



CONFIRMATION OF RESPONSIBLE PERSONS

14 February 2018 No. 5-310-8

Acting in accordance with Article 24 of the Law on Securities of the Republic of Lithuania and the Rules for Drawing up and Submission of Periodic and Additional Information, we, Saulius Bilys, Director General of AB Amber Grid, and Rimantas Šukys, Financial Director of AB Amber Grid, hereby confirm that, to the best of our knowledge, the attached condensed financial statements of the company AB Amber Grid as of 31 December 2017 drawn up according to International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of AB Amber Grid.

Director General

Saulius Bilys

Financial Director

Rimantas Šukys

AB AMBER GRID

CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

**PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION**

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Statement of financial position

			As of 31 December 2017 (unaudited)	As of 31 December 2016 (audited)
	Notes			
ASSETS				
A. Non-current assets			244,654	285,799
I. Intangible assets			1,008	631
II. Property, plant and equipment			241,973	284,493
II.1. Land			125	125
II.2. Buildings			5,464	6,016
II.3. Plant and equipment			174,971	213,964
II.4. Machinery and equipment			50,111	52,968
II.5. Motor vehicles			999	1,100
II.6. Other			2,058	2,902
II.7. Construction in progress	5		8,245	7,418
III. Non-current financial assets			1,673	675
III.1. Investment in the subsidiary	1		675	675
III.2. Non current trade receivables	6		998	-
B. Current assets			35,544	42,583
I. Inventories and prepayments			2,168	1,515
I.1. Raw materials, spare parts and other inventories			2,028	1,360
I.2. Prepayments			140	155
II. Accounts receivable			26,559	25,444
II.1. Trade receivables	6,18		7,485	6,858
II.2. Other receivables	7,18		19,074	18,586
III. Other financial assets	8		91	1,658
IV. Cash and cash equivalents	9		6,726	13,966
Total assets			280,198	328,382

(cont'd on the next page)

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

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Statement of financial position (cont'd)

			As of 31 December 2017 (unaudited)	As of 31 December 2016 (audited)
	Notes			
EQUITY AND LIABILITIES				
C. Equity			172,021	202,810
I. Share capital			51,731	51,731
II. Reserves			130,151	130,151
II.1. Legal reserve			5,173	5,173
II.2. Other reserves			124,978	124,978
III. Retained earnings (deficit)			(9,861)	20,928
III.1. Current year profit (loss)			(9,861)	20,928
III.2. Previous year profit (loss)			-	-
D. Accounts payable and liabilities			108,177	125,572
I. Amounts payable after one year and non-current liabilities			62,709	89,901
I.1. Non-current borrowings	10		59,333	82,222
I.2. Grants (deferred revenue)	12		1,501	1,535
I.3. Non-current employee benefits			321	426
I.4. Deferred income tax liability			1,554	5,718
II. Accounts payable within one year and short-term liabilities			45,468	35,671
II.1. Current financial liability			-	-
II.2. Current portion of non-current borrowings	10		17,889	11,444
II.3. Current year portion of non-current employee benefits			91	80
II.4. Trade payables	13		9,934	5,694
II.5. Advance amounts			725	5
II.6. Income tax payable			142	876
II.7. Payroll related liabilities			1,422	1,422
II.8. Other payables and current liabilities	14		15,265	16,150
Total equity and liabilities			280,198	328,382

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

Director General	Saulius Bilys	14 February 2018
Chief Accountant	Dzintra Tamulienė	14 February r 2018

