



AB Amber Grid  
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### CONFIRMATION OF RESPONSIBLE PERSONS

19 May 2014 No 5-6

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 as approved by the Board of the Bank of Lithuania on 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 as of 31 March 2014 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

A blue ink signature of Saulius Bilys, consisting of several overlapping loops and a long horizontal stroke.

Saulius Bilys

Financial Director

A blue ink signature of Rimantas Šukys, featuring a large, stylized 'S' and 'Š' followed by a long, sweeping horizontal stroke.

Rimantas Šukys

**AB AMBER GRID**

**CONDENSED FINANCIAL STATEMENTS AS OF 31 MARCH 2014  
PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION**

**Statement of financial position**

		<b>As of 31 March 2014 (unaudited)</b>	<b>As of 31 December 2013 (audited)</b>
	<b>Notes</b>		
<b>ASSETS</b>			
<b>A. Non-current assets</b>		<b>1,567,783</b>	<b>1,583,740</b>
I. Intangible assets		1,540	1,679
II. Property, plant and equipment		1,565,814	1,581,582
II.1. Land		387	387
II.2. Buildings and structures		1,307,752	1,320,544
II.2.1. Buildings		28,209	27,898
II.2.2. Gas transmission pipelines and related installations		1,258,734	1,271,669
II.2.3. Gas distribution pipelines and related installations		377	379
II.2.4. Other buildings and structures		20,432	20,598
II.3. Machinery and equipment		225,927	230,417
II.4. Vehicles		4,775	5,172
II.5. Other equipment, tools and devices		12,666	13,845
II.6. Other property, plant and equipment		833	886
II.7. Construction in progress	3	13,474	10,331
III. Non-current financial assets		429	479
III.1. Investment into subsidiary		-	-
III.2. Investment into joint venture	1	429	479
III.3. Non-current accounts receivable		-	-
<b>B. Current assets</b>		<b>183,830</b>	<b>165,187</b>
I. Inventories and prepayments		26,996	26,862
I.1. Inventories		26,873	26,714
I.1.1. Raw materials, spare parts and other inventories		4,557	4,541
I.1.2. Natural gas		22,316	22,173
I.2. Prepayments		123	148
II. Accounts receivable		63,998	73,302
II.1. Trade receivables	4	14,548	16,169
II.2. Other receivables	5	49,450	57,133
III. Prepaid income tax		-	-
IV. Other financial assets	6	10,000	-
V. Other current assets	7	50,624	45,305
VI. Cash and cash equivalents		32,212	19,718
<b>Total assets</b>		<b>1,751,613</b>	<b>1,748,927</b>


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

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

	Notes	As of 31 March 2014 (unaudited)	As of 31 December 2013 (audited)
<b>EQUITY AND LIABILITIES</b>			
<b>C. Equity</b>		<b>1,219,289</b>	<b>1,208,560</b>
I. Authorised 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		25,796	15,067
<b>D. Amounts payable and liabilities</b>		<b>532,324</b>	<b>540,367</b>
I. Amounts payable after one year and non-current liabilities		373,279	374,872
I.1. Non-current borrowings	8	135,097	135,118
I.2. Grants (deferred income)		129,928	131,073
I.3. Non-current employee benefits		1,131	1,131
I.4. Deferred tax liability		107,123	107,551
II. Current liabilities		159,045	165,495
II.1. Current portion of non-current borrowings	8	45,083	45,083
II.2. Current year portion of non-current employee benefits		260	260
II.3. Trade payables	10	3,926	12,673
II.4. Prepayments received		1,174	-
II.5. Income tax payable	9	3,014	1,388
II.6. Payroll related liabilities		3,778	2,224
II.7. Other payables and current liabilities	11	101,810	103,867
<b>Total equity and liabilities</b>		<b>1,751,613</b>	<b>1,748,927</b>

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

General Manager	Saulius Bilys		19 May 2014
Chief Accountant	Dzintra Tamulienė		19 May 2014


