)	(490)	-	(5,236)
Net book amount at 31 March 2015	534	9,421	280,701	126	7,246	66,243	364,271

Company	Land	Buildings	Structures and machinery	Other PPE	Construction in progress	Total
Net book amount at 31 December 2013 (adjusted)	568	9 078	463,889	11,426	45,448	530,409
Additions	-	-	-	6	5,394	5,400
Write-offs	-	-	(,345)	-	-	(345)
Transfer to (from) intangible assets (IA)	-	-	-	(6)	-	(6)
Reclassification between categories	-	499	6,285	(2,282)	(4,502)	-
Offsetting grants with non-current assets	-	-	-	-	(1,474)	(1,474)
Depreciation charge	-	(253)	(9,852)	(435)	-	(10,540)
Net book amount at 31 March 2014 (adjusted)	568	9,324	459,977	8,709	44,866	523,444
Net book amount at 31 December 2014	534	9,153	283,289	7,088	63,367	363,431
Additions	-	-	-	7	6,818	6,825
Write-offs	-	-	(7)	-	-	(7)
Reclassification between categories	-	121	1,761	337	(2,219)	-
Offsetting grants with non-current assets	-	-	-	-	(1,723)	(1,723)
Offsetting grants with non-current assets	-	(137)	(4,575)	(457)	-	(5,169)
Net book amount at 31 March 2015	534	9,137	280,468	6,975	66,243	363,357

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

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

As at 31 March 2015 the Company directly controlled the following subsidiaries:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest (%)
UAB TETAS	4,356	(1,982)	2,374	100
BALTPPOOL UAB	267	-	267	67
UAB Tinklo Prižiūros Centras	174	-	174	100
	4,797	(1,982)	2,815	

According to a share subscription agreement of 22 January 2015, the Company acquired 53,600 UAB BALTPPOOL shares with a value of €1.45 each for €77,720. The company will pay for the purchased shares in instalments up to 15 December 2015. €19,430 was paid on 31 March 2015.

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As at 31 December 2014 the Company directly controlled the following subsidiaries:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest (%)
UAB TETAS	4,356	(1,982)	2,374	100
BALTPOL UAB	248	-	248	67
UAB Tinklo Prižiūros Centras	174	-	174	100
	<b>4,778</b>	<b>(1,982)</b>	<b>2,796</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 January-March 2015	Company January-March 2015	Group January-December 2014	Company January- December 2014
Opening balance	1,088	1,047	4,611	4,437
Share of profit (loss) of associates and jointly controlled entities	36	-	90	-
Shares cancelled	-	-	(2,654)	(2,654)
Impairment of investments	-	-	(959)	(736)
Closing balance	<b>1,124</b>	<b>1,047</b>	<b>1,088</b>	<b>1,047</b>

**11. Held-to-maturity investments**

	Group As at 31 March 2015	Company As at 31 March 2015	Group As at 31 December 2014	Company As at 31 December 2014
Swedbank AB bonds in LTL, maturity as at 22 January 2015	-	-	15,929	15,929
Closing balance	<b>-</b>	<b>-</b>	<b>15,929</b>	<b>15,929</b>

**5. Share capital**

On 31 March 2015 the Company's share capital, converted into euros, was €146,256,100.20. It consists of 504,331,380 ordinary shares with a nominal value of €0.29 per share.

**6. Loans**

Loans of the Group/Company were as follows:

	Group As at 31 March 2015	Company As at 31 March 2015	Group As at 31 December 2014	Company As at 31 December 2014
<b>Non-current borrowings</b>				
Bank loans	90,500	90,500	88,600	88,600
<b>Current borrowings</b>				
Current portion of non-current borrowings	30,200	30,200	30,200	30,200
Overdraft	3,506	-	10,580	-
<b>Total</b>	<b>124,206</b>	<b>120,700</b>	<b>129,380</b>	<b>118,800</b>

Terms of repayment of non-current borrowings

	Group As at 31 March 2015	Company As at 31 March 2015	Group As at 31 December 2014	Company As at 31 December 2014
Between 1 and 2 years	32,082	32,082	29,082	29,082
From 2 to 5 years	24,247	24,247	24,247	24,247
After 5 years	34,171	34,171	35,271	35,271
<b>Total</b>	<b>90,500</b>	<b>90,500</b>	<b>88,600</b>	<b>88,600</b>

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## 7. Segment information

The Group has distinguished the following 6 segments:

- electricity transmission;
- trade in balancing/regulating electricity;
- provision of system (capacity reserve) services;
- provision of services under PSO (public service obligation) scheme;
- activities of the Energy Resources Market Operator;
- repair and maintenance activities.

The segments of the Company coincide with the electricity transmission, trade in balancing/regulating electricity, provision of system (capacity reserve) services and provision of services under PSO (public service obligation) scheme segments presented by the Group. Segments of the Group and the Company are not aggregated.

The electricity transmission segment is engaged in transmitting electricity over high voltage (330-110 kV) networks from producers to users or suppliers not in excess of the limit established in the contract. The main objective of these activities is to ensure a reliable, effective, high quality, transparent and safe electricity transmission to distributions networks, large network users from power stations and neighbouring energy systems.

Trade in balancing/regulating electricity is a service ensuring the balancing of electricity generation/import and demand/export levels.

Provision of system (capacity reserve) services. In order to ensure a reliable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities, reaction power and voltage control, breakdown and disorder prevention and its liquidation and provides capacity reserve services to users. The capacity reserve is required in case of unexpected fall in electricity generation volumes or increase in electricity consumption.

The Company's/Group's services provided under PSO scheme comprise as follows:

- development and implementation of strategic projects for the improvement of energy security, installing interconnections between the electricity transmission systems abroad and (or) connecting the electricity transmission systems in the Republic of Lithuania with the electricity transmission systems in foreign countries (interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to continental Europe networks);
- connection of power generation facilities that use the renewable energy resources to transmission networks; optimisation, development and/or reconstruction of transmission networks ensuring the development of power generation that uses the renewable energy resources;
- balancing of electricity generated using the renewable energy resources.

The Energy Resources Market Operator's functions are carried out by the Company's subsidiary UAB BALTPPOOL. As part of this activity, UAB BALTPPOOL also conducts the PIS (Public Interest Services) administrator function.

Repair and maintenance activities are carried out by the Company's subsidiary UAB TETAS and UAB Tinklo priežiūros centras (*Network Service Centre*). The main activity of UAB TETAS is specialised maintenance of transformer substations and distribution points, repair and installation services, testing and experimental work, and design of energy facilities. The activities of UAB Tinklo priežiūros centras (*Network Service Centre*) consist of preparations for the installation, operation and management of the high-voltage DC power system interconnection with the Polish and Swedish power systems.

The Group's information on segments for the period ended 31 March 2015 is presented in the table below:

2015 m.	Operating segments						Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of system services	Provision of services under PSO scheme	Activities of the energy resource market operator	Repair and maintenance activities	
Revenue	14,669	3,263	2,486	1,109	64	4,276	25,867
Inter-segment revenue	-	-	-	-	-	(762)	(762)
Revenue after elimination of intercompany revenue within the Group	14,669	3,263	2,486	1,109	64	3,514	25,105
Operating profit (loss)	1,444	1,838	(97)	-	(35)	(525)	2,625
Income (expenses) from financing activities, net*	x	x	x	x	x	x	(250)
Share of result of associates and jointly controlled entities*	x	x	x	x	x	x	36
Profit (loss) before income tax	x	x	x	x	x	x	2,411
Income tax*	x	x	x	x	x	x	(415)
Net profit (loss) for the year	x	x	x	x	x	x	1,996
Depreciation and amortisation expenses	5,260	-	-	-	8	69	5,337
Write-offs of property, plant and equipment	6	-	-	-	-	-	6

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The Group's information on segments for the period ended 31 December 2014 is presented in the table below:

2014 m.

	Operating segments						
	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Activities of the energy resource market operator	Repair and maintenance activities	Total
Revenue	19,010	5,239	3,356	759	43	3,979	32,386
Inter-segment revenue	-	-	-	-	-	(1,736)	(1,736)
Revenue after elimination of intercompany revenue within the Group	19,010	5,239	3,356	759	43	2,243	30,650
Operating profit (loss)	1,782	1,321	(210)	-	(48)	(1,897)	948
Income (expenses) from financing activities, net*	x	x	x	x	x	x	(131)
Share of result of associates and jointly controlled entities*	x	x	x	x	x	x	52
Profit (loss) before income tax	x	x	x	x	x	x	869
Income tax*	x	x	x	x	x	x	(229)
Net profit (loss) for the year	x	x	x	x	x	x	640
Depreciation and amortisation expenses	10,652	-	-	-	9	86	10,747
Write-offs of property, plant and equipment	322	-	-	-	-	-	322

\* Income tax, share of result of associates and jointly controlled entities and financing income and expenses are not allocated between the Company's operating segments.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 98% of total revenue.

