



Litgrid

LITGRID AB

**CONSOLIDATED AND THE COMPANY'S CONDENSED
INTERIM FINANCIAL INFORMATION FOR A SIX-MONTH
PERIOD ENDED 30 JUNE 2015, PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION (UNAUDITED)
PRESENTED TOGETHER WITH CONSOLIDATED INTERIM
REPORT**



CONFIRMATION OF RESPONSIBLE PERSONS

August 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 Raimonda Duobuvienė, Interim Chief Financier of Litgrid AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated financial information of Litgrid AB for the six months period ending 30 June 2015 is prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the Litgrid AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period, the Consolidated Interim Report for the first half 2015 includes a fair review of the development and performance of the business.

Daivis Virbickas

Chief Executive Officer

Rimantas Busila

Director of Finance Department

Raimonda Duobuvienė

Deputy of Chief Financier
Acting Chief Financier

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The condensed interim financial information was signed on 27 August 2015.



Daivis Virbickas
Chief executive officer



Rimantas Busila
Director of the Finance
Department



Raimonda Duobuviene
Deputy of Chief Financier,
Acting Chief Financier



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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

	No- tes	Group		Company	
		30.06.2015	31.12.2014	30.06.2015	31.12.2014
ASSETS					
Non-current assets					
Intangible assets	3	776	944	756	915
Property, plant and equipment	3	402,439	364,401	401,580	363,431
Prepayments for property, plant and equipment		147,191	82,228	147,189	82,228
Investments in subsidiaries	4	-	-	2,835	2,796
Investments in associates and jointly controlled entities	4	1,136	1,088	1,047	1,047
Deferred income tax assets		61	91	-	-
Other non-current assets		126	-	126	-
Available-for-sale financial assets		1,923	2,237	1,923	2,237
Total non-current assets		553,652	450,989	555,456	452,654
Current assets					
Inventories		2,423	2,259	1,132	1,005
Prepayments		744	275	688	248
Trade receivables		10,099	14,456	6,880	10,741
Other accounts receivable		47,326	51,253	19,470	21,245
Prepaid income tax		794	31	763	-
Other financial assets		6,130	3,263	2,511	1,751
Held-to-maturity investments	5	-	15,929	-	15,929
Cash and cash equivalents		1,597	25,293	1,311	25,003
Total current assets		69,113	112,759	32,755	75,922
Non-current assets held for sale		3	-	-	-
TOTAL ASSETS		622,768	563,748	588,211	528,576
EQUITY AND LIABILITIES					
Equity					
Share capital	6	146,256	146,064	146,256	146,064
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		6,547	6,840	6,452	6,739
Legal reserve		14,606	14,609	14,606	14,606
Other reserves		62,747	171,355	62,747	171,355
Retained earnings (loss)		3,332	(107,931)	4,268	(107,036)
Equity attributable to the shareholders of the parent company		242,067	239,516	242,908	240,307
Non-controlling interest		83	57	-	-
Total equity		242,150	239,573	242,908	240,307
Liabilities					
Non-current liabilities					
Grants received in advance		125,777	108,140	125,777	108,140
Non-current loans	7	113,559	88,600	113,559	88,600
Deferred income tax liabilities		11,261	11,669	11,261	11,669
Other non-current accounts payable and liabilities		2,958	2,958	2,907	2,907
Total non-current liabilities		253,555	211,367	253,504	211,316
Current liabilities					
Current portion of non-current borrowings	7	69,641	30,200	69,641	30,200
Current loans	7	12,778	10,580	-	-
Trade payables		7,609	34,997	9,542	34,740
Advances received		6,014	2,919	2,380	1,394
Income tax payable		15	316	-	315
Other accounts payable		31,006	33,796	10,236	10,304
Total current liabilities		127,063	112,808	91,799	76,953
Total liabilities		380,618	324,175	345,303	288,269
TOTAL EQUITY AND LIABILITIES		622,768	563,748	588,211	528,576

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



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CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

