

**Amber
Grid**



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CONFIRMATION OF RESPONSIBLE PERSONS

30 October 2013 No *13-400-3*

Following Art. 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and the Submission of Periodic and Additional Information approved by the Board of the Bank of Lithuania of 28 February 2013, we, Saulius Bilys, General Manager and Rimantas Šukys, Financial Director of AB Amber Grid, hereby confirm that to the best of our knowledge, the attached AB Amber Grid Company's Condensed Financial Statements for the 30 September 2013 Prepared According to International Financial Reporting Standards as Adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB Amber Grid.

General Manager

Saulius Bilys

Financial Director

Rimantas Šukys

AB AMBER GRID

**FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2013
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

AB AMBER GRID, company code 303090867, Gudelių g. 49, Vilnius, Lithuania
COMPANY'S CONDENSED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2013
(all amounts are in LTL thousand unless stated otherwise)

Statements of financial position

		Notes	As of 30 September 2013 (pre-audited)	As of 31 July 2013 (pre-audited)
ASSETS				
A.	Non-current assets		1,579,298	1,576,673
I.	Intangible assets		1,616	1,529
II.	Property, plant and equipment		1,577,226	1,574,672
II.1.	Land		387	387
II.2.	Buildings and structures		1,215,195	1,223,862
II.2.1.	Buildings		27,016	27,202
II.2.2.	Transmission networks and related installations		1,167,456	1,175,708
II.2.3.	Distribution networks and related installations		381	383
II.2.4.	Other buildings and structures		20,342	20,569
II.3.	Machinery and equipment		222,948	225,882
II.4.	Vehicles		5,198	4,996
II.5.	Other equipment, tools and devices		10,705	11,359
II.6.	Other property, plant and equipment		674	700
II.7.	Construction in progress	3	122,119	107,486
III.	Non-current financial assets		456	472
III.1.	Investment into subsidiary		-	-
III.2.	Investment into joint venture	1	456	472
III.3.	Non-current accounts receivable		-	-
B.	Current assets		140,386	119,123
I.	Inventories and prepayments		25,820	26,995
I.1.	Inventories		25,696	26,829
I.1.1.	Raw materials, spare parts and other inventories		5,773	5,744
I.1.2.	Goods for resale (including natural gas)		19,923	21,085
I.2.	Prepayments		124	166
II.	Accounts receivable		62,480	52,684
II.1.	Trade receivables	4	10,921	8,302
II.2.	Other receivables	5	51,559	44,382
III.	Prepaid income tax		-	-
IV.	Other financial assets	6	33,246	27,302
V.	Other current assets		-	-
VI.	Cash and cash equivalents		18,840	12,142
	Total assets		1,719,684	1,695,796


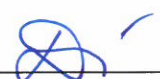
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The accompanying notes are an integral part of these financial statements.

Statements of financial position (cont'd)

		As of 30 September 2013 (pre-audited)	As of 31 July 2013 (pre-audited)
	Notes		
EQUITY AND LIABILITIES			
C.	Equity	1,202,327	1,203,383
I.	Share capital	178,382	178,382
II.	Reserves	1,015,111	1,015,111
II.1.	Legal reserve	17,838	17,838
II.2.	Other reserves	997,273	997,273
III.	Retained earnings	8,834	9,890
D.	Liabilities	517,357	492,413
I.	Non-current liabilities	395,696	392,271
I.1.	Non-current borrowings	157,500	157,500
I.2.	Grants (deferred revenue)	127,378	122,053
I.3.	Non-current employee benefits	1,133	1,133
I.4.	Deferred tax liability	109,685	111,585
II.	Current liabilities	121,661	100,142
II.1.	Current portion of non-current borrowings	23,572	23,572
II.2.	Trade payables	14,454	8,528
II.3.	Income tax payable	258	-
II.4.	Payroll related liabilities	3,006	1,129
II.5.	Other payables and current liabilities	80,371	66,913
Total equity and liabilities		1,719,684	1,695,796

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



General Manager	Saulius Bilys		30 October 2013
Chief Accountant	Dzintra Tamulienė		30 October 2013

