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CONFIRMATION OF RESPONSIBLE PERSONS

February 27, 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 twelve months period ended 31 December 2014 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.

Daivis Virbickas

Chief Executive Officer

Rimantas Busila

Director of Finance Department

Svetlana Sokolskytė

Chief Financier




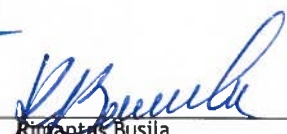

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LITGRID AB

CONSOLIDATED AND THE COMPANY'S CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2014, PREPARED
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION (UNAUDITED)

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The condensed interim financial information was signed on 27 February 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 DECEMBER 2014
(All amounts in LTL thousands unless otherwise stated)

		Group As at 31 December 2014	Company As at 31 December 2014	Group As at 31 December 2013	Company As at 31 December 2013
ASSETS					
Non-current assets					
Intangible assets		3,258	3,159	2,365	2,176
Property, plant and equipment	4	1,265,966	1,263,024	1,870,225	1,867,222
Prepayments for property, plant, equipment		252,579	252,579	184,443	184,438
Investments in subsidiaries	5	-	16,496	-	15,494
Investments in associates and jointly controlled entities	5	7,065	6,156	15,922	15,320
Deferred income tax assets		313	-	324	-
Available-for-sale financial assets		7,723	7,723	7,723	7,723
Total non-current assets		1,536,904	1,549,137	2,081,002	2,092,373
Current assets					
Inventories		7,787	3,469	8,844	3,522
Prepayments		38,074	37,981	591	455
Trade receivables		57,643	43,629	65,447	53,296
Other accounts receivable		142,691	67,397	114,155	36,607
Other financial assets		5,838	5,838	21,262	4,835
Time deposits		-	-	-	-
Held-to-maturity investments	6	55,000	55,000	70,000	70,000
Cash and cash equivalents		92,759	86,537	81,562	80,751
Total current assets		399,792	299,851	361,861	249,466
TOTAL ASSETS		1,936,696	1,848,988	2,442,863	2,341,839
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		504,331	504,331	504,331	504,331
Share premium		29,621	29,621	29,621	29,621
Revaluation reserve		23,680	23,332	226,173	225,811
Legal reserve		50,441	50,433	50,467	50,433
Other reserves		591,654	591,654	654,654	654,654
Retained earnings		(362,639)	(353,379)	43,034	50,755
Equity attributable to the shareholders of the parent company		837,088	845,992	1,508,280	1,515,605
Non-controlling interest		197	-	259	-
Total equity		837,285	845,992	1,508,539	1,515,605
Non-current liabilities :					
Grants		373,387	373,387	332,905	332,905
Non-current borrowings	7	305,918	305,918	165,044	165,044
Deferred income		-	-	-	-
Other non-current accounts payable and liabilities		10,212	10,038	717	602
Deferred income tax liabilities		41,651	41,651	150,828	150,828
Total non-current liabilities		731,168	730,994	649,494	649,379
Current liabilities					
Current portion of non-current borrowings	7	104,275	104,275	49,030	49,030
Borrowings	7	36,530	-	7,449	-
Trade payables		128,302	126,281	78,616	75,422
Advance amounts received		10,080	4,813	4,227	3,454
Income tax payable		1,129	1,126	8,368	8,368
Other accounts payable		87,927	35,507	137,140	40,581
Total current liabilities		368,243	272,002	284,830	176,855
Total liabilities		1,099,411	1,002,996	934,324	826,234
TOTAL EQUITY AND LIABILITIES		1,936,696	1,848,988	2,442,863	2,341,839

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts in LTL thousands unless otherwise stated)

	Notes	Group January- December 2014	Company January- December 2014	Group January- December 2013	Company January- December 2013
Revenue					
Sales of electricity and related services	8	361,626	360,805	541,298	540,777
Other revenue		56,903	7,546	48,528	7,200
Total revenue		418,529	368,351	589,826	547,977
Operating expenses					
Purchase of electricity and related services		(175,017)	(174,952)	(291,791)	(291,849)
Depreciation and amortisation	4	(134,761)	(133,453)	(130,527)	(129,118)
Wages and salaries and related expenses		(40,481)	(21,244)	(37,833)	(20,347)
Repair and maintenance expenses		(16,025)	(21,695)	(14,435)	(22,701)
Telecommunications and IT systems expenses		(13,298)	(12,569)	(13,545)	(12,886)
Write-off of property, plant and equipment		(5,083)	(5,080)	(5,353)	(5,345)
Revaluation		(425,457)	(425,457)	-	-
Other expenses		(48,392)	(11,917)	(70,075)	(36,523)
Total operating expenses		(858,514)	(806,367)	(563,559)	(518,769)
OPERATING PROFIT (LOSS)	8	(439,985)	(438,016)	26,267	29,208
Gain from sale of an associate		-	-	2,403	3,293
Finance income		1,517	1,510	1,338	1,331
Finance costs		(2,448)	(2,254)	(1,340)	(1,216)
Finance income, net		(931)	(744)	2,401	3,408
Share of profit/(loss) of associates and jointly controlled entities		307	-	1,151	-
PROFIT (LOSS) BEFORE INCOME TAX		(440,609)	(438,760)	29,819	32,616
Current year income tax expense		(11,511)	(11,506)	(20,518)	(20,497)
Deferred tax income (expense)		76,815	76,821	16,056	15,948
NET PROFIT (LOSS) FOR THE YEAR		(375,305)	(373,445)	25,357	28,067
Other comprehensive income		(183,329)	(183,350)	-	-
COMPREHENSIVE INCOME (LOSS)		(558,634)	(556,795)	25,357	28,067
NET PROFIT (LOSS) ATTRIBUTABLE TO :					
Owners of the Company		(375,045)	(373,445)	25,669	28,067
Non-controlling interest		(260)	-	(312)	-
		(375,305)	(373,445)	25,357	28,067
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the Company		(558,374)	(556,795)	25,669	28,067
Non-controlling interest		(260)	-	(312)	-
		(558,634)	(556,795)	25,357	28,067
Basic and diluted earnings (deficit) per share (in LTL)	10	-0.74	-0.74	0.05	0.05

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

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
 FOR A THREE-MONTH PERIOD ENDED 31 DECEMBER 2014
 (All amounts in LTL thousands unless otherwise stated)