COMPANY'S CONDENSED FINANCIAL STATEMENTS



AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Income statement

	Notes	For the period of three months ended 31 December 2017 (unaudited)	For the period of three months ended 31 December 2016 (unaudited)	For the period of twelve months ended 31 December 2017 (unaudited)	For the period of twelve months ended 31 December 2016 (audited)
I. Revenue	16	17,558	19,750	64,322	66,742
II. Expenses		(46,322)	(11,712)	(76,038)	(41,978)
II.1. Cost of natural gas		(2,434)	(1,492)	(7,948)	(7,144)
II.2. Depreciation and amortization		(3,577)	(3,956)	(14,437)	(15,871)
II.3. Remuneration and related social security tax expenses		(1,970)	(2,139)	(7,894)	(7,957)
II.4. Repair and technical maintenance expenses		(1,518)	(1,650)	(5,596)	(5,327)
II.5. Taxes other than income tax		(467)	(442)	(1,811)	(1,843)
II.6. Telecommunications and IT systems expenses		(202)	(307)	(687)	(707)
II.7. Impairment of non-current assets		(35,507)	-	(35,507)	-
II.8. Other expenses		(647)	(1,726)	(2,158)	(3,129)
III. Operation profit (loss)		(28,764)	8,038	(11,716)	24,764
IV. Financial activity		(102)	(83)	(339)	(484)
IV.1. Income		6	5	29	77
IV.2. Expense		(108)	(88)	(368)	(561)
V. Profit (loss) before income tax		(28,866)	7,955	(12,055)	24,280
VI. Income tax		4,746	(1,332)	2,194	(3,352)
VI.1. Current period income tax		(556)	(753)	(1,970)	(2,183)
VI.2. Deferred income tax		5,302	(479)	4,164	(1,169)
VII. Net profit (loss)		(24,120)	6,623	(9,861)	20,928
Basic and diluted earnings (loss) per share (Eur)	15			-	0,12

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

Director General	Saulius Bilys		14 February 2018
Chief Accountant	Dzintra Tamulienė		14 February 2018

COMPANY'S CONDENSED FINANCIAL STATEMENTS

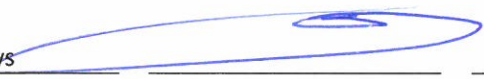

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Statement of comprehensive income

	For the period of three months ended 31 December 2017 (unaudited)	For the period of three months ended 31 December 2016 (unaudited)	For the period of twelve months ended 31 December 2017 (unaudited)	For the period of twelve months ended 31 December 2016 (audited)
I. Net profit (loss)	(24,120)	6,623	(9,861)	20,928
II. Total comprehensive income (loss)	(24,120)	6,623	(9,861)	20,928

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

Director General	Saulius Bilys		14 February 2018
Chief Accountant	Dzintra Tamulienė		14 February 2018

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017



(all amounts are in euro thousand unless stated otherwise)

Statement of changes in equity

	Authorised share capital	Legal reserve	Other reserves	Retained earnings (deficit)	Total
Balance as of 31 December 2015 (audited)	51,731	5,166	121,789	15,978	194,664
Transfer from other reserves	-	-	3,189	(3,189)	-
Transfer to legal reserve	-	7	-	(7)	-
Dividends declared	-	-	-	(12,782)	(12,782)
Total comprehensive income (loss)	-	-	-	20,928	20,928
<i>Net profit (loss) for the year</i>	-	-	-	20,928	20,928
Balance as of 31 December 2016 (audited)	51,731	5,173	124,978	20,928	202,810
Dividends declared	-	-	-	(20,928)	(20,928)
Total comprehensive income (loss)	-	-	-	(9,861)	(9,861)
<i>Net profit (loss) for the year</i>	-	-	-	(9,861)	(9,861)
Balance as of 31 December 2017 (unaudited)	51,731	5,173	124,978	(9,861)	172,021

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

* Result of share capital conversion into the euro.

Director General	Saulius Bilys		14 February 2018
Chief Accountant	Dzintra Tamulienė		14 February 2018

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Statement of cash flows



	31 December 2017 (unaudited)	31 December 2016 (audited)
I. Cash flows from (to) operating activities		
I.1. Net profit (loss)	(9,861)	20,928
Adjustments of non-cash items and other corrections:		
I.2. Depreciation and amortisation	14,437	15,871
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(11)	15
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	35,531	1,101
I.5. Income tax expenses (income)	(2,194)	3,352
I.6. Interest (income)	(29)	(2)
I.7. Interest expenses	367	557
I.8. Amortisation of grants (deferred revenue)	(41)	(51)
I.9. Elimination of other non-cash items	-	(75)
	38,199	41,696
Changes in working capital:		
I.10. Decrease (increase) in inventories	(570)	702
I.11. Decrease (increase) in trade accounts receivable	(662)	2,577
I.12. Decrease (increase) in other accounts receivable and prepayments	(716)	(5,441)
I.13. Increase (decrease) in trade accounts payable	(90)	(367)
I.14. Increase (decrease) in other accounts payable and other current liabilities	(189)	(26,287)
I.15. Decrease (increase) in other financial assets	1,567	29,728
I.16. Income tax (paid)	(2,704)	(1,622)
Total changes in working capital	(3,364)	(710)
Net cash flows from operating activities	34,835	40,986
II. Cash flows from (to) investing activities		
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(8,020)	(13,871)
II.2. Proceeds from sales of property, plant and equipment	12	13
II.3. Acquisition of investments in joint venture	-	(452)
II.4. (Acquisition) of held-to maturity investment	-	-
II.5. (Disposal) of held-to-maturity investment	-	-
II.6. Loans granted	(120)	-
II.7. Interest received	4	2
II.8. Disposal (acquisition) of other short term investments	-	-
Net cash flows (to) investing activities	(8,124)	(14,308)