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Income statements

	Notes	30 September 2013 (pre-audited)
I. Revenue		26,373
I.1. Sales		25,842
I.2. Other income		531
II. Expenses		(28,697)
II.1. Cost of natural gas		(12,772)
II.2. Other expenses		(15,925)
III. Profit from operations		(2,324)
IV. Financial activity		(480)
IV.1. Income		29
IV.2. Expense		(509)
V. Profit before tax		(2,804)
VI. Income tax	8	1,642
VI.1. Current period income tax		(258)
VI.2. Deferred income tax		1,900
VII. Net profit		(1,162)



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

General Manager	Saulius Bilys		30 October 2013
Chief Accountant	Dzintra Tamulienė		30 October 2013

Statements of comprehensive income

	30 September 2013 (pre-audited)
I. Net profit/losses	<u>(1,162)</u>
II. Total comprehensive income	<u><u>(1,162)</u></u>

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

General Manager	Saulius Bilys		30 October 2013
Chief Accountant	Dzintra Tamulienė		30 October 2013



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Statements of changes in equity

	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 31 July 2013 (pre-audited)	178,382	17,838	997,273	9,890*	1,203,383
Total comprehensive income	-	-	-	(1,056)	(1,056)
<i>Net profit for the year</i>	-	-	-	(1,056)	(1,056)
Balance as of 30 September 2013 (pre-audited)	178,382	17,838	997,273	8,834	1,202,327

*The figure includes a loss of LTL 106 thousand incurred in June and July of 2013.

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

<u>General Manager</u>	<u>Saulius Bilys</u>		<u>30 October 2013</u>
<u>Chief Accountant</u>	<u>Dzintra Tamulienė</u>		<u>30 October 2013</u>

Statements of cash flows



	30 September 2013 (pre-audited)
I. Cash flows from (to) operating activities	
I.1. Net profit	(1,162)
Adjustments of non-cash items and other corrections:	
I.2. Depreciation and amortisation	12,772
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	1
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	(167)
I.5. Income tax expenses	(1,642)
I.6. Interest (income)	(1)
I.7. Interest expenses	493
I.8. (Amortisation) of the grants (deferred revenue)	(524)
I.9. Elimination of the other investing activity results	-
I.10. Elimination of other non-cash items	10,103
	19,873
Changes in working capital:	
I.11. Decrease (increase) in inventories	1,268
I.12. Decrease (increase) in trade accounts receivable	(2,589)
I.13. Decrease (increase) in other accounts receivable and prepayments	(6,851)
I.14. Increase (decrease) in trade accounts payable	3,560
I.15. Increase (decrease) in other accounts payable and other current liabilities	5,306
I.16. (Increase) decrease of other financial assets	(5,944)
I.17. Income tax (paid)	-
Total changes in working capital	(5,250)
Net cash flows from operating activities	14,623
II. Cash flows from (to) investing activities	
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(13,030)
II.2. Proceeds from sales of property, plant and equipment	-
II.3. Decrease (increase) in term deposits	-
II.4. Interest received	1
II.5. Disposal (acquisitions) of other short term investments	-
Net cash flows (to) investing activities	(13,029)

The accompanying notes are an integral part of these financial statements.
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Statements of cash flows (cont'd)

	30 September 2013 (pre-audited)
III. Cash flows from (to) financing activities	
III.1. Dividends (paid)	-
III.2. Grants received	5,565
III.3. Interest (paid)	(461)
Net cash flows from (to) financing activities	5,104
IV. Net increase (decrease) in cash and cash equivalents	6,698
V. Cash and cash equivalents at the beginning of the period	12,142
VI. Cash and cash equivalents at the end of the period	18,840

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

General Manager	Saulius Bilys		30 October 2013
Chief Accountant	Dzintra Tamulienė		30 October 2013

Notes to the financial statements

1 General information

AB Amber Grid (hereinafter – the Company) was incorporated on 25 June 2013 through a spin-off from AB Lietuvos Dujos of the natural gas transmission activity. On 18 July 2013, the National Control Commission for Prices and Energy (hereinafter – the NCCPE) issued in respect of the Company an interim natural gas transmission operator's licence effective from 1 August 2013. On 2 August 2013, AB Lietuvos Dujos by a Transfer and Acceptance Deed transferred to AB Amber Grid the assets rights and obligations attributed to the gas transmission activity as of 31 July 2013.