Notes	Group October- December 2014	Company October- December 2014	Group October- December 2013	Company October- December 2013
Revenue				
Sales of electricity and related services	96,417	96,114	156,873	156,732
Other revenue	21,460	2,529	12,912	2,135
Total revenue	117,877	98,643	169,785	158,867
Operating expenses				
Purchase of electricity and related services	(47,733)	(47,668)	(84,129)	(84,129)
Depreciation and amortisation	(31,964)	(31,659)	(32,120)	(31,777)
Wages and salaries and related expenses	(13,333)	(7,567)	(12,399)	(7,479)
Repair and maintenance expenses	(3,392)	(5,014)	(5,074)	(7,431)
Telecommunications and IT systems expenses	(3,677)	(3,412)	(3,391)	(3,218)
Write-off of property, plant and equipment	(3,964)	(3,963)	(1,204)	(1,203)
Revaluation	(425,457)	(425,457)	-	-
Other expenses	(15,039)	(641)	(36,642)	(27,251)
Total operating expenses	(544,559)	(525,381)	(174,959)	(162,488)
OPERATING PROFIT (LOSS)	(426,682)	(426,738)	(5,174)	(3,621)
Gain from sale of an associate	-	-	-	-
Finance income	237	235	1,091	1,090
Finance costs	66	124	(1,125)	(1,092)
Finance income, net	303	359	(34)	(2)
Share of profit/(loss) of associates and jointly controlled entities	204	-	535	-
PROFIT (LOSS) BEFORE INCOME TAX	(426,175)	(426,379)	(4,673)	(3,623)
Current year income tax expense	(1,750)	(1,745)	(5,599)	(5,599)
Deferred tax income (expense)	66,835	66,812	6,380	6,464
	65,085	65,067	781	865
NET PROFIT (LOSS) FOR THE YEAR	(361,090)	(361,312)	(3,892)	(2,758)
Other comprehensive income	(183,329)	(183,350)	-	-
COMPREHENSIVE INCOME (LOSS)	(544,419)	(544,662)	(3,892)	(2,758)
NET PROFIT (LOSS) ATTRIBUTABLE TO :				
Owners of the Company	(361,007)	(361,312)	(3,780)	(2,758)
Non-controlling interest	(83)	-	(112)	-
	(361,090)	(361,312)	(3,892)	(2,758)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(544,336)	(544,662)	(3,780)	(2,758)
Non-controlling interest	(83)	-	(112)	-
	(544,419)	(544,662)	(3,892)	(2,758)
Basic and diluted earnings (deficit) per share (in LTL)	-0.72	-0.72	-0.01	-0.01

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts in LTL thousands unless otherwise stated)

Group	Note	Equity attributable to owners of the Company						Non-controlling interest	Total equity	
		Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings			Total
Balance at 1 January 2013		504,331	29,621	246,582	50,464	654,738	44,742	1,530,478	4,390	1,534,868
Comprehensive income										
Comprehensive income (loss)		-	-	-	-	-	25,669	25,669	(312)	25,357
Depreciation of revaluation reserve and amounts written off		-	-	(20,563)	-	-	20,563	-	-	-
Total comprehensive income (loss)		-	-	(20,563)	-	-	46,232	25,669	(312)	25,357
Transfers to retained earnings		-	-	-	-	(126)	126	-	-	-
Transfers to reserves		-	-	-	3	42	(45)	-	-	-
Dividends		-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Change in ownership interest in subsidiary		-	-	154	-	-	(3,021)	(2,867)	(3,819)	(6,686)
Balance at 31 December 2013 (unaudited)		504,331	29,621	226,173	50,467	654,654	43,034	1,508,280	259	1,508,539
Balance at 1 January 2014		504,331	29,621	226,173	50,467	654,654	43,034	1,508,280	259	1,508,539
Comprehensive income										
Comprehensive income (loss)		-	-	(183,329)	-	-	(375,045)	(558,374)	(260)	(558,634)
Depreciation of revaluation reserve and amounts written off		-	-	(19,164)	-	-	19,164	-	-	-
Total comprehensive income (loss)		-	-	(202,493)	-	-	(355,881)	(558,374)	(260)	(558,634)
Transfers to retained earnings		-	-	-	(26)	(63,000)	63,026	-	-	-
Transfers to reserves		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	(12,818)	(112,818)	-	(112,818)
Change in ownership interest in subsidiary		-	-	-	-	-	-	-	198	198
Balance at 31 December 2014 (unaudited)		504,331	29,621	23,680	50,441	591,654	(362,639)	837,088	197	837,285

Company	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2013	504,331	29,621	246,339	50,433	654,654	47,160	1,532,538
Comprehensive income							
Comprehensive income (loss)	-	-	-	-	-	28,067	28,067
Depreciation of revaluation reserve and amounts written off	-	-	(20,528)	-	-	20,528	-
Total comprehensive income (loss)	-	-	(20,528)	-	-	48,595	28,067
Dividends	-	-	-	-	-	(45,000)	(45,000)
Balance at 31 December 2013 (unaudited)	504,331	29,621	225,811	50,433	654,654	50,755	1,515,605
Balance at 1 January 2014	504,331	29,621	225,811	50,433	654,654	50,755	1,515,605
Comprehensive income							
Comprehensive income (loss)	-	-	(183,350)	-	-	(373,445)	(556,795)
Depreciation of revaluation reserve and amounts written off	-	-	(19,129)	-	-	19,129	-
Total comprehensive income (loss)	-	-	(202,479)	-	-	(354,316)	(556,795)
Transfers to retained earnings	-	-	-	-	(63,000)	63,000	-
Dividends	-	-	-	-	-	(112,818)	(112,818)
Balance at 31 December 2014 (unaudited)	504,331	29,621	23,332	50,433	591,654	(353,379)	845,992

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts in LTL thousands unless otherwise stated)

	Group January- December 2014	Company January- December 2014	Group January- December 2013	Company January- December 2013
Cash flows from operating activities				
Net profit (loss)	(375 305)	(373 445)	25 357	28 067
Reversal of non-monetary expenses (income) and other adjustments				
Depreciation and amortization expense	134 761	133 453	130 527	129 118
Impairment of property, plant and equipment	-	-	22 445	22 445
Share of profit/(loss) of associates and jointly controlled entities	(307)	-	(1 151)	-
(Gain) on disposal of associate	-	-	(2 405)	(3 294)
Income tax expense/(income)	(65 304)	(65 315)	4 462	4 549
Revaluation	425 456	425 456	-	-
Loss on write-off of property, plant and equipment	5 083	5 080	5 345	5 345
Elimination of results of financing and investing activities:				
Interest income	(752)	(746)	(1 288)	(1 284)
Interest expenses	1 682	1 488	1 290	1 170
Other financial assets	15 424	(1 003)	42 228	57 477
Changes in working capital				
(Increase) decrease in trade receivables and other receivables	(29 814)	(30 291)	(32 881)	35 032
(Increase) decrease in inventories and prepayments	(36 166)	(37 212)	5 504	(848)
Increase (decrease) in accounts payable, grants and advance amounts received	(174 680)	(133 839)	(54 305)	(130 156)
Income tax paid	(9 736)	(9 653)	(21 243)	(21 138)
Net cash generated from operating activities	(109 658)	(86 027)	123 885	126 483
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(95 787)	(94 732)	(213 976)	(213 084)
Disposal of property, plant and equipment and intangible assets	9	5	-	-
Grants received	80 795	80 795	121 103	121 103
Investments in time deposits	-	-	-	-
(Purchase)/Disposal of held-to-maturity investments	15 000	15 000	(70 000)	(70 000)
Purchase of subsidiary(associate)	-	(1 002)	-	-
Disposal of subsidiary(associate)	9 164	9 164	1 273	1 139
Interest received	826	820	1 259	1 255
Dividends received	517	517	110	110
Other	389	201	(59)	(48)
Net cash used in investing activities	10 913	10 768	(160 290)	(159 525)
Cash flows from financing activities				
Received loans	383 261	383 261	75 962	75 962
(Repayment) of loans	(187 142)	(187 142)	(41 434)	(41 434)
Overdraft	29 081	-	2 927	-
Interest paid	(2 391)	(2 207)	(2 005)	(1 896)
Dividends paid	(112 867)	(112 867)	(44 870)	(44 936)
Net cash (used in)/generated from financing activities	109 942	81 045	(9 420)	(12 304)
Net increase/(decrease) in cash and cash equivalents	11 197	5 786	(45 825)	(45 346)
Cash and cash equivalents at the beginning of the period	81 562	80 751	127 387	126 097
Cash and cash equivalents at the end of the period	92 759	86 537	81 562	80 751

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

1. General information

LITGRID AB is a public company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 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 managed by the public institution Registrų Centras 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, management of companies owing electricity interconnections with other countries or those that develop, manage, use or dispose them.