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

	31 December 2017 (unaudited)	31 December 2016 (audited)
III. Cash flows from (to) financing activities		
III.1. Dividends (paid)	(20,999)	(12,787)
III.2. Proceeds from borrowings	-	-
III.3. (Repayments) of borrowings	(16,444)	(44,344)
III.4. Grants received	3,874	17,950
III.5. Interest (paid)	(402)	(575)
III.6. Other cash flows from (to) financial activities	20	75
Net cash flows from (to) financing activities	(33,951)	(39,681)
IV. Net increase (decrease) in cash and cash equivalents	(7,240)	(13,003)
V. Cash and cash equivalents at the beginning of the period	13,966	26,969
VI. Cash and cash equivalents at the end of the period	6,726	13,966

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

Director General	Saulius Bilys		14 February 2018
Chief Accountant	Dzintra Tamulienė		14 February 2018

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

Notes to the Financial Statements

1 General information

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

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

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

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

As of 31 December 2017, the Company's shareholders were as follows:

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

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

AB Amber Grid has a single subsidiary, UAB GET Baltic. In the financial statements as of 31 December 2017 and 2016, UAB GET Baltic was accounted for at acquisition cost.

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

On 23 December 2016, AB Amber Grid acquired from the Finnish natural gas company, Gasum Oy, the remaining 34 % stake in UAB GET Baltic, and in this way AB Amber Grid became the only shareholder of UAB GET Baltic, which controls 100 % of the authorised share capital. As at 31 December 2017, UAB GET Baltic's authorised share capital amounted to EUR 580,450 and was composed of 3,055,000 units of ordinary registered shares with par value of EUR 0.19 each.

Company	Company code	Registered address of the company	Stake of shares held as of 31 December 2017	Stake of shares held as of 31 December 2016
UAB GET Baltic	302861178	Savanorių pr. 28, Vilnius	100 %	66 %

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

UAB GET Baltic's condensed financial statements as of 31 December 2017 were drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have not been audited.

1 General information (cont'd)

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

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

As of 31 December 2017, the Company was party to 100 natural gas transmission service contracts with natural gas transmission system users (consumers of natural gas, natural gas distribution system operators, natural gas companies which supply gas up to consumer systems). As regards natural gas businesses that trade in natural gas, but do not transmit gas via the transmission system, the Company had entered with such companies into 3 natural gas balancing agreements.

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

2 Accounting principles

The Company's condensed financial statements as of 31 December 2017 were prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The Company follows the same accounting principles as the ones used in the preparation of financial statements for 2016, except for the non-current assets that as of 31 December 2017 were accounted at a revalued value. The Company, having regard to the principles of accounting of property, plant and equipment as used by the UAB EPSO-G Group of Companies, has converted from the cost basis method of accounting of property, plant and equipment to the revalued amount method. In order to determine the fair value of assets the income method was selected, using for the value calculation the discounted cash flows calculation method. The discount rate used to estimate the discounted cash flows was 5.11% after tax.

When determining the fair value of the non-current assets, the resulting impairment loss in the amount of EUR 35,507 thousand was recorded in the income (loss) statement. The decrease in the carrying amount was mainly determined by the fact that the calculations took into account the estimated change (decrease) in the regulated return on investment during the course of the natural gas transmission services regulation period as from 2019.

The financial statements present the values in thousand euros.

The statements were prepared on the basis on acquisition cost, except for non-current assets that were presented at revalued amount less accrued depreciation amount and impairment loss amount.