As of 30 September 2013, the Company's shareholders were as follows:

	<u>Number of shares held</u>	<u>Ownership share (percent)</u>
E.ON Ruhrgas International GmbH	69,416,233	38.9
OAD Gazprom	66,112,761	37.1
Ministry of Energy of the Republic of Lithuania	31,575,724	17.7
Other shareholders	<u>11,277,796</u>	<u>6.3</u>
	<u>178,382,514</u>	<u>100.0</u>

The Company's share capital amounts to LTL 178,382,514, divided into 178,382,514 ordinary registered shares with par value of one LTL each.

Since 1 August 2013, the Company's ordinary registered shares have been listed on the Secondary trading list of NASDAQ OMX Vilnius.

The Company's investment into UAB GET Baltic, a joint venture co-owned with AB Lietuvos Dujos and the Finnish gas company Gasum Oy, in the Company's financial statements as of 30 September 2013 was accounted for using the equity method. The condensed financial statements as of 30 September 2013, prepared by UAB GET Baltic in accordance with International Financial Reporting Standards (IFRS), were not audited.

2 Accounting principles

The Company's condensed financial statements as of 30 September 2013 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

On 12 June 2012, the Seimas of the Republic of Lithuania passed the Law on the Liquefied Natural Gas Terminal (hereinafter referred to as "the LNGT"), setting forth that the installation and operation of the LNGT, including the infrastructure and the connector, may be co-financed with a mark-up imposed on the natural gas transmission tariff. Accordingly, on 9 October 2012, the NCCPE adopted Resolution No. O3-294 "On the Adoption of Procedure for the Administration of Funds to Finance in Part or in Full the Costs Related to the Installation and Operation of the Liquefied Natural Gas Terminal, Including Infrastructure and Connector thereof", setting forth a procedure for the administration of the aforesaid funds. On 28 September 2012, the NCCPE by its Resolution No. O3-275 "On Amending the National Control Commission for Prices and Energy Resolution No. O3-106 on the Natural Gas Transmission and Distribution Price Cap Calculation Methodology as of 8 August 2008" set forth that funds required to compensate in full or in part for the costs incurred in relation to the installation of the LNGT, including the infrastructure and connector thereof, by a special NCCPE decision to that effect may be imposed as a complementary and integral component of the natural gas transmission price cap – an LNGT mark-up. By its Resolution No. O3-330 as of 26 October 2012 the NCCPE set the LNGT mark-up amount for the year 2013: LTL 37.53 per thousand cubic meters.

Since 1 January 2013, the Company, in implementation of the aforesaid legal provisions, have been collecting and administering the aforesaid LNGT funds. In the collection and administration of the LNGT funds, the Company act only as intermediaries that are performing this function for and on behalf of the State and this activity does not generate any revenue / profit in the process of the ordinary activities of the Company. The LNGT funds, which are collected from the payers and transferred to the beneficiaries (to the company that is implementing the LNGT project or the LNGT operator) are not considered to be either the Company's revenue / expense items, and are accounted for as other receivables / other payables. The LNGT funds amount allocated to cover the LNGT fund administration costs are considered to be the Company's revenue and are accounted for as a gas transmission activity item.

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3 Construction in progress

Major objects of construction in progress of the Company as of 30 September 2013 and 31 July 2013 were as follows:

Object	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
Construction of the Jurbarkas – Klaipėda gas transmission pipeline:	110,730	98,984
<i>Construction of gas transmission pipeline from the branch to gas distribution station (hereinafter – GDS) in Tauragė to the branch to GDS in Šilutė</i>	58,763	54,152
<i>Construction of gas transmission pipeline from the branch to GDS in Šilutė to the branch to GDS-2 in Klaipėda, the branch to GDS-2 in Klaipėda and GDS-2 in Klaipėda</i>	51,967	44,832
Acquisition of container-type GDS	4,654	3,988
Other	6,735	4,514
	122,119	107,486

4 Trade receivables

	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
Receivables from gas transmission system users	11,023	8,441
Other trade receivables	6	-
Less: allowance for trade receivables	(108)	(139)
	10,921	8,302

The Company's receivables from the users of the system for natural gas transmission as of 30 September 2013 increased because of the two new system users.