In 2015 and 2014, the Group's and the Company's revenue by geographical location of customers:

	Group January-March 2015	Company January-March 2015	Group January-March 2014	Company January-March 2014
Lithuania	24,502	20,924	30,213	27,926
Russia	26	26	123	123
Estonia	377	377	158	158
Latvia	138	138	156	156
Norway	2	2	-	-
Sweden	60	60	-	-
<b>Total:</b>	<b>25,105</b>	<b>21,527</b>	<b>30,650</b>	<b>28,363</b>

All assets of the Group and the Company are located in Lithuania.

## 8. Related-party transactions

The Company's/Group's related parties in 2015 and 2014 were as follows:

- EPSO-G (the parent of the Company). 100% of EPSO-G share capital is owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and jointly controlled entities of the Company;
- AB Amber Grid (subsidiary of EPSO-G);
- Management of the Company.

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 January-March 2015	Company January-March 2015	Group January-March 2014	Company January-March 2014
Subsidiaries of the Company	-	5,621	-	6,720
The Group's parent company (UAB EPSO-G)	7	7	-	-
Group's associates and jointly controlled entities	392	392	380	379
	<b>399</b>	<b>6,020</b>	<b>380</b>	<b>7,099</b>

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Purchases of goods and services				
	Group January-March 2015	Company January-March 2015	Group January-March 2014	Company January-March 2014
Subsidiaries of the Company	-	4,494	-	6,222
Group's associates and jointly controlled entities	83	83	70	70
	<b>83</b>	<b>4,577</b>	<b>70</b>	<b>6,292</b>

Amounts receivable from related parties				
	Group As at 31 March 2015	Company As at 31 March 2015	Group As at 31 December 2014	Company As at 31 December 2014
Subsidiaries of the Company	-	1,932	-	2,350
The Group's parent company (UAB EPSO-G)	6	6	3	3
Group's associates and jointly controlled entities	196	196	158	158
	<b>202</b>	<b>2,134</b>	<b>161</b>	<b>2,511</b>

Amounts payable to related parties				
	Group As at 31 March 2015	Company As at 31 March 2015	Group As at 31 December 2014	Company As at 31 December 2014
Subsidiaries of the Company	-	2,613	-	5,522
The Group's parent company (UAB EPSO-G)	-	-	-	-
Group's associates and jointly controlled entities	22	22	76	76
	<b>22</b>	<b>2,635</b>	<b>76</b>	<b>5,598</b>

**Payments to the key management personnel**

	Group January-March 2015	Company January-March 2015	Group January-March 2014	Company January-March 2014
Employment-related payments, whereof:	172	102	147	84
- Termination benefits	-	-	-	-
Average number of the key management personnel	15	6	13	6

Key management consists of heads of administration and their deputies/directors of departments and chief financiers.

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

In 2015 and 2014, basic and diluted earnings per share of the Group were as follows:

	January-March 2015	January-March 2014
Net profit (loss) attributable to the Company's shareholders (thousand EUR)	2,002	656
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings per share (in EUR)	<b>0.004</b>	<b>0.001</b>

**10. Contingent liabilities**

Litigations

The State Prices and Energy Control Commission adopted Resolution No. 03-224 of 26 March 2015 concerning AB LITGRID breaches of regulated conditions of activity, which imposed on AB LITGRID a fine of €100,000 and ordered the Appellant to pay the fine within 30 calendar days from the date of entry into force of the Appeal Judgement and to correct by 26 May 2015 the regulated usage statements for the years 2011-2013, presenting them to the Commission. On 24 April 2015, AB LITGRID appealed against this decision of the Commissions to the Vilnius Regional Administrative Court.

The contested decision is unjustified and illegal; therefore the applicant submits this protest, requesting that the appeal decision be set aside.

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Administrative case resulting from the Company's appeal concerning the Commission's Resolution No. 03-10 of 19 January 2015 concerning removal of paragraphs from part of the document setting upper limits for AB LITGRID prices for 2016-2020 for transmission services by high-voltage grids. The Company appealed against the Commission's Resolution No. 03-10 of 19 January 2015 concerning the document setting upper limits for AB LITGRID prices for 2016-2020 for transmission services by high-voltage grids, which approved the Company's electricity transmission activity regulatory period from 2016 to 2020 and also established for the Applicant for the year 2016 the final permissible power transmission Services revenue level and the Applicant's ceiling price for 2016 for providing electricity transmission services through high voltage networks. The Company appealed against the partial withdrawal of Commission resolution. A court judgement of 19 February 2015 accepted the appeal lodged by the Company, but it refused to order interim execution measures, namely, a temporary suspension, until the court's final judgment in this case, of certain paragraphs of the State Prices and Energy Control Commission's Resolution No. 03-10 of 19 January 2015 concerning the document setting upper limits for AB LITGRID prices for 2016-2020 for transmission services by high-voltage grids. On 26 February 2015 the Company submitted to the court a separate appeal concerning the court's partial decision of 19 February 2015, by which the court declined to order interim execution measures in response to the Company's request.

#### **11. Subsequent events**

On 30 April 2015, AB LITGRID sold 193 ordinary registered uncertificated UAB NT Valdos shares to UAB Lietuvos energija for €252,000, which accounted for 0.35 per cent of UAB NT Valdos share capital. UAB Lietuvos energija will pay for the shares in instalments by 31 December 2016.

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## CONSOLIDATED INTERIM REPORT OF LITGRID AB AND ITS SUBSIDIARIES FOR 2015 Q1

### I. General information about the Group of companies

The consolidated interim report has been prepared for Q1 of the year 2015.

#### 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 location	2010-11-16, Register of Legal Entities of the Republic of Lithuania
Company code	302564383
Headquarters address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone	+370 5 278 2777
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 operations

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

Litgrid's mission is to ensure the reliable electricity transmission and enable competition in the open electricity market.

Litgrid's vision is the full-fledged integration of Lithuania's electricity system into Europe's electricity infrastructure and the common market for electricity, creating conditions for competitive economy.

Litgrid's values are cooperation, respect, responsibility, professionalism, and initiative.

**Litgrid's strategy is the responsibility to manage the country's electricity system.**

As the backbone of the Lithuanian electricity sector, Litgrid not only is responsible for the maintenance of the balance of the electricity consumed and produced in the system and the reliable transmission of electricity but also implements strategic Lithuanian 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 are the maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure, development of the electricity market and participation in the creation of a common Baltic and European electricity market, and the integration of the Lithuanian and continental European electricity systems for synchronous operations.

#### Litgrid's operating plans and forecasts

Litgrid works actively and responsibly in the following key directions:

##### European integration of the country's electricity system

Once Lithuania becomes a full-fledged participant of the European electricity system, European system management standards will be introduced in the electricity sector, and electricity flow management based on market principles and participation in maintaining the system frequency will be ensured. The desired result is the Baltic countries' synchronous operation within continental European grids.





## A common European market for electricity

The integration of the Lithuanian electricity market into the Baltic and Nordic electricity market and, later, the common European electricity market will ensure transparent wholesale electricity prices, competition, and freedom of choice for all market participants as well as equitable trade in electricity with neighbouring European states. Being a part of a large electricity market will allow for the most effective use of networks and generation infrastructure and for ensuring electricity transmission security.

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

Lithuania's electricity transmission grid is strong and well connected with the electricity transmission infrastructure of the neighbouring Eastern states; by the power links to be established with Sweden (NordBalt) and Poland (LitPol Link) by 2015, it will be connected to the electricity grids of Northern and Western Europe. The development of inter-system links will create opportunities to sell electricity between different energy systems, and optimal investment into the country's grid will ensure the integration of new electricity generators, the safe transmission of electricity, and the reliability of the system's operations.

In implementing strategic projects that help ensure the country's energy independence and working in a strict regulative environment, Litgrid makes every effort to rationally and effectively use existing financial resources and European Union support while contributing to increasing the country's economic competitiveness and improving consumer welfare. From EU structural funds of 2007-2013, LTL 103 million of European Union funds were allocated to 18 electricity transmission grid investment projects carried out by Litgrid, the transmission system operator. As of 31 December 2014, the company had obtained LTL 77.5 million of them. Further support of LTL 226 million was allocated to the implementation of the NordBalt project from the European Energy Programme for Recovery. As of 31 December 2014, the company had obtained LTL 42 million of this amount.

## Key activities of Q1 2015 in implementing strategic projects and other electricity sector projects

### *The LitPol Link inter-system power link project implementation*

Key activities of the project took place at the construction site of the direct current converter station near Alytus. The first transformers that are among the critical equipment for operation of the station were delivered from the global technology company ABB production site in Sweden, and their installations commenced in February. The station is the most important and complex installation of the future power link. This back-to-back station converting the alternating current to direct and backwards will enable electricity transmission between Lithuania and Poland's power systems.