On 24 February 2011, the Company was granted a license of the electricity transmission system operator by the National Control Commission for Prices and Energy (the Commission), the validity of which commenced 1 March 2011. With its resolution No O3-325 of 27 August 2013 the Commission stated that unbundling of the Company’s transmission operations from electricity generation and supply companies is in compliance with the provisions of the Law on Electricity of the republic of Lithuania and the Company may be appointed as transmission system operator. Consequently, a transmission system operator license of unlimited duration was granted to the Company.

Under Resolution No. 1338 of 7 November 2012 of the Lithuanian Government BALTPOOL UAB was assigned with the responsibility to carry out the function of the administrator of PSO (public service obligation) services in the electricity sector. Following the provisions of the mentioned resolution, Company ceases its activities as an PSO services administrator with effect from 1 January 2013, however, the Company collects the PSO funds from entities connected to the power transmission grid and transfers them to BALTPOOL UAB - the administrator of PSO funds according to Resolution of the Government of the Republic of Lithuania No 1157 of 19 September 2012 “Procedure for the Administration of the Public Interest Service Funds in the Power Sector”.

As at 31 December 2014 and 31 December 2013, the authorised share capital of the Company amounted to LTL 504,331,380 and was divided into 504,331,380 ordinary registered shares with par value of LTL 1 each. All shares are fully paid.

As at 31 December 2014 and 31 December 2013, the Company’s shareholders were as follows:

	Ownership interest (in LTL)	Number of shares held (%)
UAB „EPSO-G“	491,736,153	97.5
Other shareholders	12,595,227	2.5
Total	504,331,380	100

The ultimate controlling party of UAB „EPSO-G“ is the Ministry of Energy of the Republic of Lithuania.

The shares of the Company are listed on the NASDAQ OMX Vilnius Stock Exchange.

As of the date of these financial information the Group included LITGRID and its directly controlled subsidiaries, which are listed below.

Company	Address of the company’s registered office	The Group’s shareholding at 31 December 2014	The Group’s shareholding at 31 December 2013	Profile of activities
BALTPOOL UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	67%	67%	Electricity market operator and natural gas, supporting instruments as well as biofuel market operator, PSO funds administrator
TETAS UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation, distribution station design, construction, repair and maintenance services
UAB Tinklo priežiūros centras	A. Juozapavičiaus g. 13, Vilnius, Lithuania	100%	-	Management and operation of power links

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts in LTL thousands unless otherwise stated)

The structure of the Group's investments in the associates and the jointly controlled entity as at 31 December 2014 and 31 December 2013 was as follows:

Company	Address of the company's registered office	The Group's shareholding at 31 December 2014	The Group's shareholding at 31 December 2013	Profile of activities
UAB "Duomenų logistikos centras"	Žvejų g. 14, Vilnius, Lietuva	20 %	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50 %	50%	Designing of electricity transmission interconnection facilities

As at 31 December 2014, the Group had 707 employees (31 December 2013: 670 employees), whereas at 31 December 2014 the Company had 226 employees (31 December 2013: 222 employees).

2. Basis of preparation

This Company's and consolidated Group's condensed interim financial information as of 31 December 2014 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting').

This condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS as adopted by the EU.

These financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

These financial statements for the period ended 31 December 2014 are not audited.

The financial year of the Company and other Group companies coincides with the calendar year.

3. Accounting policies

The accounting policies and calculation methods applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2013, except policy of "Grants" as it is explained bellow. There are no new standards, amendments and interpretations that are mandatory for the Company and the Group with effect from 2014, and that have a significant impact on the Company's and the Group's financial information.

3.1. Grants

The Company has changed accounting policy of grants from 2014. A grant relating to assets is presented by deducting the grant from the asset's carrying amount. Grants are recognised in the statement of comprehensive income over the asset's life time as decrease of asset's depreciation expenses.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amounts in LTL thousands unless otherwise stated)

4. Property, plant and equipment

Group	Land	Buildings	Plant and machinery	Motor vehicles	Other PP&E	Construction in progress	Total
Net book amount at 31 December 2012							
Opening net book amount	1,961	34,470	1,710,567	1,183	41,736	115,669	1,905,586
Additions	-	-	3	22	784	133,900	134,709
Write-offs	-	(39)	(5,883)	-	(9)	(370)	(6,301)
Reclassification to inventories	-	-	-	-	(5)	84	79
Reclassification to intangible assets	-	-	-	-	-	(28)	(28)
Reclassification between categories	-	248	51,321	-	5,204	(56,773)	-
Grants*	-	-	(31,542)	-	-	(2,867)	(34,409)
Depreciation charge	-	(2,203)	(119,599)	(494)	(7,115)	-	(129,411)
Net book amount at 31 December 2013	1,961	32,476	1,604,867	711	40,595	189,615	1,870,225

Net book amount at 31 December 2013							
Opening net book amount	1,961	32,476	1,604,867	711	40,595	189,615	1,870,225
Additions	-	-	480	180	2,947	245,255	248,862
Revaluation	(118)	(991)	(639,719)	-	(307)	-	(641,135)
Disposals	-	-	(5)	-	(4)	-	(9)
Write-offs	-	(152)	(5,043)	-	(148)	-	(5,343)
Reclassification to inventories	-	-	-	-	-	140	140
Reclassification to intangible assets	-	-	-	-	(510)	-	(510)
Reclassification between categories	-	4,513	197,060	-	(9,698)	(191,875)	-
Grants*	-	(457)	(55,015)	-	(811)	(16,577)	(72,860)
Depreciation charge	-	(2,775)	(123,647)	(438)	(6,544)	-	(133,404)
Net book amount at 31 December 2014	1,843	32,614	978,978	453	25,520	226,558	1,265,966

Company	Land	Buildings	Plant and machinery	Other PP&E	Construction in progress	Total
Net book amount at 31 December 2012						
Opening net book amount	1,961	33,258	1,710,019	40,153	116,077	1,901,468
Additions	-	-	-	644	133,900	134,544
Write-offs	-	(39)	(5,883)	(8)	(370)	(6,300)
Reclassification to inventories	-	-	-	(5)	84	79
Reclassification to intangible assets	-	-	-	-	(28)	(28)
Reclassification between categories	-	248	51,321	5,204	(56,773)	-
Grants*	-	-	(31,542)	-	(2,867)	(34,409)
Depreciation charge	-	(2,089)	(119,507)	(6,536)	-	(128,132)
Net book amount at 31 December 2013	1,961	31,378	1,604,408	39,452	190,023	1,867,222

Net book amount at 31 December 2013						
Opening net book amount	1,961	31,378	1,604,408	39,452	190,023	1,867,222
Additions	-	-	-	2,522	245,255	247,777
Revaluation	(118)	(1,019)	(639,719)	(307)	-	(641,163)
Disposals	-	-	(5)	-	-	(5)
Write-offs	-	(152)	(5,043)	(146)	-	(5,341)
Reclassification to inventories	-	-	-	-	140	140
Reclassification to intangible assets	-	-	-	(510)	-	(510)
Reclassification between categories	-	4,513	197,060	(9,698)	(191,875)	-
Grants*	-	(457)	(55,015)	(811)	(16,577)	(72,860)
Depreciation charge	-	(2,661)	(123,547)	(6,028)	-	(132,236)
Net book amount at 31 December 2014	1,843	31,602	978,139	24,474	226,966	1,263,024

*-carring amount of assets is reduced by amount of grants, related to assets.