3 Information by segments

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

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

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

4 Property, plant and equipment and non-current intangible assets

Non-current assets were accounted by subtracting from the revalued assets the amount of grants received / receivable and used to acquire the assets in question. For more information on the non-current assets accounting by revalued amount method see Note 2 "Accounting Principles".

The value of property, plant and equipment was reduced by subtracting the grant amount (as of 31 December 2017) of EUR 59,359 thousand, having previously taken into account the offsetting made on 31 December 2016 in the amount of EUR 59,196 thousand.

	As of 31 Dec 2017 incl. subsidised assets (unaudited)	As of 31 Dec 2017 excl. subsidised (unaudited)	As 31 Dec 2016 subsidised assets (audited)	AS 31 Dec 2016 excl. subsidised assets (audited)
Property, plant and equipment /Non-current intangible assets	294,095	234,736	336,902	277,706
Intangible assets	1,098	1,008	631	631
Property, plant and equipment	292,997	233,728	336,271	277,075
Land	125	125	125	125
Buildings	5,680	5,464	6,244	6,016
Plant and equipment	230,054	174,971	269,909	213,964
Machinery and equipment	53,601	50,111	55,565	52,968
Motor vehicles	999	999	1,100	1,100
Other	2,538	2,058	3,328	2,902

5 Construction in progress

The acquisition value of construction in progress was reduced by subtracting the amount of grants received / receivable used for the assets in question (as of 31 December 2017) equal to EUR 6,243 thousand, having previously taken into account the offsetting made on 31 December 2016 in the amount of EUR 3,719 thousand.

The largest objects of construction in progress of the Company as of 31 December 2017 were as follows:

Object	As of 31 Dec 2017 incl. subsidised assets (unaudited)	As of 31 Dec 2017 excl. subsidised assets (unaudited)	As of 31 Dec 2016 m. incl. subsidised assets (audited)	As of 31 Dec 2016 m. excl. subsidised assets (audited)
Implementation of the Gas Interconnection Poland-Lithuania (GIPL) Project in the territory of the Republic of Lithuania	6.517	3.998	6.262	3.744
Modernisation of Panevėžys Gas Compressor Station	1.150	605	1.861	959
Modernisation of gas transmission pipelines line block valve	3.530	1.776	-	-
Reconstruction of Jonava and Alytus M/R Stations	2.282	1.146	-	-
Replacement of gas transmission pipeline valve units	-	-	1.765	1.765
Construction of a gas transmission pipeline link between Vilnius-Kaunas and Kaunas-Šakiai pipelines	551	551	551	551
Automation of gas transmission pipeline cathodic protection system including installation of a remote control and monitoring system	146	77	430	215
Other	892	672	848	764
* Less: Impairment of construction in progress	(580)	(580)	(580)	(580)
	14.488	8.245	11.137	7.418

COMPANY'S CONDENSED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

(all amounts are in euro thousand unless stated otherwise)

5 Construction in progress (cont'd)

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

6 Trade receivables

	31 December 2017 (unaudited)	31 December 2016 (audited)
Non-current trade receivables		
Other trade receivables	998	-
Current trade receivables		
Gas transmission services receivables	7,499	6,859
Other trade receivables	43	15
Less: allowance for the decrease in value of trade receivables	(57)	(16)
	8,483	6,858

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

7 Other receivables

	31 December 2017 (unaudited)	31 December 2016 (audited)
LNG terminal funds receivable (administered by the Company)	14,186	13,279
Other receivables (grants)	4,124	3,488
Receivables accrued for natural gas transportation	575	1,676
Other receivables	189	143
	19,074	18,586

The LNG terminal funds receivable as at 31 December 2017 include the overdue amount of EUR 3,914 thousand, of which AB Achema's overdue amount is EUR 3,745 thousand, the overdue amount of UAB Lietuvos cukrus of EUR 66 thousand, and the overdue amount of UAB Geoterma is EUR 65 thousand. For more information about AB Achema's liabilities and about UAB Geoterma see Note 17 'Commitments and contingencies'.