Construction works of the 400 kV overhead electricity transmission line from Alytus to Lithuania-Poland border continued and involved construction of overhead line supports and cabling.

### *The NordBalt inter-system power link project implementation*

In February 2015, the manufacture of NordBalt submarine cable was finished. During the same month, two additional transformers reached the NordBalt direct current converter station, one of which will be reserve transformer. By the end of February, the construction of the direct current converter station close to Klaipeda transformer substation had been completed. The installation of the direct current and valve halls, as well as mounting of cooling, grounding and lightning protection systems commenced.

Preparations for the new season of submarine cable construction in the Baltic sea started in the last week of March, when 50 km long cable section was loaded to a special cable-laying ship.

### *Transmission grid development and reconstruction projects*

In Q1 of 2015, two key reconstruction projects in northern part of Lithuania were completed: all equipment of the 110 kV switchyard at 330/110/10 kV Siauliai transformer substation were replaced, and the substation

was upgraded for distance control capability; 110 kV switchyard at 110/10 kV Gruzdžiai transformer substation was reconstructed to improve the reliability of electricity supply from Siauliai to Naujoji Akmene.

In March, public procurement for reconstruction works on 110 kV switchyard at the 110/10 kV transformer station of Kaunas hydroelectric power plant was announced. Contract on reconstruction of 110 kV switchyard at 110/35/10 kV Kursenai transformer substation was signed the same month.

#### *Lithuanian electricity market development work*

In Q1 of 2015, average electricity price within the Lithuanian bidding area of the Nord Pool Spot exchange was 37 EUR/MWh, or 13 % lower than in the same period of 2014. This was the lowest price registered on the electricity market since 2012, when Nord Pool Spot was launched in Lithuania. The relatively low price was determined by warm winter and the resulting reduction in the electricity demand, higher water level in Latvia, considerably more intensive generation by the hydroelectric power plant and increased amount of cheaper electricity imported from the Nordic countries.

Three quarters of the electricity consumed in Lithuania in Q1 was imported: 56 % from the Nordic countries, the remaining 44 % - from the third countries.

Trade volumes on the Elbas market amounted to 1 % compared to the trade volume on the day-ahead market in Q1 of 2015. Lithuanian independent suppliers and producers have remained the major day-ahead market participants both as buyers and traders in electricity, compared to other two Baltic States.

Electricity transmission system operators of the Baltic States continue to work towards common electricity market and future integration into the Nordic electricity market. As a result and with these aims in mind, the three operators have launched the common platform in the beginning of 2015 for calculation of differences between the estimated and actually consumed electricity. The platform aims for more efficient handling of electricity system regulation and balancing costs.

This year, the electricity transmission system operators of the Baltic States allocated the capacities of international interconnections under the same regulations and principles as applied since the beginning of 2014.

The first session of the Electricity Market Development Committee was held in mid-January. It aimed to review the situation on electricity market in 2014 and present the changes in intersystem balancing between the Baltic electricity transmission system operators.

#### *Litgrid membership in international organisations*

Awareness and support at the international level for projects implemented by Litgrid is ensured by participating in the international associations: European Network of Transmission System Operators for Electricity (ENTSO-E) and Central European Energy Partners (CEEP).

ENTSO-E unites 41 electricity transmission system operators from 34 countries. Its main functions: solve the the European level issues on transmission grid management and development, and the electricity market; promote regional collaboration of TSOs; deliver suggestions on legal regulation drafts prepared by the European Commission; prepare Ten-Year Network Development Plan (TYNDP) and Grid Code. Litgrid representatives participate in activities of System Management, System Development, Market, Research and Development committees and work groups created by them. By participating in ENTSO-E activities, it is aimed to represent national and Litgrid interests in taking European and regional decisions related to the system management, planning and implementation of projects on the development of the infrastructure of Lithuanian electricity, electricity market connection and electricity transmission integration plans.

CEEP unites 26 organisations from five Central and Eastern European countries. CEEP's main objective is to support the integration of the energy sector of newest European Union member states in the context of common EU energy and energy security policy. Litgrid uses its participation in CEEP to contribute to the development of regional positions on EU energy policy issues, to take part in energy and industry forums organised by partners, and to present and seek support for key projects.



## Litgrid subsidiaries and the nature of their operations

As at 31 March 2015, the Litgrid group of companies consisted of Litgrid AB, BALTPOOL UAB (Baltpool), Tetas UAB, and Tinklo priežiūros centras UAB.

Name	BALTPOOL UAB
Legal form	UAB (private company limited by shares)
Registration date and location	2009-12-11, Register of Legal Entities of the Republic of Lithuania
Company code	302464881
Headquarters address	A. Juozapavičiaus str.9, LT-09311, Vilnius
Telephone	+370 5 278 2260
Fax	+370 5 278 2707
E-mail	info@baltpool.lt; www.baltpool.lt
Type of operations	Energy resource market operator
Shares controlled by Litgrid	67 %

Name	UAB Tetas
Legal form	UAB (private company limited by shares)
Registration date and location	2005-12-08, Register of Legal Entities of the Republic of Lithuania
Company code	300513148
Headquarters address	Senamiesčio str. 102B, LT-35116, Panevėžys
Telephone	+370 45 504 618
Fax	+370 45 504 684
Type of operations	Specialised design, installation, technical maintenance, repair, and testing services for transformer substation and distribution stations
Shares controlled by Litgrid	100 %

Name	UAB Tinklo priežiūros centras
Legal form	UAB (private company limited by shares)
Registration date and location	2014 02 24, Register of Legal Entities of the Republic of Lithuania
Company code	303249180
Headquarters address	A. Juozapavičiaus str.13, LT-09311, Vilnius
Telephone	+370 5 278 2777
Fax	+370 5 272 3986
Type of operations	Preparation for installation, management, and operation of high voltage direct current electricity links with the electricity systems of Poland and Sweden
Shares controlled by Litgrid	100 %.

As at 31 December 2014, Litgrid Group also had shares in these companies:

LitPol Link Sp.z.o.o (Poland)	50 % of shares and voting rights
UAB Duomenų Logistikos Centras	20.36 % of shares and voting rights
UAB Technologijų ir inovacijų centras	0.01 % of shares and voting rights
NT Valdosa, UAB	0.35 % of shares and voting rights
Nord Pool Spot AS	2.00 % of shares and voting rights and rotating board member

## Services provided by Litgrid Group of companies

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

- Electricity transmission;
- System services (capacity reserve);
- Trading in balance and regulation electricity;
- Public service obligation services (hereinafter referred to as PSO);
- Maintenance and repairs of the electricity grid.
- Maintenance, operation, and management of HVDC links.

### *Electricity transmission*

Electricity transmission services are the transmission of electricity over high voltage (330-110 kV) electric equipment. The transmission system operator sends electricity from producers to consumers who are connected to the transmission grid and to distribution network operators. Electricity transmission is regulated.

The main activity of TSO is to manage the high voltage electricity transmission grid and ensure reliable, effective, high-quality, transparent, and safe electricity transmission.

### *System services*

In order to maintain reliable system operations, Litgrid purchases services from energy producers for capacity reserve assurance at power generation facilities, reactive capacity and voltage management, and the prevention and recovery from accidents and breakdowns, and provides consumers with system (capacity reserve) services. Capacity reserves are needed when electricity production suddenly and unexpectedly falls or its consumption increases.

### *Trading in balancing and regulating electricity*

Litgrid ensures 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 balance electricity and buys and sells balance electricity that is necessary to ensure the country's electricity production and consumption balance.

Regulation electricity is electricity that is bought and/or sold at the direction of the TSO as 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 with the technical means to quickly change power generation and consumption routines who have signed a corresponding agreement with Litgrid.

### *Public service obligation services*

Public service obligations (PSO) in the electricity sector are services that ensure and increase national energy security and the integration and usage of electricity produced from renewable resources. The list of public service obligations, their providers, and provisioning procedures are approved by the Government of the Republic of Lithuania or an institution it has authorized, on the basis of public interests in the electricity sector. PSO funds are funds that are paid to providers of PSO services.

Litgrid provides these PSO services:

- Preparation and implementation of strategic projects related to increasing energy security (the Lithuania-Sweden and Lithuania-Poland electricity interconnections and integration of the Lithuanian electricity system into continental European grids;
- Connection of electricity production equipment that use wind, biomass, or solar energy or hydroelectric power to the transmission grid and transmission grid optimization, development, and/or renovation related to the reception and transmission of electricity produced by producers who use renewable natural resources;
- Balancing of electricity produced using renewable energy resources.