AB „Amber Grid“  
Vyriausiojo buhalterio  
pavaduotoja  
**Kristina Aladaitė**



**Income statement**

		Notes	As of 31 March 2014 (unaudited)
<b>I.</b>	<b>Revenue</b>	12	<b>51,525</b>
<b>II.</b>	<b>Expenses</b>		<b>(38,867)</b>
II.1.	Cost of natural gas		(6,886)
II.2.	Depreciation and amortisation		(20,024)
II.3.	Other expenses		(11,957)
<b>III.</b>	<b>Profit from operations</b>		<b>12,658</b>
<b>IV.</b>	<b>Financial activity</b>		<b>(731)</b>
IV.1.	Income		28
IV.2.	Expense		(759)
<b>V.</b>	<b>Profit before tax</b>		<b>11,927</b>
<b>VI.</b>	<b>Income tax</b>	8	<b>(1,198)</b>
VI.1.	Current period income tax		(1,626)
VI.2.	Deferred income tax		428
<b>VII.</b>	<b>Net profit</b>		<b>10,729</b>

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

General Manager	Saulius Bilys		19 May 2013
Chief Accountant	Dzintra Tamulienė		19 May 2013


AB „Amber Grid“  
Vyriausiojo buhalterio  
pavadootoja  
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Statement of comprehensive income

	31 March 2014 (unaudited)
I. Net profit (loss)	<u>10,729</u>
II. Total comprehensive income	<u><u>10,729</u></u>

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

General Manager	Saulius Bilys		19 May 2014
Chief Accountant	Dzintra Tamulienė		19 May 2014


AB „Amber Grid“  
Vyriausiojo buhalterio  
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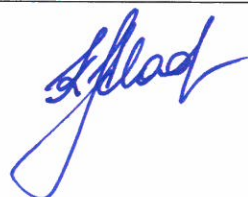
**Statement of changes in equity**

	Share capital	Legal reserve	Other reserves	Retained earnings	Total
<b>Balance as of 31 December 2013</b>	<b>178,382</b>	<b>17,838</b>	<b>997,273</b>	<b>15,067</b>	<b>1,208,560</b>
Total comprehensive income	-	-	-	10,729	10,729
<i>Net profit for the year</i>	-	-	-	10,729	10,729
<b>Balance as of 31 March 2014 (unaudited)</b>	<b>178,382</b>	<b>17,838</b>	<b>997,273</b>	<b>25,796</b>	<b>1,219,289</b>

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

General Manager	Saulius Bilys		19 May 2014
Chief Accountant	Dzintra Tamulienė		19 May 2014

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Vyriausiojo buhalterio  
pavadootoja  
**Kristina Aladaitė**



**Statement of cash flows**

	<b>31 March 2014</b> <b>(unaudited)</b>
<b>I. Cash flows from (to) operating activities</b>	
I.1. Net profit	10,729
<b>Adjustments of non-cash items and other corrections:</b>	
I.2. Depreciation and amortisation	20,024
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(10)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	(12)
I.5. Income tax expenses (income)	1,198
I.6. Interest (income)	(18)
I.7. Interest expenses	708
I.8. Amortisation of grants (deferred income)	(1,143)
I.9. Elimination of other investing activity results	-
I.10. Elimination of other non-cash items	-
	<b>31,476</b>
<b>Changes in working capital:</b>	
I.11. Decrease (increase) in inventories	(153)
I.12. Decrease (increase) in trade accounts receivable	1,628
I.13. Decrease (increase) in other accounts receivable and prepayments	7,325
I.14. Increase (decrease) in trade accounts payable	(2,904)
I.15. Increase (decrease) in other accounts payable and other current liabilities	(503)
I.16. Decrease (increase) in other financial assets	(5,320)
I.17. Income tax (paid)	-
<b>Total changes in working capital</b>	<b>73</b>
<b>Net cash flows from operating activities</b>	<b>31,549</b>
<b>II. Cash flows from (to) investing activities</b>	
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(9,950)
II.2. Proceeds from sales of property, plant and equipment	-
II.3. Acquisition of investments in joint venture	51
II.4. Investments untouched until maturity (acquisition)	(10,000)
II.5. Interest received	13
II.6. Disposal (acquisition) of other short term investments	-
<b>Net cash flows (to) investing activities</b>	<b>(19,886)</b>



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

	<b>31 March 2014</b>
	<b>(unaudited)</b>
<b>III. Cash flows from (to) financing activities</b>	
III.1. Loan repayment	(21)
III.2. Grants received	1,560
III.3. Interest (paid)	(708)
<b>Net cash flows from (to) financing activities</b>	<b>831</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>12,493</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>19,718</b>
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>32,212</b>

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

General Manager	Saulius Bilys		19 May 2014
Chief Accountant	Dzintra Tamulienė		19 May 2014

AB „Amber Grid“  
Vyriausiojo buhalterio  
pavadootoja  
**Kristina Aladaitė**

## Notes to the financial statements

### 1 General information

AB Amber Grid's (hereinafter– the Company) condensed financial statements, including the financial statements as of 31 March 2014, the profit (loss) account, the comprehensive income statement, the cash flow statement and the statement of changes in equity are unaudited. The Company's financial statements as of 31 December 2013 were audited, they were prepared in accordance with International Financial Reporting Standards (IFRS). For better understanding of the information contained in these financial statements it is highly advisable to read the information presented in aforesaid Company's condensed financial statements in conjunction with the Company's annual financial statements for the year ended 31 December 2013.