The company performed the valuation of tangible fixed assets as at the end of 2014. taking into account "The description of principles of state-regulated prices in the electricity sector " approved by Resolution No. 1026 of Government of the Republic of Lithuania on 24 September 2014, "The methodology for price cap setting of electricity transmission, distribution, public supply and public prices" approved by Resolution No. 03-3 of National Commission for Energy Control and Prices on 15 January 2015 and "The methodology of assets and business valuation" approved by Order No. 1K-159 of the Minister of Finance of the Republic of Lithuania on 27 April 2012.

The company evaluated the assets with the income approach using a discounted cash flow calculation method. In the calculation of future cash flows present value were only included cash flows directly related to the assets, but not all of the Company's business-related cash flows. In the calculation was used 6.12% discount rate (after tax). As a result of asset valuation was accounted the impairment loss of 641,163 thousand LTL including 183,350 thousand LTL decrease of assets revaluation reserve. The valuation effect on equity decrease through the profit (loss) statement amounted to 361,638 thousand LTL.

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5. Investments in subsidiaries (for the Company) and investments in associates and jointly controlled entities (for the Company and the Group)

Investments in subsidiaries in the Company's financial statements

As at 31 December 2014 and 31 December 2013, the Company had direct control over the following subsidiaries:

Subsidiary At 31 December 2014	Investment cost	Ownership interest (%)	Impairment	Carrying amount
UAB „TETAS“	15,042	100	-	15,042
BALTPPOOL UAB	854	67	-	854
UAB Tinklo priežiūros centras	600	100	-	600
Total	16,496		-	16,496

Subsidiary At 31 December 2013	Investment cost	Ownership interest (%)	Impairment	Carrying amount
UAB „TETAS“	15,042	100	-	15,042
BALTPPOOL UAB	452	67	-	452
Total	15,494		-	15,494

On 24 February 2014, following the decision of the Board of the Company of 14 February 2014, the Company established an entity Tinklo Priežiūros Centras UAB, the key focus of which is to prepare for installation, management and operation of the links between the power system of the Republic of Lithuania and the power systems of the Republic of Poland and the Kingdom of Sweden, as well as to compile competence and expertise related to management and operation of such international power links.

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 2014	Company 2014	Group 2013	Company 2013
Opening balance	15,922	15,320	16,052	16,601
Share of profit/(loss) of associates and jointly controlled entities	307	-	1,151	-
Canceled shares	(9,164)	(9,164)	-	-
Impairment of investments	-	-	(1,281)	(1,281)
Closing balance	7,065	6,156	15,922	15,320

On 17 July 2014, the share capital of UAB Duomenų logistikos centras was decreased in order to repay funds to the shareholders. Prior that decrease of capital the number of shares, owned by the Company amounted to 11,995,748. After cancelling of 9,163,806 shares owned by the Company, 9,163,806 LTL were repaid to the Company on 22 August 2014.

6. Held-to-maturity investments

	Group at 31 December 2014	Company at 31 December 2014	Group at 31 December 2013	Company at 31 December 2013
Swedbank AB bonds in LTL, maturity as of 7 March 2014	-	-	70 000	70 000
Swedbank AB bonds in LTL, maturity as of 22 January 2015	55 000	55 000		
Total	55 000	55 000	70 000	70 000

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7. Borrowings

Loans of the Group/Company according to the repayment terms were as follows:

	Group at 31 December 2014	Company at 31 December 2014	Group at 31 December 2013	Company at 31 December 2013
Non-current				
Bank borrowings	305,918	305,918	165,044	165,044
Current				
Current portion of long-term loans	104,275	104,275	49,030	49,030
Bank overdraft	36,530	-	7,449	-
Total borrowings	446,723	410,193	221,523	214,074

Non-current borrowings analysed by maturity:

	Group at 31 December 2014	Company at 31 December 2014	Group at 31 December 2013	Company at 31 December 2013
Between 1 and 2 years	100,416	100,416	104,275	104,275
Between 2 and 5 years	83,720	83,720	22,788	22,788
Over 5 years	121,782	121,782	37,981	37,981
Total	305,918	305,918	165,044	165,044

On 16 July 2012, the Company's subsidiary Tetas UAB signed an overdraft agreement with SEB Bankas AB. On 30 May 2014, the amendment to this agreement (No. 6) was signed and the credit limit was increased to LTL 10,000 thousand. The agreement expires on 31 January 2015. As of 31 December 2014, the withdrawn amount of the overdraft amounted LTL 8,140 thousand (as of 31 December 2013: LTL 9,461 thousand).

On 10 July 2014, the Company's subsidiary BALTPPOOL UAB signed overdraft agreement with AB DNB bank. In accordance with that agreement LTL 90,000 thousand credit limit is set for BALTPPOOL UAB PSO funds account following agreed variable schedule. The agreement expires on 10 July 2015. As of 31 December 2014, the withdrawn by the BALTPPOOL UAB amount of the overdraft amounted to LTL 27,069 thousand.

On 5 October 2012, the Company signed a loan agreement with Pohjola Bank Plc. The loan amount is EUR 58,000 thousand. As of 31 December 2014, EUR 30,000 thousand were repaid back.

On 7 April 2014, the Company signed a loan agreement with Pohjola Bank Plc. The total loan amount is EUR 40,000 thousand. As of 31 December 2014, the withdrawn amount of the loan amounted to LTL 21,000 thousand.

On 12 September 2013, the Company signed a loan agreement with Nordic Investment Bank. The total amount of the loan is EUR 22,000 thousand. As of 31 December 2014, EUR 2,200 thousand were repaid back.

On 6 August 2014, the Company signed a loan agreement with Nordic Investment Bank. The total amount of the loan is EUR 50,000 thousand.

On 18 December 2014, the Company signed a loan agreement with European Investment Bank. The total amount of the loan is EUR 65,000 thousand. As of 31 December 2014, there were no withdrawals of that loan.

8. Segment information

The Group/Company analyses operations by geographical areas and types of services provided.

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 market operator;
- repair and maintenance activities.

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 distribution networks, large network users from power stations and neighbouring energy systems.

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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 with the help of interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to ENTSO-E continental Europe networks;
- connection of power generation facilities, which use wind, biomass, solar energy or hydroenergy in the process of electricity generation, to transmission networks, optimisation, development and/or reconstruction of transmission networks in relation to acceptance and transmission of electricity from producers that use the renewable energy resources;
- balancing of electricity generated using the renewable energy resources;

The Company's subsidiary BALTPPOOL UAB carries out the activities of PSO fund administrator and biofuel market operator.

Repair and maintenance services are carried out by the Company's subsidiary TETAS UAB. These services include reconstruction, repair and technical maintenance of medium voltage transformer substations and distribution stations.

UAB Tinklo priežiūros centras provides technical supervision of telecommunications, electricity metering, construction and maintenance of high-voltage power links.