By Resolution No. 1338 of the Government of the Republic of Lithuania of 7 November 2012, UAB Baltpool has been designated a PSO fund administrator effective 1 January 2013.

PSO provisioning procedures are established by the *Public Service Obligation Provisioning Procedure Description*, approved by Resolution No. 916 of the Government of the Republic of Lithuania of 18 July 2012. PSO fund administration procedures are established by the *Public Service Obligation Fund Administration Procedure Description*, approved by Resolution No. 1157 of the Government of the Republic of Lithuania of 19 September 2012. The PSO provisioning description provides that public service obligation funds are collected and transferred to the public service obligation fund administrator under procedures and conditions established by the *Public Service Obligation Fund Administration Procedure Description*. As the



transmission system operator, Litgrid collects PSO funds from grid users whose electricity production and/or consumption equipment is connected to the electricity transmission grid and transfers them to the PSO fund administrator.

#### *Electricity grid technical maintenance and repairs*

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

- Maintenance and repair work for electrical equipment that is part of the grid;
- Construction of new energy facilities and renovation of existing energy facilities;
- Design services for electrical equipment and facilities

Tetas UAB operations comply with ISO 9001:2008 and ISO 14001:2004 requirements. The system for quality management and environmental protection management, introduced in 2007, is applied in operating electrical equipment of up to 400 kilovolts and in performing design and construction work for extraordinary structures.

#### *Maintenance, operation, and management of HVDC links*

In February 14, 2014, the Board of Litgrid decided to establish the subsidiary Tinklo priežiūros centras with a purpose of creating a highly qualified specialised engineering competency centre for the management and operation of HVDC (*High Voltage Direct Current*, or high voltage direct current technology required for electricity transmission in high volumes between different electricity systems) links. The company was registered in February 24, 2014; it is operated as an internal unit of Litgrid.

#### **Environmental protection**

Procedures for environmental impact assessment or selection are carried out for planned power transmission lines and the conclusions are taken into account when preparing technical designs. Environment protection requirements are established during the design process for the construction of new or reconstruction of existing transformer substations and switchyards. In all cases, efforts are made to select the equipment that is less harmful to the environment, contractors are obliged to organise works so as to eliminate or reduce any impact on the environment, and construction waste is cleaned up in a documented process. Services are only purchased from contractors that have implemented the LST EN ISO 14001 standard for environmental management. Before acceptance of works, it is verified, whether contractors have properly fulfilled the requirements, have cleaned up waste properly and have documents to confirm this.

#### **Customers of the transmission system operator**

Litgrid's direct customers are electricity transmission grid users and suppliers of balancing and regulation electricity.

Transmission grid users include:

- Lesto, the distribution grid operator;
- Electricity consumers whose electrical equipment is connected to the electricity transmission grid and who purchase electricity for consumption;
- Electricity producers.

Balancing and regulating electricity suppliers are electricity producers and suppliers.

## Employees

As of 31 March 2015, 702 employees worked for the Litgrid group: 231 Litgrid employees, 438 Tetras employees, 12 Baltpool employees, and 21 Tinklo priežiūros centras employees. In 2014, Litgrid employee turnover was 7.87 %.

Litgrid wage bill for the reporting period was EUR 1,246 thousand.

Litgrid	Number of employees as at 31 March 2015	Average monthly salary, EUR
Specialists	225	1 667
Management	6	5 667
Total	231	1 771

Litgrid Group's wage bill for the reporting period was EUR 2,444 thousand.

Litgrid group	Number of employees as at 31 March 2015	Average monthly salary, EUR
Workers	259	672
Specialists	428	1 445
Management	15	3 950
Total	702	1 224

Litgrid Group employee education at the end of period

	31 March 2015
Number of employees	702
Employees holding a university-level degree	417
Employees holding a college-level degree	113
Employees with secondary or specialized secondary education	172

Litgrid employs the highest level energy specialists. Three quarters of the employees hold a university-level degree in engineering; their average professional experience is 14 years. Employing their theoretical and practical knowledge, the employees realize their personal aspirations and contribute to ambitious strategic national objectives contributing to the energy independence of the state. Working for the company responsible for the safety, reliability, and responsible development of Lithuanian electricity system, the Litgrid specialists become leaders and mentors of young employees who wish to join the energy sector. Litgrid is eager to employ not only experienced professionals, but also smart and curious young specialists that aim to work hard and excel. In order to attract talented, educated, and ambitious people who are not afraid to take the responsibility, Litgrid cooperates with the education institutions and youth organizations, and has a Young Specialists Programme.

## Remuneration policy and performance appraisal

The goal of Litgrid's remuneration policy is to contribute to the implementation of mission and vision pursued by the organisation that applies modern and effective management practices, mobilise people for joint effort and motivate to implement strategic priorities, form and imbue the attitude towards the employee as the main corporate asset, foster company values - professionalism, cooperation, responsibility, initiative, and respect. Corporate employee remuneration depends on position, work performance, reaching of individual annual goals, the level of competencies, and sharing of organisational values. The remuneration





policy is based on the provision that those who create higher value to the organisation and share organisational values in their everyday activities should be paid more.

Employee remuneration package consists of financial and non-financial components: base salary, variable remuneration, additional benefits, and emotional remuneration.

Litgrid exercises work performance appraisal on a consistent and regular basis as one of the most important tools for effective corporate management, helping match personal and organisational goals, show the importance of each work for common goals, enable to project a career path and motivate employees forming the objective basis for their promotion.

### Training

One of Litgrid's strategic goals is to become the centre of managerial and technical excellence in energy sector in the Baltic countries. With this goal, the company puts particular focus on competencies of each employee. Believing that each employee aspires to become an expert in this/her field and wishes to work among the same high level specialists, Litgrid creates conditions for its employees to improve their competencies and qualification in the following ways:

- Organising the internal training;
- Enriching the work content with new projects;
- Creating possibilities for participation in unique, extraordinary projects;
- Participating in external training and conferences;
- Actively participating in activities of professional organisations.

### Collective bargaining agreement

In 2013, Litgrid has signed a collective bargaining agreement with its labour union. The collective bargaining agreement defines and ensures fair remuneration policy and work-life balance and governs social and economic relations between the employer and employee. Also, it ensures support to the employees in case of important or severe adverse events of their life.

### Social responsibility of Litgrid operations

Litgrid operations are based on principles of social responsibility, sustainable development, transparency, and advanced environmental protection. The company's operations are a prerequisite of the successful functioning of the country's economy, while its long-term strategic goals and strategic electricity projects contribute to the goal of ensuring the country's energy independence.

The importance of the projects implemented encourage the company, its employees, and its management to rely on the highest professional and ethical standards, assuming responsibility in nurturing and developing consciousness, responsibility, and the desire to actively participate in building the country's well-being among society and its various groups. In our social responsibility policy, we are primarily devoted to ensuring conscientious and motivating work conditions, cultivating responsibility and public spirit, and contributing to comprehensive development and strengthening of the society that we operate in.

In order to further cooperation between separate Litgrid units and encourage employees for their involvement in horizontal processes taking place that encompass multiple units, various projects have been initiated with the goal to encourage employees to become involved in activities outside their work besides performing the tasks directly related to their work functions. Such activities foster organisational values, expand people's horizons, encourage professional and individual development, and promote the desire to contribute to the joint effort towards the organisation's results, improvement of the general image of energy- and engineering-related professions in the society, and taking pride in the company and the extremely significant projects it carries out.

Seeking to encourage young people and schoolchildren of upper grades to study engineering, Litgrid collaborates with the institutions of higher education; company specialists pay regular visits to schools and make presentations, invite schoolchildren and other groups to have company tours.

We devote our energy and resources to help society in areas where we operate grow economically, support the communities with which we work, ensure motivating conditions that encourage self-improvement for the people who work with us, and protect nature, which provides us with resources. We implement strategic,



high-value, and historically important projects, so we understand that great work carries great responsibility. Maintaining and encouraging high-quality dialogue with the society for whom and among whom we work is a cornerstone of Litgrid's daily operations.

### **About Litgrid Group's research and development activities**

Litgrid implements the electric system development and research programmes on the annual basis aimed at expanding and enhancing the efficiency of the transmission grid. The reconstruction of energy facilities involves the replacement of old equipment with the new one and the implementation of modern systems of relay protection, system automation, management, data collection and transfer. Ten-year plans for the construction and reconstruction of facilities are based on scientific research and studies. They are updated annually.

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

The Litgrid group's consolidated financial statements are prepared according to the International Financial Reporting Standards as adopted by the EU. The Litgrid internal control process includes control of service rendering-related business processes, information technology system operations, and financial statement preparation.