	No- tes	Group		Company	
		2015 6 months	2014 6 months	2015 6 months	2014 6 months
Revenue					
Sales of electricity and related services		39,776	52,625	39,776	52,625
Other revenue		8,742	5,963	1,393	848
Total revenue	8	48,518	58,588	41,169	53,473
Operating expenses					
Purchase of electricity and related services		(17,546)	(24,916)	(17,546)	(24,916)
Depreciation and amortisation	3	(10,774)	(20,789)	(10,627)	(20,600)
Wages and salaries and related expenses		(5,811)	(5,234)	(2,933)	(2,701)
Repair and maintenance expenses		(2,128)	(2,339)	(3,044)	(3,081)
Telecommunications and IT systems expenses		(1,911)	(1,820)	(1,838)	(1,727)
Write-off of property, plant and equipment		(418)	(323)	(409)	(323)
Other expenses		(6,822)	(5,714)	(1,632)	(2,088)
Total operating expenses		(45,410)	(61,135)	(38,029)	(55,436)
Operating profit (loss)		3,108	(2,547)	3,140	(1,963)
Financial operations					
Finance income		260	295	255	294
Finance expenses		(578)	(444)	(558)	(421)
Total finance income		(318)	(149)	(303)	(127)
Share of profit/(loss) of associates and jointly controlled entities		48	29	-	-
Profit (loss) before income tax		2,838	(2,667)	2,837	(2,090)
Income tax					
Current year income tax (expense)		(851)	(2,075)	(836)	(2,075)
Deferred tax income (expense)		379	2,091	408	2,092
Total income tax		(472)	16	(428)	17
Net profit (loss) for the year		2,366	(2,651)	2,409	(2,073)
Other comprehensive income					
Other comprehensive income		-	-	-	-
Total other comprehensive income		2,366	(2,651)	2,409	(2,073)
Net profit (loss) attributable to:					
Owners of the Company		2,359	(2,616)	2,409	(2,073)
Non-controlling interest		7	(35)	-	-
		2,366	(2,651)	2,409	(2,073)
Total comprehensive income (loss) attributable to:					
Owners of the Company		2,359	(2,616)	2,409	(2,073)
Non-controlling interest		7	(35)	-	-
		2,366	(2,651)	2,409	(2,073)
Basic and diluted earnings (deficit) per share (in EUR)	10	0.005	-0.005	0.005	-0.004

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



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CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR A THREE-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	2015 II quarter	2014 II quarter	2015 II quarter	2014 II quarter
Revenue				
Sales of electricity and related services	18,795	24,722	18,795	24,722
Other revenue	4,618	3,216	847	388
Total revenue	23,413	27,938	19,642	25,110
Operating expenses				
Purchase of electricity and related services	(8,230)	(13,318)	(8,230)	(13,318)
Depreciation and amortisation	(5,437)	(10,042)	(5,367)	(9,949)
Wages and salaries and related expenses	(3,002)	(2,719)	(1,454)	(1,316)
Repair and maintenance expenses	(1,153)	(1,573)	(1,701)	(2,041)
Telecommunications and IT systems expenses	(843)	(935)	(825)	(885)
Write-off of property, plant and equipment	(412)	(1)	(403)	(1)
Other expenses	(3,853)	(2,845)	(1,341)	(1,046)
Total operating expenses	(22,930)	(31,433)	(19,321)	(28,556)
Operating profit (loss)	483	(3,495)	321	(3,446)
Financial operations				
Finance income	157	219	152	218
Finance expenses	(225)	(237)	(215)	(223)
Total finance income	(68)	(18)	(63)	(5)
Share of profit/(loss) of associates and jointly controlled entities	12	(23)	-	-
Profit (loss) before income tax	427	(3,536)	258	(3,451)
Income tax				
Current year income tax (expense)	(274)	(705)	(259)	(705)
Deferred tax income (expense)	217	950	242	951
Total income tax	(57)	245	(17)	246
Net profit (loss) for the year	370	(3,291)	241	(3,205)
Other comprehensive income	-	-	-	-
Total other comprehensive income	370	(3,291)	241	(3,205)
Net profit (loss) attributable to:				
Owners of the Company	351	(3,272)	241	(3,205)
Non-controlling interest	19	(19)	-	-
	370	(3,291)	241	(3,205)
Total comprehensive income (loss) attributable to:				
Owners of the Company	351	(3,272)	241	(3,205)
Non-controlling interest	19	(19)	-	-
	370	(3,291)	241	(3,205)
Basic and diluted earnings (deficit) per share (in EUR)	0.001	-0.006	0.000	-0.006