As of 31 March 2014, 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
OAQ Gazprom	66,112,761	37.1
UAB Epso-G	31,575,724	17.7
Other shareholders	11,277,796	6.3
	<u>178,382,514</u>	<u>100.0</u>

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

The Company's ordinary registered shares are traded on the regulated market, they are listed on the Secondary trading list of NASDAQ OMX Vilnius.

In the Company's financial statements as of 31 March 2014, the Company's investment in UAB GET Baltic, a joint venture co-owned with AB Lietuvos Dujos and the Finnish gas company Gasum Oy, was accounted using the equity method. The condensed financial statements as of 31 March 2014, prepared by UAB GET Baltic in accordance with International Financial Reporting Standards (IFRS) are unaudited.

### 2 Accounting principles

The Company's condensed financial statements as of 31 March 2014 were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The financial statements are presented in thousand litas. The financial statements were prepared drawing up on the historical cost basis.

The Company's accounting policies are consistent with the accounting principles used the previous year.

### 3 Construction in progress

Major objects of construction in progress of the Company as of 31 March 2014 were as follows:

<b>Object</b>	<b>31 March 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Construction of the Klaipėda-Kuršėnai DN800 gas transmission pipeline (Capacity enhancement of the Klaipėda-Kiemėnai pipeline)	3,886	-
Installation of intelligent pig launchers and receivers on the gas transmission pipeline branch leading to the Alytus M&R Station and replacement of line block valves No. 2 and 3	1,742	1,742
Installation of intelligent pig launchers and receivers on the gas transmission pipeline branch leading to the Marijampolė M&R Station and replacement of line block valve No. 3	1,602	1,598
Installation of environmental pollution reduction equipment on Panevėžys compressors No. 1, 2 and 3	1,491	1,395
Line block valve replacement on the gas transmission pipeline branches leading to Pajiešmeniai and Biržai M&R Stations and	941	941

**AB AMBER GRID, company code 303090867, Savanorių g. 28, Vilnius, Lithuania**  
**COMPANY'S CONDENSED FINANCIAL STATEMENTS**  
**AS OF 31 MARCH 2014**  
(all amounts are in LTL thousand unless stated otherwise)

connection to the SCADA system

Installation of an intelligent pig launcher on the Panevėžys-Šiauliai-Klaipėda gas transmission pipeline

Reconstruction of the odorant storage facility

Other

790 762

- 967

3,022 2,926

**13,474 10,331**

#### 4 Trade receivables

	<b>31 March 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Receivables from gas transmission system users for gas transmission	14,598	16,225
Other trade receivables	7	8
Less: allowance for the decrease in value of trade receivables	(57)	(64)
	<b>14,548</b>	<b>16,169</b>

The Company's trade receivables from the system users for natural gas transmission as of 31 March 2014 decreased due to the decrease in gas transmission volumes

#### 5 Other receivables

	<b>31 March 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
LNGT funds receivable (administered by the Company)	49,271	56,500
Other receivables	179	633
Less: allowance for the decrease in value of other receivables	-	-
	<b>49,450</b>	<b>57,133</b>

#### 6 Other current assets

Other current assets of the Company consist of highly liquid short-term investments with a maturity of between 3 and 12 months. At a cost of LTL 10,000 thousand the Company has purchased debt securities (bonds) with the weighted interest rate of 0.42% per annum provided the bonds are redeemed at the end of their term.

#### 7 Other financial assets

The Company's Other Financial Assets as of 31 March 2014 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.

#### 8 Loans

As at 31 March 2014, 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).

	<b>31 March 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
<b>Long-term loans</b>		
Loans from credit institutions of Lithuania	135,000	135,000
Leasing	97	118
<b>Short-term loans</b>		
Current portion of long-term loans	45,000	45,000
Leasing	83	83
	<b>180,181</b>	<b>180,201</b>

## 9 Income tax

In 2014, standard corporate income tax rate used to tax the profits of companies: 15 percent. (in 2013: 15 percent). The income tax expenses for the period comprise the current income tax and the deferred income tax.