Consolidated financial reporting preparation is governed by the Litgrid Accounting Policies and Procedures Description, which ensure accounting practices in accordance with the International Financial Reporting Standards adopted by the EU and the laws of the Republic of Lithuania. The Litgrid procedure descriptions cover potential risks associated with accounting and financial reporting, methods and principles for managing them, and employees responsible for risk management.

### **Information technology and telecommunications competence development in the company**

Effective information technology and telecommunication (ITT) solutions play an ever more important role in ensuring smooth and constant operations; information technology has become an inseparable part of the fields of electricity system planning and management, equipment control, and service. In implementing the EU's Third Energy Package, which requires separating electricity production, transmission, and distribution operations, Litgrid evaluated the need to independently manage ITT operations.

Until June 2013, all of Litgrid's IT services were rendered by Technologijų ir inovacijų centras UAB. In 2013, the company formed an IT division, which took over part of the main ITT systems: maintenance of dispatcher management, substation tele-information collection and transfer, repair, and operations management. The transparent procurement of ITT assistive services in the market was begun in 2013, satisfying the needs of business units.

In the beginning of 2014, the company formed the unit called Information Technology and Telecommunication Centre (ITT Centre) with the activity focus on the following areas:

- Development, maintenance, and safety of the information systems for electric energy system management
- Automation of electricity transmission grid including strategic projects of the company
- Development, maintenance, safety, and continuation of business IT systems
- Delivery of quality ITT services to internal units and transparent acquisition of assistive services in the market ensuring non-interrupted operation of ITT systems in vital processes of corporate operations.

Litgrid ITT Centre employs 22 specialists. Beyond the ITT, the unit accumulates the expert knowledge of energy system management automation. It will ensure the control over the continuation of IT solutions by Litgrid and transparency of activities.



## II. Financial information

The table shows the operating results of the group and the company.

	2015 January-March		2014 January-March		2013 January-March	
	Group	Company	Group	Company	Group	Company
<b>Financial indicators (in thousands of EUR)</b>						
Sales revenues related to electricity	21,981	20,981	27,946	27,903	33,117	33,080
Other operating income	4,124	546	2,704	460	4,597	502
EBITDA*	7,215	7,332	12,036	12,475	16,465	17,058
Profit (loss) before taxes	2,411	2,579	869	1,361	6,804	7,437
Net profit (loss)	1,996	2,168	640	1,132	5,802	6,441
Cash flow from operating activities	18,057	10,926	12,240	12,438	13,145	13,062
<b>Ratios</b>						
EBITDA margin (%)	28.7	34.1	39.3	44.0	43.7	50.8
Operating margin (%)	10.5	13.1	3.1	5.2	17.2	19.2
Return on equity (%)	3.3	3.6	0.6	1.0	3.2	3.7
Return on assets (%)	1.4	1.6	0.4	0.7	3.8	4.2
Shareholders' equity / assets (%)	43.2	45.1	60.0	62.0	119.9	113.0
Liabilities / equity (%)	51.4	49.7	14.5	13.8	11.9	11.6
Liquidity indicator	0.55	0.40	1.50	1.73	1.33	1.57
<b>TSO performance indicators</b>						
Transferred quantity of electricity, million kWh		2383		2396		2483
Transmission grid process costs (%)		2.04		1.9		2.36
END (electricity not delivered due to disconnections), MWh **		0.38		0		0.75
AIT (average interruption time), min. **		0.02		0		0.03

\* Calculating the EBITDA the reduction in value of investments, fixed assets, stock, and receivables, and the costs of revaluation and writing-off of fixed assets were not involved.

\*\* Only due to reasons the operator is responsible for and due to undetermined reasons.

### Revenue

In the 1<sup>st</sup> quarter of 2015, the Litgrid group's revenue was EUR 25.1 million, an decreased by 18 % compared to the appropriate period of 2014.

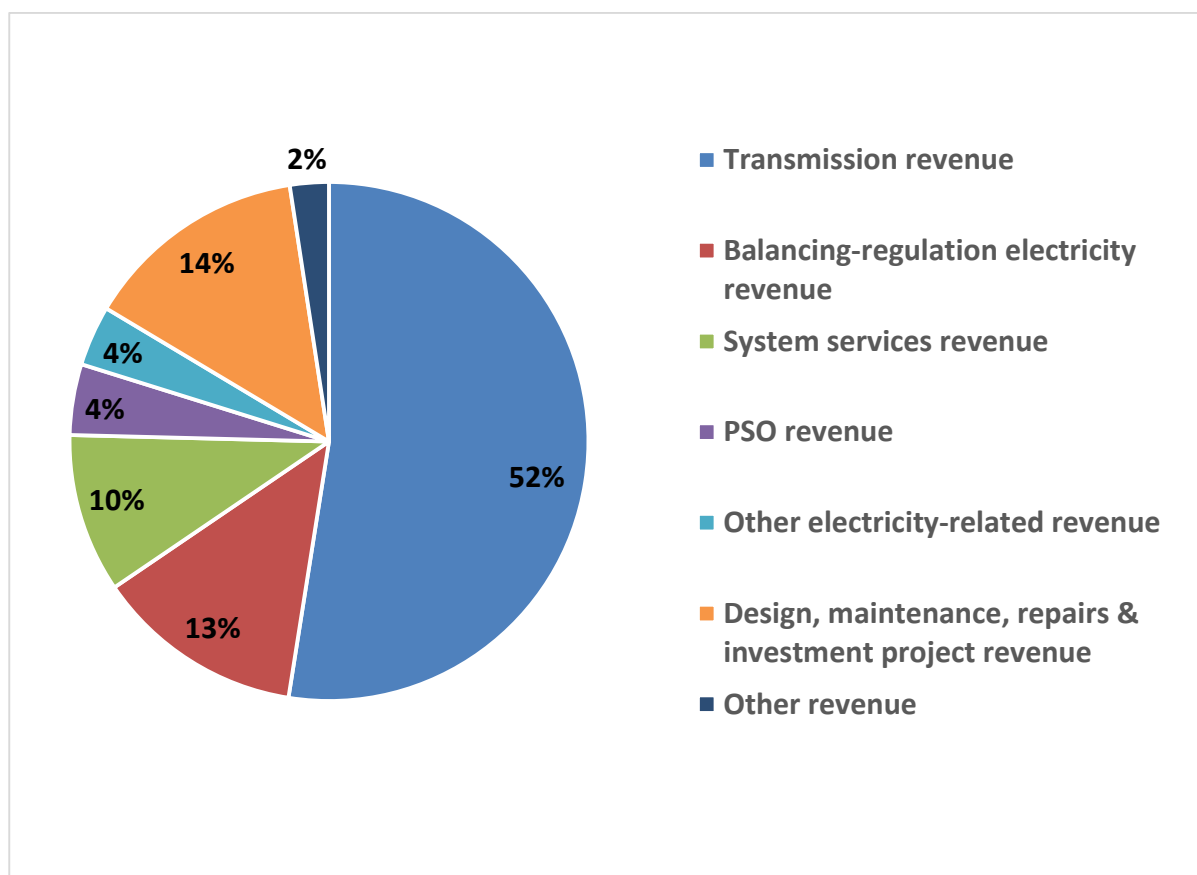
Revenue for electricity transmission decreased by 17 % compared to 2014, to EUR 13.2 million, which made up to 52 % of the group's revenue. The decrease in revenue was conditioned by 19 % lower energy transmission rate set by National Commission on Energy Control and Prices on 1 January 2015.

In January-March 2015, Litgrid's high-voltage electricity transmission grid transmitted 2,383 million kilowatt-hours (kWh) of electricity for the country's needs, or 0.5 % more than was transmitted in the appropriate period of 2014

2,196 million kWh were delivered to Lesto, the distribution grid operator, or 0.4 % less than last year, while 187 million kWh were delivered to other users, or 2.4 % less than in January-March of 2014.

Sales revenue of balancing and regulation electricity decreased by 38 % to EUR 3.3 million. The decrease resulted from balancing energy suppliers ensured greater share of their consumers' needs from other resources than from balancing energy delivered by TSO. Revenue from system (capacity reserve) services decreased by 26 % to EUR 2.5 million, with the decrease resulting from lower prices for system services set by the National Commission for Energy Control and Prices from 1 January 2015. The prices for the system services were set lower by 24 %. The fee for electricity imported to or exported from countries not belonging to the EU (ITC revenue (ITC revenue, or revenue from participation in the European transmission system operator transit compensation mechanism) was EUR 0.63 million. PSO revenues were EUR 1.1 million. Other revenue related to electricity: reactive energy, transit, and new user connection revenue equalled EUR 0.3 million.