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

8 Other financial assets

As of 31 December 2017, the Company's Other Financial Assets consisted of the cash received from the natural gas supply security-related extra tariff component added to the natural gas transmission price (surcharge), for the sake of brevity referred to as LNG terminal funds. The aforesaid funds are received from system users, they are kept in a separate LNG terminal funds bank account fully compliant with legislative requirements and are designated to be paid out to the beneficiaries of LNG terminal funds: to the operator of the LNG terminal (AB Klaipėdos Nafta), to the designated supplier (UAB Litgas) and to AB Amber Grid (in order to compensate for the cost of the administration of the LNG terminal funds). On 15 May 2017, by Resolution No O3E-145, the NCC adopted a new additional security-related price component to be added to the regular natural gas price, which started to be applied to system users as from 1 July 2017.

COMPANY'S CONDENSED FINANCIAL STATEMENTS

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(all amounts are in euro thousand unless stated otherwise)

9 Cash and cash equivalents

	31 December 2017 (unaudited)	31 December 2016 (audited)
Cash at bank	6,726	13,966
	6,726	13,966

The Company keeps its cash balance in bank accounts. Cash balance as of 31 December 2017 decreased due to the fact that the Company, under the impact of the negative interest rates prevailing on the market, decided to change the Company's treasury management policies, the aim being minimum cash balance. Nevertheless, where there is such a possibility, the Company invests in deposits with the shortest term possible (overnight). As of 31 December 2017, the Company had no overnight deposit contracts.

10 Loans

	31 December 2017 (unaudited)	31 December 2016 (audited)
Long-term loans		
Loans from credit institutions of Lithuania	34,333	57,222
Loan from international financial institutions	25,000	25,000
Short-term loans		
Loans from credit institutions of Lithuania	-	-
Current portion of long-term loans	17,889	11,444
	77,222	93,666

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

On 22 December 2015, the Company entered into an agreement with the European Investment Bank on the possibility of borrowing of up to EUR 28,000 thousand for the period of up to 20 years. The agreement expired on 21 December 2017. As of 31 December 2017, the loan was not used.

In order to balance its working capital, on 1 March 2017 the Company concluded an overdraft contract for the amount of up to EUR 10,000 thousand. As at 31 December 2017, the overdraft was not used

11 Grants (deferred revenue)

	Deferred revenue	Asset- related grants	Revenue- related grants	Total
Balance as at 31 December 2016	1,535	62,915	-	64,450
Offsetting against non-current assets as of 31 Dec 2016		(62,915)		(62,915)
Balance as at 31 Dec 2016 after the offsetting	1,535	-	-	1,535
Received / receivable	-	4,503	7	4,510
Depreciation/amortisation	(34)	(1,815)	(7)	(1,856)
Offsetting against non-current assets	-	(2,688)	-	(2,688)
Balance as at 31 December 2017	1,501	-	-	1,501

11 Grants (deferred revenue) (cont'd)

In cases where the State of Lithuania and European Union grants are intended for the acquisition of non-current assets, they are considered to be assets-related ones. Any such grants were offset against the accounting value of the related assets as at 31 December 2017: EUR 2,688 thousand (In 2016: EUR 62,916 thousand). The income (loss) statement represents the grant depreciation amount by offsetting the related assets depreciation expenses against the grant income. As at 31 December 2017, the amounted was EUR 1,815 thousand (in 2016: EUR 1,931 thousand). The grants item retains EUR 1,501 thousand (2016: EUR 1,535 thousand) of the fee charged for new customers connection to the gas transmission system (according to the accounting policies applicable until 1 July 2009).

12 Income tax

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

In accordance with amendments to the Law on Corporate Income Tax, which provide for a possibility of taking advantage of the corporate income tax relief on investments in new technologies, as at 31 December 2017, the Company had calculated a corporate income tax relief amounting to EUR 1,955 thousand (as at 31 December 2016: EUR 2,157thousand).

13 Trade payables

	31 December 2017 (unaudited)	31 December 2016 (audited)
Payables to suppliers under investment programme (new construction)	1	8
Payables to suppliers under investment programme (reconstruction and modernisation)	8,152	3,814
Payables to suppliers of goods and providers of services	907	828
Payables to providers of repairs services under non-current assets repairs programme	352	381
Payables to suppliers of natural gas	522	663
	9,934	5,694

As at 31 December 2017, the trade payables were interest-free and the payment terms of the largest share of them ranged from 30 to 60 days.