5 Other receivables

	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
LNGT funds receivable (administered by the Company)	45,547	38,657
Other receivables	6,012	5,725
Less: allowance for other receivables	-	-
	51,559	44,382

6 Other financial assets

The Company's Other financial assets as of 30 September 2013 consisted of the cash payable to the LNGT beneficiaries that is kept in a separate LNGT funds bank account that was selected and opened in compliance with respective legal provisions.

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7 Loans

As at 30 September 2013, the loan amount granted to the Company according the long-term financial instrument agreement with Swedbank AB of 22 October 2012 stood at LTL 180 million (EUR 52.1 million).

	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
Long-term loans		
Loans from credit institutions of Lithuania	157.500	157.500
Short-term loans		
Current portion of long-term loans	23.572	23.572
	<u>181.072</u>	<u>181.072</u>

Company's long-term debt repayment terms:

	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
	Loans with a fixed interest rate	Loans with a fixed interest rate	Loans with floating interest rate	Loans with floating interest rate
2013	1.072	1.072	-	-
2014	-	-	45.000	45.000
2015	-	-	45.000	45.000
2016	-	-	45.000	45.000
2017	-	-	45.000	45.000
	<u>1.072</u>	<u>1.072</u>	<u>180.000</u>	<u>180.000</u>

The applicable interest rate is close to the effective interest rates. As of 30 September 2013, the weighted average of the annual interest rates of the Company's loans stood at 1.536 percent.

The calculations were based on the official exchange rate of the Bank of Lithuania as of 30 September 2013: 1 EUR = LTL 3.4528.

All the Company's loans are in euros.

There are no third-party guarantees and the Company's assets pledged as collateral for bank loans.

8 Income tax

The corporate income tax rate used to tax the Company's profits of 2013: 15 percent. The income tax expense for the period comprises current income tax and deferred tax.

9 Trade payables

	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
Payables to suppliers in according to the Construction programme	8,239	6,788
Payables to suppliers according to the Reconstruction programme	1,967	1.051
Payables to suppliers of non-current assets repairs	2,072	-
Other	2,176	689
	<u>14,454</u>	<u>8,528</u>

10 Other payables and current liabilities

	30 September 2013 (pre-audited)	31 July 2013 (pre-audited)
LNGT funds payable administered by the Company	33,223	27,302
Accrued LNGT funds administered by the Company *	43,719	37,625
VAT payable	1,526	-
Other payables	1,903	1,986
	80,371	66,913

The Company's Other payables and current liabilities as of 30 September 2013 saw a significant increase, which mainly came as a result of the LNGT funds payable administered by the Company, the accrued LNGT funds administered by the Company and the increase in the VAT payable.

* The accrued LNGT funds administered by the Company are attributed to the LNGT funds payable account only when the gas transmission system users pay them to the Company.