#### Revenue structure



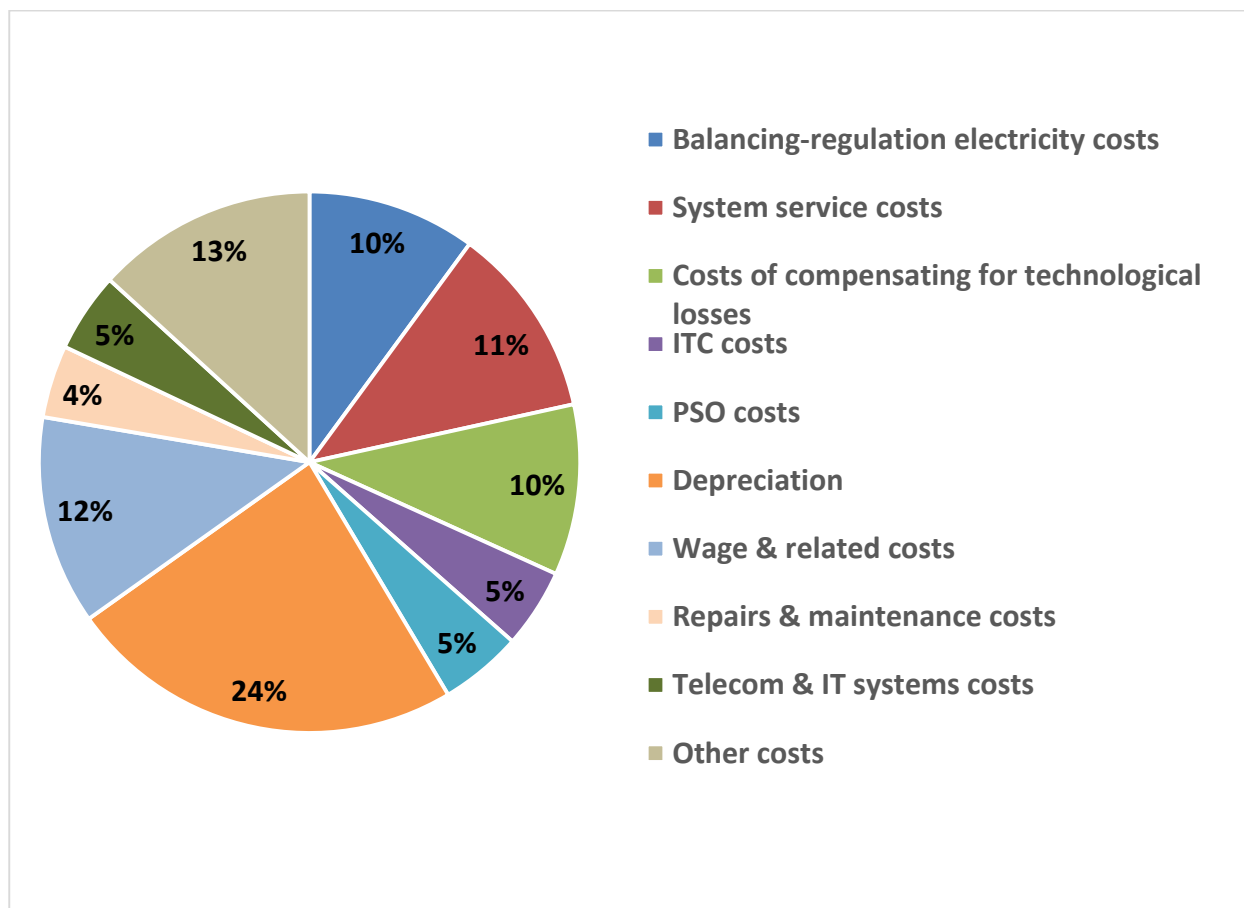
#### Costs

In the 1<sup>st</sup> quarter 2015, costs of the Group amounted to EUR 22.5 million, a 24.3 % decrease compared to the appropriate period of 2014.

The costs of purchasing electricity and related services accounted for the largest part of the Group's costs, i.e. 9.3 % or EUR 9.3 million (-20 % compared to 2014), including a 42 % decrease in balancing and regulation costs (up to EUR 2.3 million), 28 % decrease in system services costs (up to EUR 2.6 million), 9 % decrease in the electricity purchases for compensating process costs in the grid (up to EUR 2.3 million). Transit costs (participation in the Inter TSO compensation mechanism, ITC)) and PSO provision costs were EUR 1.1 million.

Depreciation and amortisation costs decreased by 50 % up to EUR 5.3 million. It resulted mainly from revaluation of Company fixed assets at the end of 2014. Other operation costs increased by 6.4 %, up to EUR 7.8 million, compared to the appropriate period of 2014.

#### Costs structure



#### Profit

In the 1<sup>st</sup> quarter of 2015, the Group losses before taxes amounted to EUR 2.4 million. In the appropriate period of 2014, the Group profit before taxes reached EUR 0.9 million. The increase in profit was mainly conditioned by lower depreciation costs due to revaluation of fixed assets and lower value of fixed assets at the end of 2014.

In the 1<sup>st</sup> quarter of 2015, the Group profit consisted of the following elements: transmission segment profit EUR 1.4 million (2014 - EUR 1.8 million), system services losses EUR 0.1 million (2014 - EUR 0.2 million), balancing and regulation electricity segment profit EUR 1.8 million (2014 - 1.3 million), other activities' losses EUR 0.6 million (2014 - EUR 1,9 million).

In the 1<sup>st</sup> quarter of 2015, the Group EBITDA was EUR 7.2 million and decreased 40 % compared to the appropriate period of 2014 m.; EBITDA margin decreased up to 28.7 % (2013 - 39.3 %).

#### Investments in fixed assets

During three month of 2015, Litgrid's investment reached EUR 64.5 million. 95 % were allocated to the implementation of strategic electricity projects and 5 % to the reconstruction and development of national transmission grid.



## **PSO operating indicators**

Based on the requirements for electricity transmission reliability and service quality approved by the National Commission for Energy Control and Prices, the following indicators are used to determine the electricity transmission reliability level: END - electricity not delivered due to disconnections, and AIT - average interruption time. The following minimum indicator values reached for 2015: END - 0.38 MWh, AIT - 0.02 min.

## **Risks**

### **Political risks**

Power sector is a vitally important sector of the economy. It exerts considerable influence over political and economic interests. The structure and management of the power sector and the operation of the companies in the energy sector are governed by the Republic of Lithuania Law on Electricity and the relevant regulations. Any amendments to national or European Union energy legislation can have an impact on the results of Litgrid Group.

Prices for energy services are regulated, with the price ceilings set by the National Commission on Energy Control and Prices. Operating results of Litgrid are directly dependent on these decisions.

### **Management of financial risks**

Companies in the Litgrid Group encounter financial risk in their operations such as credit risk, liquidity risk and market risk (foreign currency exchange risk, 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. Risk management is conducted by the Company's Financial Planning and Analysis Division in accordance with the Procedure for Treasury Management at Litgrid Group approved by the Board of Litgrid.

### **Technical risks**

Lithuania's energy system has 12 connecting lines with the neighbouring energy systems. The available power and energy balance control means are limited and the power and energy balance control process is complicated.

About 50% of equipment in the TSO transformer substations is older than 25 years. 35% of all 110 kV overhead lines and 24% of all 330 kV overhead lines are older than 45 years. Failures or faults in the main process equipment can have a negative impact on Litgrid's operations and financial results.

### **Environmental risks**

Companies of the Group comply with the environmental regulations providing for appropriate labelling, use and storage of any hazardous materials used, ensuring that equipment operated by the companies meet the requirements set for them. 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.

## **References and explanations about data provided in the Consolidated Financial Reporting**

Detailed explanations of financial information are provided in the Explanatory Notes to the Financial Reporting for three month of 2015.

### **Dividend policy**

The Government of the Republic of Lithuania, which controls 97.5% shares in Litgrid indirectly through EPSO-G UAB, has established the principles of allocation of dividend on the shares owned by the State by its resolution No 20 of 14 January 1997 (new version of the Resolution: No 359 of 4 April 2012).

The general meeting of shareholders of Litgrid held on April 24, 2015 decided not to pay dividends for the year 2014.

### III. Information on Authorised Capital and Shareholders

Litgrid has not acquired its own shares so there were no acquisitions or disposals of own shares during the reporting period. Subsidiaries of the Company have not acquired shares of the Company either.

Since 22 December 2010, Litgrid's shares are listed on the Additional Trading List of NASDAQ OMX Vilnius, issue ISIN code LT0000128415.

As of 17 April 2015 the Company had 5 627 (five thousand six hundred and twenty seven) shareholders. On 28 September 2012, implementing The European Union's Third Energy Package, Litgrid as a transmission system operator was separated from other companies in the electricity sector. The shares in Litgrid owned by that date by Visagino Atominė Elektrinė UAB were transferred to a state-controlled company EPSO-G UAB which is wholly-owned by the Ministry of Energy. As of 31 December 2013, EPSO-G UAB (A. Juozapavičiaus g. 13, LT-09310 Vilnius, business ID 302826889) owned 491,736,153 ordinary registered shares of the Company, i. e. 97.5% of Litgrid's authorised capital.