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

2014	Operating segments							Total
	Electricity trans-mission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator/ PSO fund administrator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	237,684	77,477	43,011	10,178	821	83,646	-	452,817
Inter-segment revenue	-	-	-	-	-	(6,841)	(27,448)	(34,289)
Revenue after elimination of intercompany revenue within the Group	237,684	77,477	43,011	10,178	821	76,805	(27,447)	418,529
*Operating profit (loss)	(449,710)	19,390	(7,695)	-	(797)	(1,173)	-	(439,985)
Finance income (costs), net	(744)	-	-	-	7	(194)	-	(931)
Share of result of associates and jointly controlled entities	307	-	-	-	-	-	-	307
Profit (loss) before income tax	(450,147)	19,390	(7,695)	-	(790)	(1,367)	-	(440,609)
*Income tax	65,326	-	-	-	-	(22)	-	65,304
Net profit (loss) for the year	(384,821)	19,390	(7,695)	-	(790)	(1,389)	-	(375,305)
Depreciation and amortisation expense	133,453	-	-	-	123	1,185	-	134,761
Write-off of property, plant and equipment	5,083	-	-	-	-	-	-	5,083

*Income tax is not allocated between Company's operating segments and is attributed to electricity transmission activity.

The Group's information on segments for the twelve month period ended 31 December 2013 is presented in the table below:

2013	Operating segments							Total
	Electricity trans-mission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator/ PSO fund administrator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	256,462	186,849	93,813	10,757	675	73,633	-	622,189
Inter-segment revenue	-	-	-	-	(58)	(8,733)	(23,572)	(32,363)
Revenue after elimination of intercompany revenue within the Group	256,462	186,849	93,813	10,757	617	64,900	(23,572)	589,826
Operating profit (loss)	(9,611)	9,205	29,576	-	(914)	(2,510)	521	26,267
Finance income (costs), net	2,518	-	-	-	4	(121)	-	2,401
Share of result of associates and jointly controlled entities	1,151	-	-	-	-	-	-	1,151
Profit (loss) before income tax	(5,942)	9,205	29,576	-	(910)	(2,631)	521	29,819
*Income tax	(4,549)	-	-	-	2	85	-	(4,462)
Net profit (loss) for the year	(10,491)	9,205	29,576	-	(908)	(2,546)	521	25,357
Depreciation and amortisation expense	129,118	-	-	-	115	1,311	(17)	130,527
Write-off of property, plant and equipment	5,353	-	-	-	-	-	-	5,353

*Income tax is not allocated between Company's operating segments and is attributed to electricity transmission activity.

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The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 99% of total revenue.

The Company sells regulating electricity to transmission system operators in Latvia and Estonia and provides the electricity transit service to the Russian transmission system operator.

In 2014 and 2013, the Group's and the Company's revenue by geographical location of customers:

Country	Group 2014	Company 2014	Group 2013	Company 2013
Lithuania	414,061	363,883	579,384	537,535
Russia	958	958	2,088	2,088
Estonia	1,568	1,568	1,648	1,648
Latvia	1,687	1,687	6,679	6,679
Norway	255	255	-	-
Great Britain	-	-	27	27
Total	418,529	368,351	589,826	547,977

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

9. Related-party transactions

The Company's/Group's related parties in 2014 and 2013 were as follows:

- EPSO-G (the parent of the Company). EPSO-G is a wholly-owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and jointly controlled entities of the Company;
- Management of the Company.

The Group's related-party transactions in 2014 and balances arising from these transactions as at 31 December 2014 were as follows:

Related parties	Amounts payable	Amounts receivable	Purchases	Sales
The Group's parent company (UAB EPSO-G)	-	10	-	31
Associates	110	546	1,634	5,396
	110	556	1,634	5,427

The Company's related-party transactions in 2014 and balances arising from these transactions as at 31 December 2014 were as follows:

Related parties	Amounts payable	Amounts receivable	Purchases	Sales
Subsidiaries	8,994	17,018	100,771	92,865
The Group's parent company (UAB EPSO-G)	-	10	-	31
Associates	110	546	1,634	5,394
	9,104	17,574	102,405	98,290

The Group's related-party transactions in 2013 and balances arising from these transactions as at 31 December 2013 were as follows:

Related parties	Amounts payable	Amounts receivable	Purchases	Sales
The Group's parent company (UAB EPSO-G)	12	-	10	-
Associates	2,533	616	15,141	6,140
	2,545	616	15,151	6,140

The Company's related-party transactions in 2013 and balances arising from these transactions as at 31 December 2013 were as follows:

Related parties	Amounts payable	Amounts receivable	Purchases	Sales
Subsidiaries	17,477	9,245	130,064	100,465
The Group's parent company (UAB EPSO-G)	12	-	10	-
Associates	2,405	616	14,465	6,126
	19,894	9,861	144,539	106,591

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Payments to key management personnel

	<u>Group 2014</u>	<u>Company 2014</u>	<u>Group 2013</u>	<u>Company 2013</u>
Employment-related payments, whereof:	2,119	1,191	2,684	1,772
- Termination benefits	-	-	258	258
Average number of the key management personnel	14	6	16	8

Key management of the Company consists of head of administration, members of the board and the chief financier. Key management of subsidiaries consists of heads of administration, directors of departments, and chief financiers.

10. Basic and diluted earnings per share

In 2014 and 2013, basic and diluted earnings per share were as follows:

	<u>2014</u>	<u>2013</u>
Net profit (loss) attributable to the Company's shareholders (thousand LTL)	(373,445)	25,669
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings per share (in LTL)	<u>-0.740</u>	<u>0.051</u>

11. Contingent liabilities

Litigation

Civil case based on a claim filed by the Company against A. Blyskys, B. Černauskienė and A. Černauskas ('the Defendants') and AB SEB Bankas regarding the establishment of a servitude necessary for the construction and maintenance of the 330 kV Klaipėda-Telšiai overhead electricity transmission line. Disagreeing with the amount of compensation proposed for the establishment of the servitude by LITGRID AB, which was calculated according to the procedure established by the law, the Defendants filed a counterclaim against the Company, requesting the award of LTL 700,000 (EUR 202,734.01) in damages for the establishment of servitude. The case was heard by a court of first instance. The Company was ordered to pay the land owners LTL 650,548. Disagreeing with the decision of the court, the Company filed an appeal. The hearing of the Court of Appeal of Lithuania took place on 18 July 2014. The court of appeal repealed the decision of the court of first instance whereby by the above-mentioned amount was awarded to the land owners from the Company. The land owners filed a cassation appeal. In response to the cassation appeal, the Company applied to the Supreme Court of Lithuania (on 15 October 2014) requesting to uphold the ruling of the Court of Appeal of Lithuania. In 2013 the Company made a provision of LTL 650,548 (EUR 188,411.72) for the potential award of damages, which was booked under other accounts payable, and increased the value of construction in progress accordingly.