11 Commitments and contingencies

Legal disputes

According to the Republic of Lithuania Law on the Liquefied Natural Gas Terminal and applicable resolutions adopted by the NCCPE, all the natural gas system users that transport natural gas via the gas transmission system, when settling accounts for gas transmission services rendered to them must pay an additional tariff mark-up constituting an integral part of the overall natural gas transmission tariff – an LNGT mark-up (also referred to as the LNGT funds). In accordance with the statutory provisions, the LNGT funds shall be administered by the natural gas transmission system operator. Before 31 July 2013, the functions of the administrator of the LNGT funds were performed by AB Lietuvos Dujos. Following the NCCPE decision on the withdrawal of the AB Lietuvos Dujos natural gas transmission operator's license and on the issuance of a fixed-term gas transmission operator's license to AB Amber Grid, from 1 August 2013, it is AB Amber Grid that must collect the LNGT funds from the natural gas system users (through the application of the LNGT mark-up). In view of the fact that AB Achema, being a user of the Gas Transmission System, systematically failed to pay the statutory LNGT mark-up, AB Lietuvos Dujos, being the administrator of the LNGT funds, on 12 April 2013, filed a lawsuit with the Kaunas District Court regarding the payment of the LNGT funds, order to pay a default interest and the obligation to perform the contract. On 1 August 2013, by a Transfer-Acceptance Deed AB Lietuvos Dujos transferred the aforesaid case to AB Amber Grid. The outcome of the case will have no financial impact on the Company, because when the Court grants AB Amber Grid's claim, the amount awarded by the Court will be transferred to the beneficiary of the LNGT mark-up funds.

On 19 November 2012, AB Achema appealed to the Vilnius Regional Administrative Court requesting revocation of items 3.1 and 4 of Resolution No. 03-317 of 19 October 2012 "On fixing the fund amount to compensate, in full or in part, for the costs of the construction and operation of the Liquefied Natural Gas Terminal, its infrastructure and connector in the year 2013" and requesting repeal of item 2 of the NCCPE Resolution No. O3-330 of 26 October 2012 "On the adjustment of AB Lietuvos Dujos natural gas transmission and distribution price caps and introduction of a complementary and inseparable component of the natural gas transmission price cap (the LNGT mark-up) for the year 2013". On 29 January 2013, by a court order AB Lietuvos Dujos was involved into the judicial dispute as an interested third party. On 1 August 2013, by a Transfer-Acceptance Deed the aforesaid case was transferred by AB Lietuvos Dujos to AB Amber Grid.

On 10 July 2013, AB Lietuvos Dujos received a notification by the Panevėžys District Court that on 3 July 2013 the Court issued a ruling to apply to a Specialized Judicial Panel for Jurisdiction Disputes requesting opinion thereof whether the lawsuit of the plaintiff, a prosecutor of the Public Interest Defense Department of the Panevėžys District Prosecutor's Office against the defendants, the Ministry of Economy of the Republic of Lithuania, AB Lietuvos Dujos, the third parties –the Lithuanian Road Administration under the Ministry of Transport and Communications of the

Commitments and contingencies (cont'd)

Republic of Lithuania, and VĮ Panevėžio Regiono Keliai – regarding the revocation of the Minister of Economy's orders in the part of the transfer of a road of national importance, application of restitution is attributable to the general competence courts or to the administrative court. On 1 August 2013, by a Transfer-Acceptance Deed AB Lietuvos Dujos transferred the aforesaid case to AB Amber Grid. By the court order of 3 October 2013 AB Amber Grid was ordered to submit a response. The outcome of the case may have a financial impact on the Company, because should the court grant the prosecutor's claim, the court would order a restitution and AB Amber Grid would be obliged to return to the state ownership a 6,534-square meter long section of a road, and the Ministry of Economy would be obliged pay a monetary compensation to AB Amber Grid in the amount of the value of the road in question.

12 Related party transactions

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

The related parties of the Company, transaction amounts and debts as of 30 September 2013 were as follows:

- E.ON Ruhrgas International GmbH (one of the major shareholders of the Company);
- OAO Gazprom (one of the major shareholders of the Company);
- Ministry of Energy of the Republic of Lithuania (one of the major shareholders of the Company);
- UAB GET Baltic (joint venture where the Company has an interest);
- AB Lietuvos Dujos (the same shareholders);

The tables below present the Company's balances and transactions with related parties as of 30 September 2013.

As of 30 September 2013 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom		4.285	2.298	-
AB Lietuvos Dujos	2.814	4.937	2.166	1.050
<i>of which the LNGT funds</i>		<i>1.080</i>	<i>694</i>	
UAB GET Baltic	1	221		-
	2.815	9.443	4.464	1.050

There were no receivables from related parties and payables to them, for which any guarantees would be provided for or received. As at 30 September 2013, the Company had not accounted for any allowance for receivables from related parties.