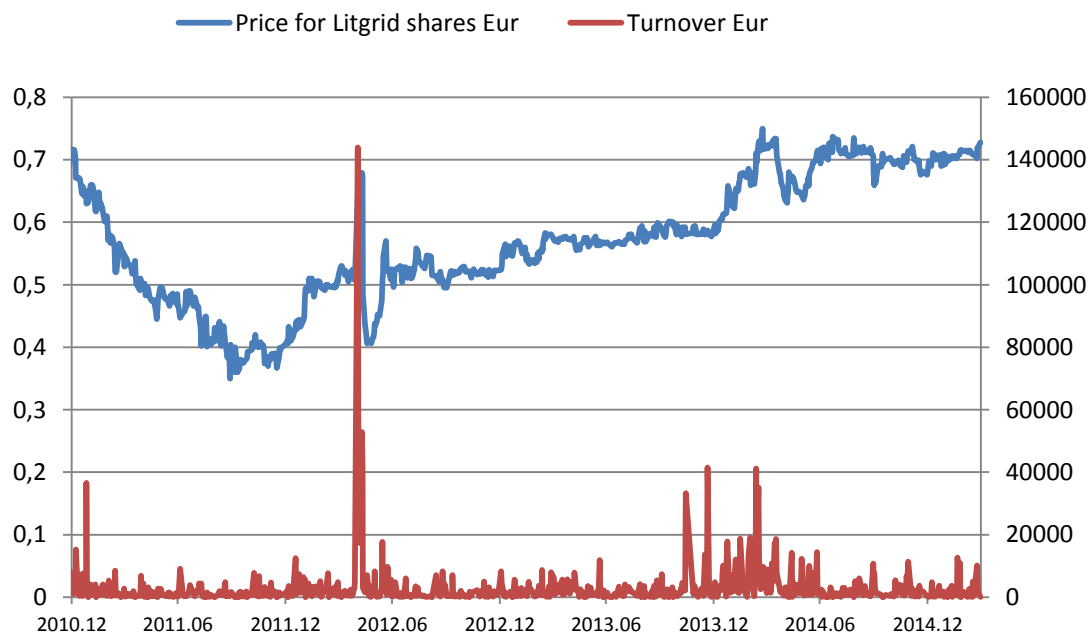
On 28 December 2012, Litgrid concluded an agreement with Swedbank, AB on accounting for the Company's securities and related services for the period from 1 February 2013 until 31 January 2016.

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

Trading in Litgrid securities in regulated markets:

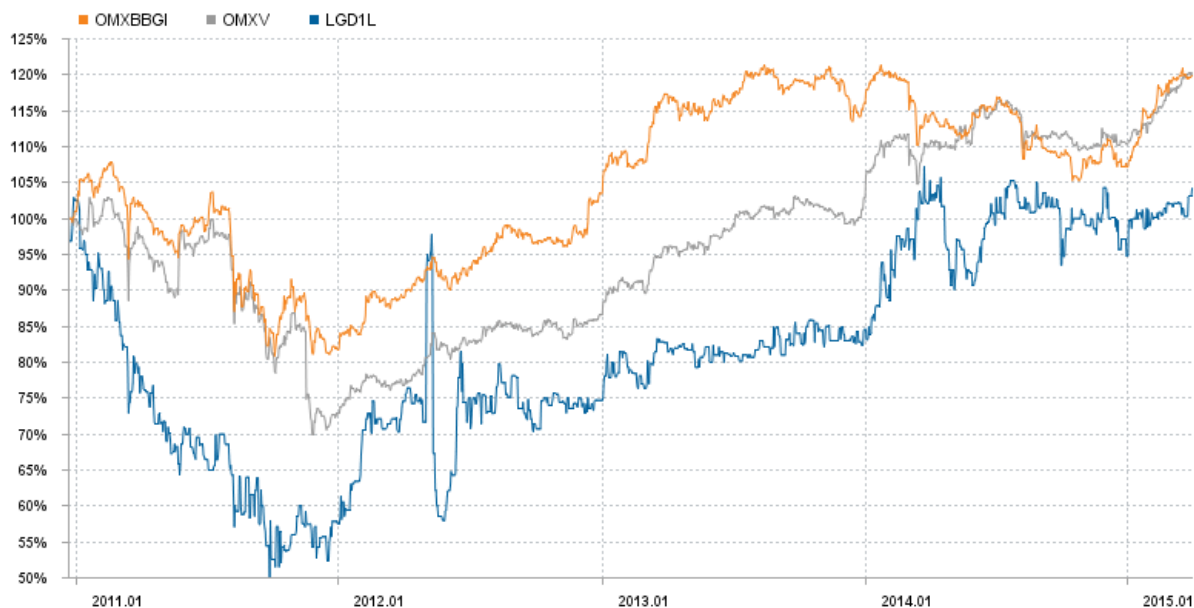
Indicator	2012	2013	2014	2015 January - March
Opening price, Eur	0,403	0,523	0,593	0,698
Highest price, Eur	0,685	0,608	0,750	0,729
Lowest price, Eur	0,385	0,520	0,582	0,672
Closing price, Eur	0,523	0,592	0,664	0,698
Average price, Eur	0,564	0,573	0,684	0,706
Turnover, pcs	1 306 805	726 551	1 176 548	134 061
Turnover, Eur m	0,74	0,42	0,8	0,09
Capitalisation, Eur m	263,77	298,56	334,88	352,02

Turnover and price of Litgrid shares during the period from start of trading in Litgrid shares on 22 December 2010 until 31 March 2015:



Comparison of Litgrid (LGD1L) share price with OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the period from start of trading in Litgrid shares on 22 December 2010 until 31 March 2015:

#### Baltic market indexes



#### Articles of Association

Articles of Association of Litgrid may be amended under the procedure established by the Republic of Lithuania Law on Companies. Decisions are adopted by at least 2/3 majority vote of the shares of the shareholders attending the general meeting of shareholders.

#### The General Meeting of Shareholders

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

The scope of competence of the general meeting of shareholders and the procedure for its convention and adopting of decisions is established by the laws, other legal acts and the Articles of Association.

#### The Supervisory Council

The Supervisory Council is a standing collegiate body that exercises supervision of the Company's operations.

The Supervisory Council reports to the general meeting of shareholders.

The Supervisory Council is headed by the chairperson elected by the Supervisory Council itself from among its members.

The Supervisory Council has three members including the chairperson. Independent members can also be elected to the Supervisory Council<sup>1</sup>. The Supervisory Council is elected for a term of office of four years. The Supervisory Council or its members start their activities after the end of the general meeting of shareholders that has elected the supervisory council/its members.

The shareholder (or his representative) that puts up a candidate for the position of the member of the Supervisory Council must submit to the general meeting of shareholders a written statement about the candidate's qualifications, experience in managing positions, and fitness for the position of the member of the Supervisory Council including explanations concerning the meeting of the requirements set out in the Articles of Association of the Company, and providing conclusions by competent bodies and/or other documents proving compliance.

### *Areas of activities of the Supervisory Council*

The Supervisory Council is authorised to monitor the implementation of the Company's strategy and the transmission grid development plan; submit to the general meeting of shareholders feedback and proposals on the implementation of the transmission grid development plan; submit to the Board and the general meeting of shareholders (if the relevant issue is considered by the general meeting of shareholders) feedback and proposals on the decisions adopted by the Board as stated in the Articles of Association); adopt decisions on agreements with Members and Chairperson of the Board concerning work in the Board, set standard terms and conditions of such agreements, and appoint a person authorised to sign such agreements on behalf of the Company; adopt decisions on the size of remuneration to Board Members (if it is decided to pay such remuneration); ensure the effectiveness of the internal control system in place at the Company.

### *Audit Committee*

In February 24, 2014, Litgrid AB Supervisory Council decided to elect three members to the Audit Committee of the company, two of whom are independent: independent member Aušra Pranckaitytė, independent member Rima Kvietkauskaitė, and Litgrid Financial Analyst Ana Tursienė.

The Audit Committee analysed corporate risk management, internal auditing plans, IT security, the auditing process of financial reporting.<sup>1</sup> The Audit Committee's term of office is the same as the Supervisory Council who has approved the composition of the committee.

### **The Board**

The Board consists of five members and is elected for the term of office of four years. The term of office 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 general meeting of shareholders held in the last year of the Board's term of office.