14 Other payables and current liabilities

	31 December 2017 (unaudited)	31 December 2016 (audited)
Payable LNG terminal funds administrated by the Company	11,356	11,468
Accrued LNG terminal funds subject to administration by the Company*	2,924	3,696
Real Estate Tax payable	432	423
Value Added Tax (VAT) payable	286	165
Other payables	267	399
	15,265	16,150

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

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15 Earnings per share

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

	31 December 2017 (unaudited)	31 December 2016 (audited)
Net profit (loss) attributable to the shareholders (EUR thousand)	(9,861)	20,928
Weighted average number of shares (thousand)	178,383	178,383
Earnings per share (EUR)	-	0.12

16 Revenue

	For the period of three months ended 31 December 2017 (unaudited)	For the period of three month ended 31 December 2016 (unaudited)	For the period of twelve months ended 31 December 2017 (unaudited)	For the period of twelve months ended 31 December 2016 (audited)
Income from natural gas transmission in the territory of Lithuania	15,572	18,508	57,013	59,878
Income from balancing services in the transmission system	1,931	1,185	6,964	6,613
Grants recognised as income	13	10	41	51
Income from LNG terminal fund administration	25	37	114	145
Other income	17	10	190	55
	17,558	19,750	64,322	66,742

17 Commitments and contingencies

Litigation

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

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

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

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

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

17 Commitments and contingencies (cont'd)

4. On 22 January 2016, AB Achema appealed to the Vilnius Regional Administrative Court requesting to annul paragraph 1 of the Commission's Resolution No O3-683 of 23 December 2015 'On the setting of an additional natural gas supply security-related price component to be included in the natural gas transmission price'. By a court ruling of 2 May 2016, AB Amber Grid was involved in the proceedings as a third interested party. The parties submitted their responses. On 10 November 2016, Vilnius Regional Court decided to suspend the judicial proceedings until Lithuania's Supreme Administrative Court adjudges the First Administrative Case.

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

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

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

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

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

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

UAB GEOTERMA appealed against the bailiff's, Brigita's Tamkevičienė's, procedural actions, and AB Amber Grid, as a third person, submitted its response, supported the lawfulness of the bailiff's actions, and the court, following the consideration of the relevance and lawfulness thereof, acknowledged the legality of the bailiffs' actions and did not grant UAB GEOTERMA's appeal.

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18 Related party transactions

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

As of 31 December 2017 and as of 31 December 2016, the related parties of the Company were as follows:

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

The tables below present the Company's balances and transactions with the related parties as of 31 December 2017 and as of 31 December 2016:

As of 31 December 2017 (unaudited)	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB GET Baltic	3,648	17	122	261
UAB EPSO-G	84	-	-	-
	3,732	17	122	261

As of 31 December 2016 (audited)	Acquisitions	Sales	Accounts receivable	Accounts payable
UAB GET Baltic	134	7	1	1
UAB EPSO-G	11	-	-	10
	145	7	1	11

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

As at 31 December 2017, AB Amber Grid's loan granted to UAB GET Baltic amounted EUR 120,000 (one hundred and twenty thousand euros).

From 6 April 2017 until 31 December 2017 the interest accrued on the loan amount used stood at EUR 1,058.24 (one thousand and fifty-eight euros and 24 euro cents).

There were no guarantees either provided or received for receivables from the related parties or for payables to them. As at 31 December 2017, the Company did not account any impairment loss allowances for receivables from any related parties.

Benefits to the Management

During the period of twelve months ended 31 December 2017, the Company's benefits to the Management of the Company amounted to EUR 385 thousand (during the period of nine months ended 31 December 2016: EUR 365 thousand). The Company's Management consists of the Chief Executive Officer (Director General) and his four deputies. The Management of the Company were not given any loans or guarantees and were not subject to any asset transfers.

During the year 2017, benefits paid to the members of the Company Board amounted to EUR 32 thousand (in 2016: EUR 15 thousand).

19 Subsequent events

On 24 January 2018, Turto Bankas suspended the privatisation of the out-of-operation Klaipėda's heat producer, Geoterma. The Company was included into the list of companies important to national security.

In January of 2018, the Company repaid prior to maturity part of its loan to Swedbank, AB in the amount of EUR 6,444 thousand.