Civil case based on a claim filed by the Company against ACHEMA AB for the recovery of a debt and interest thereon. The Company filed a lawsuit against ACHEMA AB for the recovery of debt in the amount of LTL 2,271,108.65 (EUR 657,758.53) as well as interest in the amount of LTL 20,918.25 (EUR 6,058.34) under an agreement on the electricity transmission service ('the Agreement') concluded by and between the Company and ACHEMA AB for the public interest service (PIS) fee for the period from April to June 2011. This case was suspended by decision of the Kaunas Regional Court of 14 June 2012 until a judgment is given in another civil case based on ACHEMA AB's claim for the invalidation of those provisions of the Agreement, on which the Company's claims are partially based, and for the application of restitution (i. e. for the award of payment of LTL 3,071,678.40 (EUR 3,071,678.40) as the PIS fee paid for January-March 2011). Consideration of the civil case based on ACHEMA AB's claim for the invalidation of the Agreement and the restitution has also been suspended on 27 February 2013 until a final decision is given in a pending administrative case at the Supreme Administrative Court of Lithuania (SACL) concerning a complaint (application) filed by a group of Members of the Seimas (Parliament) of the Republic of Lithuania on 2 March 2011 regarding the contradiction between certain regulations and the Law on Electricity ('the Seimas Claim Case'). By a decision given on 8 January 2015, the regulatory administrative proceedings were terminated, therefore, the civil case based on ACHEMA AB's claim against the Company concerning invalidation of the contractual provisions which, in part, form the grounds for the Company's claims and concerning restitution, should be renewed in the nearest future. As of 31 December 2014, the arrears of ACHEMA AB total LTL 10,247,000. The outcome of the case will have no impact on long-term financial results of the Company or the Group, since the Company acts as an agent and the PIS fees are only carried in the accounts receivable/payable.

Administrative case based on a claim filed by ACHEMA AB for against the State for indemnification for damages caused by unlawful actions of state institutions (the Company participates in the proceedings as a third party). ACHEMA AB claims that state institutions, acting unlawfully and exceeding the scope of their competence, adopted the Law on Electricity, which contradicts the Constitution and the European Union's legal acts, and regulations, which contradict the primary legislation. As a result of the alleged unlawful actions of state authorities, ACHEMA AB claims to have incurred damages amounting to EUR 2,702,912. By its decision given on 7 December 2011, the Vilnius Regional Administrative Court suspended this regulatory administrative case until a final decision is given in the afore-mentioned Seimas Claim Case, however, the case has been

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renewed by decision of the Administrative Court of Vilnius County of 20 January 2015 and a hearing has been scheduled for 26 March 2015 (on 10 February 2015, the applicant filed a request for approaching the Constitutional Court for interpretations of compliance of the legal regulation and the Supreme Administrative Court of Lithuania and for suspending the case until these two courts hand down their decisions). The outcome of the case will have no impact on net profit (loss) of the Company as the Company acts as a third party in the case. Furthermore, the Company acts in the capacity of an agent in the collection and distribution of PIS funds and carries the PIS funds in the accounts receivable/payable.

Civil case based on a claim filed by the Company against ACHEMA AB regarding the payment of debt and interest for January 2013 as well as the obligation to conclude an agreement on the PIS fee collection. The Company has made a claim to ACHEMA AB for LTL 1,304,306.51 (EUR 377.753.28) for the outstanding PIS fees for January 2013, including interest. The case has been suspended by decision of the Kaunas Regional Court of 29 November 2013 (effective date 20 February 2014) until the decision of the Vilnius Regional Administrative Court in administrative case No I-2498-365/2013 concerning Resolution of the National Commission for Energy Control and Prices on the establishment of PIS fees and prices for 2013 is given and takes effect. It should be noted that since 2013, the Company has been performing the function of PIS fee collection only. According to the agreement with Baltpool UAB, a PIS fee administrator and one of the Group's companies, if the Company's customers do not pay PIS fees for three months in succession, the Company has the right to reduce the fee amounts transferred to Baltpool UAB (which acts in the capacity of an agent and only records PIS fees in the accounts receivable/payable) in the amount which the Company has not collected from its customers. In view of the foregoing, the decision of the court, regardless of whether it is in favour of the Company or not, will not have any impact on the net profit (loss) of the Group/Company. The outcome of the case depends, first of all, on the decision/decisions of the Constitutional Court on the compliance of the provisions of the PIS Provision Procedures with the Constitution, as a result of which the aforementioned administrative case will be renewed.

Civil case based on a claim filed by the Company against LIFOSA AB regarding the payment of debt and interest for January 2013 and the obligation to conclude a PIS fee collection agreement. The Company made a claim to LIFOSA AB in the amount of LTL 362,517.60 for the outstanding PIS fees for January 2013 including interest. The case has currently been suspended until the decision of the Vilnius Regional Administrative Court in administrative case No I-2075-365/2013 based on LIFOSA AB'S claim concerning Resolution of the National Commission for Energy Control and Prices on the establishment of PIS fees and prices for 2013 is given and takes effect and also until the completion of consideration, by the Constitutional Court, of an application filed by a group of the Seimas Members for the investigation into whether individual provisions of the Law on Electricity are consistent with the Constitution. It should be noted that since 2013, the Company has been performing the function of PIS fee collection only. Under the agreement with Baltpool UAB, a PIS fee administrator and one of the Group's companies, if the Company's customers do not p possible outcome of the case depends, first of all, on the decision/decisions of the Constitutional Court on the compliance of the provisions of the PIS Provision Procedures with the Constitution, as a result of which the aforementioned administrative case will be renewed.

Civil case based on a claim filed by the Company against ORLEN LIETUVA AB concerning the payment of debt and interest for January 2013 and the obligation to conclude a PIS fee collection agreement. The Company made a claim to ORLEN LIETUVA AB in the amount of LTL 366,856.42 (EUR 106,248.96) for the outstanding PIS fees for January 2013 including interest. By decision of the Šiauliai Regional Court given on 12 February 2014, the case has been suspended until the decision of the Vilnius Regional Administrative Court in the pending administrative case No I-2267-426/2013 based on ORLEN LIETUVA AB's claim concerning Resolution of the National Commission for Energy Control and Prices on the establishment of PIS fees and prices for 2013 is passed and takes effect, and also until the request of the Vilnius Regional Administrative Court to investigate compliance of the PSO supply procedure description with the provisions of the Constitution is considered by the Constitutional Court. It should be noted that since 2013, the Company has been performing the function of PIS fee collection only. Under the agreement with Baltpool UAB, a PIS fee administrator and one of the Group's companies, if the Company's customers do not pay PIS fees for three months in succession, the Company has the right to reduce the fee amounts transferred to Baltpool UAB (which acts in the capacity of an agent and only records PIS fees in the accounts receivable/payable) in the amount which the Company has not collected from its customers. In view of the foregoing, the decision of the court, regardless of whether it is in favour of the Company or not, will not have any impact on the net profit (loss) of the Group/Company. The outcome of the case depends, first of all, on the decision/decisions of the Constitutional Court on the compliance of the provisions of the PIS Provision Procedures with the Constitution, as a result of which the aforementioned administrative case will be renewed.

Civil case based on a claim filed by A. Žilinskio ir Ko UAB concerning invalidation of a set-off of a counterclaim amount, payment for contractual works, and interest on late payment. According to Contract of 2 July 2010, A. Žilinskio ir Ko UAB was under an obligation to carry out construction of the 110 kV Nemunas-Murava cable line by 18 November 2011; however, the works were completed as late as 30 January 2013. LITGRID AB charged penalty of LTL 880,187.45 (EUR 254,919.91) for the delay and deducted it from the amount payable to the contractor by way of a set-off, recognising an income of LTL 880,187.45 (EUR 254,919.91) in its accounts in 2012 (after new circumstances came to light, later the amount was reduced to LTL 861,738.84 (EUR 249,576.82), upon payment of LTL 18,448.61 (EUR 5,343.09) by the contractor). The contractor filed an appeal to the Vilnius Regional Court requesting invalidation of the set-off, repayment of the amount that had been deducted as a penalty, and interest on late payment. On 16 October 2013 the claim made by claimant A. Žilinskio ir Ko UAB was rejected in full by decision of the court. On 14 November 2013 the contractor filed an appeal against the court decision to the Court of Appeal of Lithuania. On 30 June 2014 the Court of Appeal of Lithuania ruled that only LTL 50,000 (EUR 14,481.00) was substantiated as a penalty when the Company made the set-off and awarded payment of the remaining amount, interest on late payment, 6% interest p. a. starting from the moment of institution of the proceedings, and litigation costs for the benefit

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of the contractor, Energetikos Tinklų Institutas UAB as a third party, and the State. LITGRID AB has appealed against this decision to the court of cassation. The Company has made a provision for the potential refund of the penalties and interest on late payment.