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



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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

Group	No-tes	Equity attributable to owners of the Group						Subtotal	Non-control-ling interest	Total
		Share capital	Share premium	Revalua-tion reserve	Legal reserve	Other reserves	Retained earnings			
Balance at 1 January 2014		146,064	8,579	65,504	14,616	189,601	12,464	436,828	75	436,903
Comprehensive income (loss) for the period		-	-	-	-	-	(2,616)	(2,616)	(35)	(2,651)
Depreciation of revaluation reserve and amounts written off		-	-	(2,733)	-	-	2,733	-	-	-
Transfers to retained earnings		-	-	-	(8)	(18,246)	18,254	-	-	-
Dividends		-	-	-	-	-	(32,674)	(32,674)	-	(32,674)
Change in ownership interest in subsidiary		-	-	-	-	-	-	-	19	19
Balance at 30 June 2014		146,064	8,579	62,771	14,608	171,355	(1,839)	401,538	59	401,597
Balance at 1 January 2015		146,064	8,579	6,840	14,609	171,355	(107,931)	239,516	57	239,573
Comprehensive income (loss) for the period		-	-	-	-	-	2,359	2,359	7	2,366
Depreciation of revaluation reserve and amounts written off		-	-	(293)	-	-	293	-	-	-
Transfers to retained earnings		-	-	-	(3)	(108,608)	108,611	-	-	-
Conversion of the share capital into euros	6	192	-	-	-	-	-	192	-	192
Change in ownership interest in subsidiary		-	-	-	-	-	-	-	19	19
Balance at 30 June 2015		146,256	8,579	6,547	14,606	62,747	3,332	242,067	83	242,150

Company	No-tes	Equity attributable to owners of the Group					Retained earnings	Total
		Share capital	Share premium	Revalua-tion reserve	Legal reserve	Other reserves		
Balance at 1 January 2014		146,064	8,579	65,399	14,606	189,601	14,701	438,950
Comprehensive income (loss) for the period		-	-	-	-	-	(2,073)	(2,073)
Depreciation of revaluation reserve and amounts written off		-	-	(2,728)	-	-	2,728	-
Transfers to retained earnings		-	-	-	-	(18,246)	18,246	-
Dividends		-	-	-	-	-	(32,674)	(32,674)
Balance at 30 June 2014		146,064	8,579	62,671	14,606	171,355	928	404,203
Balance at 1 January 2015		146,064	8,579	6,739	14,606	171,355	(107,036)	240,307
Comprehensive income (loss) for the period		-	-	-	-	-	2,409	2,409
Depreciation of revaluation reserve and amounts written off		-	-	(287)	-	-	287	-
Transfers to retained earnings		-	-	-	-	(108,608)	108,608	-
Conversion of the share capital into euros	6	192	-	-	-	-	-	192
Balance at 30 June 2015		146,256	8,579	6,452	14,606	62,747	4,268	242,908

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



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CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