In case the Board or a Board Member is recalled, resigns or ceases to perform its/his duties for any other reason, the new Board/Board Member will be elected for the new term of the Board. The person that puts up a candidate for the position of the Member of the Board must submit to the Supervisory Council a written statement about qualifications of the candidate, his/her experience in managing positions, and fitness for the position of the Member of the Board including explanations concerning the meeting of the requirements set out in the Articles of Association of the Company, and providing conclusions by competent bodies and/or other documents proving compliance.

The Board elects the Chairperson from its members.

The Board works in accordance with the laws and other legal acts, the Articles of Association, decisions of the general meeting of shareholders and Work Regulations of the Board.

The Board is a collegiate management body of the Company. The scope of competence of the Board and the procedure for adoption of decisions and electing and recalling of its members is established by the laws, other legal acts and the Articles of Association.

The Board reports to the Supervisory Council and the general meeting of shareholders.

### *Areas of activities of the Board*

The Board is authorised to consider and approve a three-year action plan for the implementation of the Company's strategy, a ten-year plan for the development of the Company's transmission grid, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board adopts decisions on the Company's undertaking of new lines of activities or ceasing to carry out certain activities to the extent to which this does not contradict the purpose of the Company's operations. It also adopts decisions on issue of bonds, restructuring of the Company,

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<sup>1</sup> Independence of a member of Supervisory Council (or its committee) is established under the procedure set forth by the legislation applicable to the company. Where no such procedure is established, independence of a member of the Supervisory Council (or its committee) is decided upon by the Supervisory Council of the company.

transfer of the Company's shares to other persons, decisions of financial transactions exceeding LTL 10 m in value. The Company also adopts decisions on other matters as stated in the Articles of Association.

#### *Areas of activities of the Chief Executive Officer*

The Chief Executive Officer (CEO) is the single-person management body of the Company. The CEO organises and directs the Company's activities, acts on behalf of the Company and concludes transactions on a single-handed basis.

The scope of competence of the CEO as well as the procedure for his/her election and recalling is established in the laws, other legal acts and the Articles of Association.

#### **Members of the Supervisory Council, Members of the Board, CEO and Chief Financier of Litgrid:**

Position	Name, surname	Start date	End date	Number of shares of the Issuer*
Supervisory Council				
Chairperson	Aleksandras Spruogis	24/04/2013		-
Member	Audrius Misevičius	24/04/2013		-
Member	Violeta Greičiuvienė	24/04/2013	07/04/2014	-
Independent member	Mindaugas Vaičiulis	07/04/2014	24/04/2015	-
Member	Rolandas Zukas	24/04/2015		-
Audit Committee				
Member	Aušra Pranckaitytė	24/02/2014		-
Member	Rima Kvietkauskaitė	24/02/2014		-
Member	Ana Tursienė	24/02/2014		-
Board				
Chairperson	Daivis Virbickas	10/09/2013		-
Member	Karolis Sankovski	10/09/2013		-
Member	Vidmantas Grušas	10/09/2013		-
Member	Rimantas Busila	10/09/2013		-
Member	Rolandas Masilevičius	18/12/2013		1421
Chief Executive Officer	Daivis Virbickas	10/09/2013		-
Chief Financier	Svetlana Sokolskytė	02/07/2012		-

\* Data on the number shares hold by the issuer is as at 31/12/2014.

#### **Members of Supervisory Council of Litgrid**

Dr. Aleksandras Spruogis, Chairperson of the Supervisory Council  
Born in 1963, 1980-1985 - Faculty of Construction of Vilnius Civil Engineering Institute, civil engineer's qualifications (Diploma cum Laude). 1991-1992 - Faculty of Environmental Engineering of Vilnius Gedimino Technical University, Master of Environmental Engineering. 1996 - Doctor of Technical Sciences in environmental engineering (at Vilnius Gedimino Technical University). Work record: 1990-1997 - Research Assistant at Environment and Working Conditions Research Laboratory and Assistant at the Environmental Protection Department of Vilnius Civil Engineering Institute (Vilnius Gedimino Technical University). 1997-2003 - Senior Adviser to the Environmental Protection Committee of the Seimas (Parliament), Chairperson of the Panel of Advisers at Seimas. 2003-2009 - Secretary of the Ministry of Environment. 2009-2009 - Senior Adviser to the Ministry of Environment. 2009-2012 - Vice-Minister of Environment.



**Mr Audrius Misevičius, Member of the Supervisory Council**

Born in 1959. 1982 - qualifications of economist awarded by Vilnius University and Doctor of Social Sciences at the Institute of Finances and Economics of St Petersburg. 1993 - Associated Professor at Vilnius University. Work record: 1982-2005 - advanced trainee, assistant, Assoc. Professor at Finance Department of Vilnius University, 1990-1992 - Deputy Minister of Social Security. 1992 - Minister of Finance. 1993 - Assistant/secretary to Member of Parliament Rudys. 1993-1995 - financier, Stern von Litauen AG, UAB. 1996 - Head of Tax Department of TŪB J. Kabašinskas ir Partneriai. 1996-2013 - Deputy Chairman of the Board, Member of the Board of the Bank of Lithuania. Since 2013 - Adviser to the Prime Minister of the Republic of Lithuania. 1998-2013 - Member of the Council, VĮ Indėlių ir Investicijų Draudimas; Curator, Lietuvos Monetų Kalykla UAB.

**Mr Rolandas Zukas, Member of the Supervisory Council**

Born in 1974. Mr Rolandas Zukas holds university degrees in economics of transport engineering and management. Former CEO of the liquefied natural gas terminal at Klaipėdos nafta UAB, former Member of the Board and CEO at Energijos tiekimas UAB.

Currently - CEO at EPSO-G UAB holding control of 97.5 % of Litgrid AB shares.

**Members of the Board of Litgrid**

**Daivis Virbickas, Chairman of the Board**

Born in 1980. Responsible for strategic management and power system management. Has experience of many years in the development and management of the long-term power transmission system development strategies, analysis of electricity markets, and corporate governance. Until 2013 - Sales Director at Alpiq Energija Lietuva representing Alpiq AG, a Swiss holding company, in the Baltic States. Until 2011 - Technical Director at Litgrid, Lithuanian electricity transmission system operator.

**Karolis Sankovskis, Member of the Board**

Born in 1962. Responsible for the electricity transmission grid management. Has many years of experience in the operation of high-voltage electricity transmission grid equipment, development of grid facilities and operational control.

**Vidmantas Grušas, Member of the Board**

Born in 1962. Mr Vidmantas Grušas is responsible for management of the electricity transmission network. Mr Grušas is highly experienced in maintenance of high-voltage electricity transmission network equipment, development of network sites, and operations control.

**Rimantas Busila, Member of the Board**

Born in 1958. Responsible for financial management. Experienced in financial, investment and securities management.

**Rolandas Masilevičius, Member of the Board**

Born in 1972. Responsible for ITT policies and administration. Experienced in administration and implementation of IT projects.

The Chief Executive Officer of the Company received no payments for his work in the Board of the Company. The Independent Member of the Board received EUR 933.96 for the reporting period for work in the Board. No payments for work in the Board were made to other Board Members and no payments for work in the Supervisory Council were made to the Supervisory Council Members. Members of the Audit Committee received EUR 1,020.90 (gross) for work in the Audit Committee. Over the reporting period, the amount of pay (gross) to the CEO and Chief Financier of the Company amounted to EUR 32,215.37, and the average pay (gross) per person (i.e. the CEO / Chief Financier) was EUR 16,107.69.

Information on major related-party transactions, their amounts, type of related-party relationships and other information on the transactions which is necessary for the understanding of the Company's financial position is provided in Note 28 of the Explanatory Notes to the Financial Reporting.

Information on compliance with the Code of Corporate Governance is provided in the Annex to this Report.



## Transparency

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

- the Company does not publish managers' and employees' salaries;
- the Company does not have the practice of specifying the average monthly pay by divisions in the Annual Report.

## Notes and material events published by Litgrid from 1 January to 29 May 2015:

Date	Event
30/04/2015	Regarding the sale of shares of NT Valdoss, UAB
28/04/2015	Litgrid seeks partial European Union funding for electricity interconnection with Poland
24/04/2015	Decisions adopted at the Ordinary General Shareholders Meeting of LITGRID AB, 24 April 2015
03/04/2015	Litgrid AB Supervisory Board's Response and Suggestions to the Ordinary General Meeting of Shareholders
31/03/2015	Calling of the ordinary general meeting of shareholders of Litgrid
26/03/2015	No breach of the regulated activity conditions on the Litgrid's part
04/03/2015	Information on resignation of the Supervisory Council Member
27/02/2015	Financial results of Litgrid Group for 2014 published
20/01/2015	National Commission for Energy Control and Prices fixed higher upper limit of electricity transmission rate

For detailed information on the material events published in 2015 please visit 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 Litgrid website <http://www.litgrid.eu/index.php/apie-litgrid/investuotojams/esminiai-ivykiai-/478>.