A case pending at the Vilnius Regional Administrative Court concerning the reversal of Resolution 'Concerning changing of the period of regulation of the upper limit for the price of the service of electricity transmission over high-voltage grids provided by LITGRID AB' No O3-817 passed by the National Commission for Energy Control and Prices ('the Commission') on 30 September 2014 and the Commission's Resolution 'Concerning recalculation of the upper limit for the price of the service of electricity transmission over high-voltage grids provided by LITGRID AB for 2015' of 30 September 2014, whereby the pricing of LITGRID AB's electricity transmission services are regulated. By its resolution of 30 September 2014 No O3-817 'Concerning changing of the period of regulation of the upper limit for the price of the service of electricity transmission over high-voltage grids provided by LITGRID AB', the Commission has decided to extend the period of regulation of LITGRID AB's electricity transmission services in 2015. After this Resolution took effect, the current electricity transmission service regulation period covers 2011 - 2015 and the Commission's Resolution 'Concerning recalculation of the upper limit for the price of the service of electricity transmission over high-voltage grids provided by LITGRID AB for 2015' has set an upper price limit of 1.858 cents/kWh for the electricity transmission service provided by LITGRID AB. The Company does not agree with the upper limit for the electricity transmission service set by the Commission for 2015, therefore, on 24 October 2014 it has filed an appeal to the Vilnius Regional Administrative Court requesting that the abovementioned resolutions of the Commission should be reversed. Along with the appeal, LITGRID AB has applied for the application of a provisional injunction and the suspension of the validity of the Commission's resolutions. The Vilnius Regional Administrative Court accepted the appeal on 30 October 2014 but did not apply the provisional injunction. On 6 November 2014, LITGRID AB submitted a separate appeal concerning the part of the court decision whereby application of the provisional injunction was refused. The hearings have not yet been scheduled for the appeal of 30 October 2014 and for the separate appeal of 6 November 2014.

An administrative case based on the Company's appeal against Resolution of the Commission No O3-879 of 2014 'Concerning publication of the electricity transmission service prices and the procedure for the application thereof'. On 28 November 2014, the Company filed an appeal to the Vilnius Regional Administrative Court requesting to cancel items 2.3 and 3 in the Commission's Resolution No O3-879 of 2014 'Concerning publication of the electricity transmission service prices and the procedure for the application thereof' and to apply injunction, i. e. suspend the validity of these items 2.3 and 3 until the date of the handing down of final decision by the court, and in case if no injunction is applied - to obligate the Commission to correct the violation by including, when setting the upper transmission service price limits for next regulatory period, the arising income difference (LTL 34 million) in the value of the income level used for the price limit calculations. By its decision of 3 December 2014, the Vilnius Regional Administrative Court accepted the part of the Company's appeal whereby the Company requests to cancel items 2.3 and 3 in the Commission's Resolution No O3-879 of 2014 'Concerning publication of the electricity transmission service prices and the procedure for the application thereof' and rejected the remaining part of the appeal as well as the request to apply injunction. The Company has filed a separate appeal concerning the refusal to accept part of the appeal and to reject the injunction request. No hearing date has been scheduled for the separate appeal as yet. Having regard to the evidence collected in the case and the Company's legal argumentation underlying its claims, the Company can expect either favourable or unfavourable outcome of the case.

An administrative case based on the Company's appeal for cancellation of Resolution of the Commission No O3-815 of 26 September 2014 'Concerning scheduled inspection of LITGRID AB'. In the opinion of the Company, the Commission's Resolution is unjustified and illegitimate, therefore, the Company has filed an appeal to the Vilnius Regional Administrative Court for the cancellation of items 1, 2 and 3 of the Resolution. Having regard to the fact that there are grounds for renewing the missed deadline for the filing of the appeal, the Company requested the court to restore the term for the filing of the appeal. By its decision of 19 January 2015, the Vilnius Regional Administrative Court refused to honour the Company's request and to accept the appeal. The Company has filed a separate appeal. No date for the hearing of the separate appeal has been scheduled as yet. Having regard to the evidence collected in the case and the Company's legal argumentation underlying its claims, the Company can expect either favourable or unfavourable outcome of the case.

A case concerning the debt of Dirbtinis Pluoštas UAB, a grid user, for the electricity transmission services and PIS, pending at the Vilnius Local Court. On 16 May 2014, the Vilnius Local Court gave a decision whereby an agreement by and between LITGRID AB and Dirbtinis Pluoštas UAB on repayment of the debt for the electricity transmission services and PIS in instalments was approved. Under this agreement Dirbtinis Pluoštas UAB undertook to repay to LITGRID AB LTL 888,002.18 (EUR 257,183.21) in equal monthly instalments of LTL 111,000.27 (EUR 32,147.90) within eight months from March 2014 until October 2014, with the payment to be made on a business day which is one before last business day of the month. Dirbtinis Pluoštas UAB has failed to discharge its obligations, therefore, on 19 September 2014 LITGRID AB applied to the Vilnius Local Court requesting the issue of an executive writ for a part of the debt, i. e. LTL 478,892.75 (EUR 138,696.93), however, by its decision of 19 December 2014 the Vilnius Local Court refused to issue a writ on the grounds that the payments had been delayed for objective reasons. The decision has been appealed against and a hearing has been scheduled for 17 May 2015 at the Vilnius Regional Court.

Civil cases instituted on the basis of the claims filed by LITGRID AB against balancing energy suppliers for the recovery of debts for the balancing energy supplied to them:

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- On 28 January 2014, the Vilnius Regional Court decided to institute bankruptcy proceedings against ECO Energy Systems UAB; LITGRID AB filed its creditor claim to the receiver in bankruptcy appointed by the court for the amount of LTL 2,706,779.07 (EUR 783,937.40). The court approved the creditor's claim. During the bankruptcy proceedings the Company received a partial settlement of LTL 700,786 (EUR 202,961.65);