	No- tes	Group		Company	
		2015-06-30	2014-06-30	2015-06-30	2014-06-30
Cash flows from operating activities					
Net profit (loss)		2,366	(2,651)	2,409	(2,073)
Reversal of non-monetary expenses (income) and other adjustments					
Depreciation and amortization expense	3	10,774	20,789	10,627	20,600
Impairment of assets (impairment reversal)		(839)	-	(839)	-
Share of profit/(loss) of associates and jointly controlled entities		(48)	(29)	-	-
Income tax expense		472	(17)	428	(17)
Loss on write-off of property, plant and equipment		418	323	409	323
Elimination of results of financing and investing activities:					
Interest income		(15)	(108)	(15)	(107)
Interest expenses		316	439	298	418
Dividends income		(122)	(150)	(122)	(150)
Other finance (income)/expenses		139	(31)	142	(33)
Changes in working capital					
(Increase) decrease in trade receivables and other receivables		7,494	7,332	4,772	(706)
(Increase) decrease in inventories and prepayments		(597)	(671)	(531)	(266)
Increase (decrease) in accounts payable, grants and advance amounts received		(8,473)	(2,672)	(5,633)	552
Other financial assets		(2,553)	(4,752)	(446)	(336)
Income tax (paid)		(414)	(2,478)	(414)	(2,478)
Net cash flows generated from operating activities		8,918	15,324	11,085	15,727
Cash flows from investing activities					
(Purchase) of property, plant and equipment and intangible assets		(135,873)	(24,422)	(135,833)	(24,506)
Grants received		20,792	14,803	20,792	14,803
Investments in time deposits		-	(11,585)	-	(11,585)
Purchase of subsidiary(associate)		-	-	(39)	(82)
Proceeds from redemption of held-to-maturity investments	5	15,929	4,344	15,929	4,344
Interest received		92	139	92	139
Dividends received		122	150	122	150
Other cash flows from investing activities		-	27	-	28
Net cash flows generated from investing activities		(98,938)	(16,544)	(98,937)	(16,709)
Cash flows from financing activities					
Received loans		65,500	32,000	65,500	32,000
(Repayment) of loans		(1,100)	(7,100)	(1,100)	(7,100)
Overdraft		2,198	266	-	-
Interest paid		(270)	(435)	(236)	(413)
Dividends paid		(4)	(32,683)	(4)	(32,683)
Net cash flows generated from financing activities		66,324	(7,952)	64,160	(8,196)
Net increase/(decrease) in cash and cash equivalents		(23,696)	(9,172)	(23,692)	(9,178)
Cash and cash equivalents at the beginning of the period		25,293	23,622	25,003	23,387
Cash and cash equivalents at the end of the period		1,597	14,450	1,311	14,209

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



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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

1. General information

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

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

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

On 30 June 2015 the Company’s share capital, converted into euros, was €146,256,100.20. It consists of 504,331,380 ordinary shares with a nominal value of €0.29 per share.

As at 30 June 2015 and 31 December 2014, the Company’s shareholders structure was as follows:

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

The ultimate controlling shareholder of UAB EPSO-G (company code 302826889, address A. Juozapavičiaus g. 13, Vilnius) is the Ministry of Energy of the Republic of Lithuania. The shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

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

Company	Address of the company’s registered office	Shareholding as at 30 June 2015	Shareholding as at 31 December 2014	Profile of activities
BALTPPOOL UAB	A. Juozapavičiaus str. 13, Vilnius, Lithuania	67%	67%	Electricity market operator, PSO funds administrator
UAB TETAS	Senamiesčio str. 102B, Panevėžys, Lithuania	100%	100%	Specialised transformer substation and distribution point technical maintenance, repair, and installation services; testing and trial work; energy site design
UAB Tinklo Priežiūros Centras	A. Juozapavičiaus str. 13, Vilnius, Lithuania	100%	100%	Preparation for installation, management, and operation of high voltage direct current electricity links with the electricity systems of Poland and Sweden

The structure of the Group’s investments in the associates and the jointly controlled entity as at 30 June 2015 and 31 December 2014 was as follows:

Company	Address of the company’s registered office	The Group’s shareholding as at 30 June 2015	The Group’s shareholding as at 31 December 2014	Profile of activities
UAB Duomenų Logistikos Centras	Žvejų str. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	The coordinator of LitPol Link inter-system power link project

As at 30 June 2015, the Group had 680 employees (31 December 2014: 707), as at 30 June 2015, the Company had 232 employees (31 December 2014: 226).