## 10 Trade payables

	<b>31 March 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Payables to suppliers in according to the Construction programme	1,915	31
Payables to suppliers according to the Reconstruction programme	222	7,949
Payables to suppliers for services received	848	1,244
Payables to suppliers of repairs of non-current assets	529	1,688
Other	412	1,761
	<b>3,926</b>	<b>12,673</b>

## 11 Other payables and current liabilities

	<b>31 March 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
LNGT funds (administered by the Company) payable	50,625	45,270
Accrued LNGT funds (administered by the Company) *	49,243	54,644
Real Estate Tax payable	-	1,838
Value Added Tax payable	1,271	1,452
Other payables	671	663
	<b>101,810</b>	<b>103,867</b>

\* 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.

## 12 Income

The Company's income consists of:

	<b>31 March 2014 (unaudited)</b>
Transmission and transit of natural gas	48.938
Sale of natural gas	1.287
Grants recognised as income	1.143
Income from LNGT fund administration	82
Other income	75
	<b>51.525</b>

### **13 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 the 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. On 17 September 2013, AB Amber Grid adjusted the amount of the claim. By court ruling as of 12 December 2013, the Court of First Instance granted in part the aforesaid claim of AB Amber Grid, i.e. the Court ordered to pay all the requested debt amount and legal interest amount, but the interest awarded by the Court was reduced from 0.04 per cent to 0.02 percent. AB Achema lodged an appeal, and AB Amber Grid also lodged an appeal – it appealed against the part of the court ruling concerning the award of interest. The outcome of the case will have no financial impact on the Company, because should the aforesaid claim by AB Amber Grid be granted, the amount awarded by the Court would have to be transferred by AB Amber Grid to the final 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. The case is pending before the Court of First Instance. In the opinion of the Company's Management, the outcome of the case is unclear and can not be reasonably estimated.

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 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. One part of the road that is owned by AB Amber Grid and leads to the Panevėžys Gas Compressor Station coincides with a section of the Piniava-Paliūniškis Road, which has the status of a road of state importance. Since by law all roads of state importance shall be owned by the right of exclusive ownership exclusively by the State itself, the prosecutor seeks annulment of the orders issued by the Minister of Economy and the property transfer deeds in question, whereby this road was registered as assets of AB Lietuvos Dujos, now – the assets of AB Amber Grid. The action has been revised several times, as the prosecutor adjusted his claims. The case is pending before the Court of First Instance. The outcome of the case *could* have a financial impact on the Company, since the Company seeks to be awarded a compensation, should the Court annul AB Amber Grid's ownership rights to at least a part (6,534 sq. m.) of the road in question. In the opinion of the Company's Management, the outcome of the case is unclear and can not be reasonably estimated.

#### **14 Related party transactions**

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

The related parties of the Company, transaction amounts and debts as of 31 March 2014 were as follows:

- OAO Gazprom (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 31 December 2013.

<b>As of 31 March 2014 (unaudited)</b>	<b>Purchases in Quarter 1 of 2014</b>	<b>Sales in Quarter 1 of 2014</b>	<b>Accounts receivable</b>	<b>Accounts payable</b>
OAO Gazprom	-	10,612	3,363	-
AB Lietuvos Dujos	6,039	9,572	132	-
UAB GET Baltic	1,037	-	-	-
	<b>7,076</b>	<b>20,184</b>	<b>3,495</b>	

There were no guarantees provided for or received for receivables from the related parties or for payables to them. As at 31 March 2014, the Company had not accounted any impairment loss allowances for receivables from the related parties.

#### **15 Events after the reporting period**

On 24 April 2014, the Seimas of the Republic of Lithuania passed the Law on the Amendment of Article 5 of the Law IX-1132 on Companies, Installations and Facilities of Strategic Importance to the National Security of the Republic of Lithuania and Other Companies Important for Ensuring National Security (hereinafter– the Law), whereby the Company was included in the list of companies important for ensuring national security.

The Company published information that negotiations were underway on the redemption of the Company's shares held by E.ON Ruhrgas International GmbH. On 30 April 2014, UAB EPSO-G submitted its request to the Competition Council regarding the acquisition of up to 100% of the Company's shares.

On 30 April 2014, an Annual General Meeting of Shareholders of the Company was held, which adopted all the decisions, except for the Appropriation of Profit for 2013.