- On 10 December 2013, LITGRID AB filed a claim to the Vilnius Court of Commercial Arbitration concerning the balancing energy sale and purchase agreement between LITGRID AB and Elektra Visiems UAB, the claim amount totalling LTL 7,754,569.26 (EUR 2,245,878.49). On 6 March 2014 the Court of Appeal of Lithuania satisfied LITGRID AB's separate complaint and ordered the application of provisional injunction to ensure execution of the award, i. e. seizure of Elektra Visiems UAB's assets in the amount of LTL 3,462,372.25 (EUR 1,002,772.32), permitting to make payments specified in the award. The Vilnius Court of Commercial Arbitration satisfied LITGRID AB's claim in full and awarded LTL 11,587,206.85 (EUR 3,355,887.06) as the principal debt amount, LTL 233,822.65 (EUR 67,719.72) as penalty, 6 % interest p. a. on the awarded amount, LTL 125,108.86 (EUR 36,234.03) as arbitration fees, and LTL 20,175.21 (EUR 5,843.15) as litigation costs. On 25 August 2014, Elektra Visiems UAB filed an appeal against the award of the Vilnius Court of Commercial Arbitration to the Court of Appeal of Lithuania, as a result of which the Court of Appeal of Lithuania suspended, by its decision of 15 September 2014 (in civil case No 2A-1559/2014), the execution of the award of the Vilnius Court of Commercial Arbitration of 25 July 2014 until the Court of Appeal of Lithuania completes the consideration of civil case No 2A-1559/2014 based on the claim of Elektra Visiems UAB for the reversal of the award rendered by the Vilnius Court of Commercial Arbitration of 25 July 2014 in arbitration case No 287 (at present no hearing has been scheduled as yet). By decision of 27 January 2014 of the Court of Appeal of Lithuania, the defendant Elektra Visiems UAB's appeal against the award of the Vilnius Court of Commercial Arbitration in arbitration case No 287 dated 25 July 2014 was rejected, and on 30 January 2015 a bailiff issued an order for the recovery of the debt from Elektra Visiems UAB. In addition, the Vilnius Regional Court has instituted, by its decision of 17 December 2014, bankruptcy proceedings against Elektra Visiems UAB, therefore, realisation of assets and/or recovery has been suspended. The defendant Elektra Visiems UAB's appealed against the decision of the Vilnius Regional Court of 17 December 2014 will be heard by the Court of Appeal of Lithuania on 5 March 2015.

- On 20 December 2013, LITGRID AB filed a claim to the Vilnius Court of Commercial Arbitration concerning the balancing energy sale and purchase agreement between LITGRID AB and Sky Energy Group UAB (at present: Saurama UAB), the claim amount totalling LTL 14,348,302.54 (EUR 4,155,555.65). On 30 December 2013, the Vilnius Regional Court satisfied LITGRID AB's request and ordered seizure of Sky Energy Group UAB's assets for the amount stated in the claim (on 2 July 2014, the same court ruled to reduce the scope of the provisional injunction to LTL 12,508,602.54 (EUR 3,622,741.70)), permitting to make payments provided for in the ruling. On 3 September 3, the Vilnius Court of Commercial Arbitration satisfied LITGRID AB's claim and awarded, against Saurama as a defendant, payment of LTL 12,300,000 (EUR 3,562,326.23) as debt, LTL 112,736.76 (EUR 32,650.82) as procedural interest, and LTL 39, 646.82 (EUR 11,482.51) as litigation costs; however, the defendant filed an appeal to the Court of Appeal of Lithuania for the reversal of the arbitration award, as a result of which the Court of Appeal of Lithuania suspended, by its decision of 16 September 2014 in civil case No 2A-1610/2014 the execution of the award of the Vilnius Court of Commercial Arbitration of 3 September 2014 in arbitration case No 291, until the Court of Appeal of Lithuania gives a final procedural decision in the civil case based on defendant's Saurama UAB appeal against the award of the Vilnius Court of Commercial Arbitration of 3 September in arbitration case No 291. At the Company's request, the Court of Appeal altered, in part, the provisional injunction applied by decision of the Vilnius Regional Court, establishing that the maximum gross pay that can be paid to employees out of the seized funds is LTL 2,355 (EUR 682.06) per employee.

LITGRID AB has applied to the Vilnius Local Court requesting the issue of a writ for the recovery of LTL 891,000 (EUR 258,051.44) from Elektros Energijos Prekyba UAB as Elektros Energijos Prekyba UAB has failed to carry out the lawsuit agreement approved by decision of the Vilnius Local Court of 10 March 2010. By its decision of 15 September 2014, the Vilnius Local Court honoured LITGRID AB's request in part and issued a writ for the recovery of LTL 364,000 (EUR 105,421.69) from Elektros Energijos Prekyba UAB. It has been established during the recovery process that the total value of the defendant's assets is lower than its debt to all its creditors and part of the assets has already been seized. Upon evaluation of the situation, in order to achieve a proportional satisfaction of all the creditors' claims, the court was requested to institute bankruptcy proceedings against Elektros Energijos Prekyba UAB; a petition for bankruptcy proceedings has also been filed by the CEO of Elektros Energijos Prekyba UAB. The Vilnius Regional Court instituted bankruptcy proceedings against Elektros Energijos Prekyba UAB by its decision of 19 February 2015; the decision has not taken effect as yet.

The Company has made a provision of LTL 21,163,655.94 (EUR) for the doubtful debts related to the debts of the balancing energy suppliers listed above.

Civil case based on a claim filed against LITGRID AB by Energijos Kodus UAB for the award of LTL 5,621,835 in damages and a claim filed by a group of other independent energy suppliers concerning potential losses incurred by them due to LITGRID AB's agreement with the Latvian and Estonian electricity transmission system operators, which has allegedly caused a rise in wholesale electricity prices in the market. Energijos Kodus UAB and the group of other independent energy suppliers claim that they incurred losses due to the unlawful agreement (violating the competition law) between LITGRID AB and the Latvian and Estonian electricity transmission system operators. In their opinion, this agreement has led to a restriction of competition in the wholesale energy supply market, resulting in an increase in wholesale electricity prices. Despite the increase in wholesale electricity prices, Energijos Kodus UAB and the other independent energy suppliers that had filed the claim purchased electricity at market prices but supplied it to end-users at lower, fixed prices. Energijos Kodus UAB claims that it incurred

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losses of LTL 5,621,835 due to this price difference and has filed a claim for indemnification thereof. LITGRID AB does not agree with the claim and the argumentation set out therein. At present pleadings are being filed in the case. No hearing date has been set as yet. The independent energy suppliers that submitted claims against LITGRID AB also assert that they have incurred losses and intend to file lawsuits for indemnification. In reply to these claims, LITGRID AB informed the independent suppliers that it does not agree with the claims and the argumentation regarding the alleged losses. In the opinion of the Company's management, upon evaluating the entirety of circumstances and facts, these claims are not substantiated and the demands that have been made are not based on substantial evidence and arguments; furthermore, it is objectively impossible to determine the exact total amount of claims that may emerge due to this contingency. This has been confirmed by the results of the investigation carried out by the Commission. Therefore, no provisions were made in these financial statements for this contingency.

On 6 March 2014, the Company received a detailed claim from ABB AB concerning additional payment for increased shunt reactor capacity under the contract of 15 February 2013 No. SUT-40-13 for the design and construction of the Alytus HVDC back-to-back converter with a 400kV switchyard (these works form one of the stages in the implementation of LitPol Link with Poland). According to ABB, such increase in the shunt reactor capacity had not been provided for in the contract, therefore, according to ABB AB's calculations, LITGRID AB should pay additionally LTL 3,005,000 (EUR 870,000) for the work. In the opinion of LITGRID AB, the claim is ungrounded as the required capacity increase was within the scope of the contract and the contractor had to take this into account during the procurement procedures. Hence, the Company will contest the claim made by ABB AB, therefore, no provisions were made in these financial statements for this contingency.

12. Significant events after the balance sheet date

1 January 2015 - euro adoption day in the Republic of Lithuania, therefore on this day accordingly changed the Company's functional currency. The recalculation of litas to euro will apply the conversion rate equal to 3.45280 litas for 1 euro, which irrevocably set by the EU Council.