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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

2. Summary of principal accounting policies

The principal accounting policies adopted in the preparation of the Company's and the Group's condensed interim financial information for the six-month period ending 30 June 2015 is:

2.1 Basis of preparation

The Company's and the Group's condensed interim financial information for the six-month period ending 30 June 2015 is prepared in accordance with the 34th International Accounting Standard (hereinafter - IAS) "Interim Financial Reporting".

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

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

This condensed interim financial information has been prepared on a historical cost basis, except for property, plant and equipment, which is recorded at revalued amount, less accumulated depreciation and estimated impairment losses, and available-for-sale financial assets which are carried at fair value.

The interim financial information is unaudited.

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

The accounting principles applied in preparing the condensed interim financial information are the same as those applied in preparing the financial statements for 2014.

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

2.2 Principles of consolidation

Subsidiary is an entity directly or indirectly controlled by the Company. The Company controls an entity when it can or has a right to receive a variable returns from this relation and it can have impact on these returns due to the power to govern the entity to which the investment is made.

The consolidated financial statements of the Group include Litgrid AB and its subsidiaries. The financial statements of the subsidiaries have been prepared for the same reporting periods, using uniform accounting policies.

Subsidiaries are consolidated from the date from which effective direct or indirect control is transferred to the Company. They are de-consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains and losses on transactions among the Group companies are eliminated.

2.3 Business combinations between entities under common control

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

2.4 Functional currency

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



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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

3. Intangible assets and property, plant, and equipment

Group	Intangible assets	Property, plant, and equipment
Net book amount at 31 December 2013 (adjusted)	684	531,397
Additions	152	17,124
Disposals	-	(2)
Write-offs	-	(346)
Transfer from inventories	-	41
Reclassification	6	(6)
Offsetting grants with non-current assets	-	(3,812)
Depreciation and amortization charge	(66)	(20,723)
Net book amount at 30 June 2014 (adjusted)	776	523,673
Net book amount at 31 December 2014	944	364,401
Additions	28	52,228
Write-offs	-	(454)
Transfer to inventories	-	(3)
Offsetting grants with non-current assets	-	(3,155)
Depreciation and amortization charge	(196)	(10,578)
Net book amount at 30 June 2015	776	402,439
Company	Intangible assets	Property, plant, and equipment
Net book amount at 31 December 2013 (adjusted)	630	530,409
Additions	150	16,882
Disposals	-	(1)
Write-offs	-	(346)
Transfer from inventories	-	41
Reclassification	6	(6)
Offsetting grants with non-current assets	-	(3,812)
Depreciation and amortization charge	(45)	(20,555)
Net book amount at 30 June 2014 (adjusted)	741	522,612
Net book amount at 31 December 2014	915	363,431
Additions	25	52,192
Write-offs	-	(445)
Offsetting grants with non-current assets	-	(3,155)
Depreciation and amortization charge	(184)	(10,443)
Net book amount at 30 June 2015	756	401,580

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

Investments in subsidiaries in the Company's financial statements

As at 30 June 2015 the Company directly controlled the following subsidiaries:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest (%)
UAB Tetas	4,356	(1,981)	2,375	100
Baltpool UAB	286	-	286	67
UAB Tinklo Priežiūros Centras	174	-	174	100
	<u>4,816</u>	<u>(1,981)</u>	<u>2,835</u>	

According to a share subscription agreement of 22 January 2015, the Company acquired 53,600 UAB Baltpool shares with a value of €1.45 each for €77,720. The company will pay for the purchased shares in instalments up to 15 December 2015. €38,860 was paid on 30 June 2015.



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

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest (%)
UAB Tetas	4,356	(1,981)	2,375	100
Baltpool UAB	247	-	247	67
UAB Tinklo Priežiūros Centras	174	-	174	100
	<u>4,777</u>	<u>(1,981)</u>	<u>2,796</u>	

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		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Opening balance	1,088	4,611	1,047	4,437
Shares cancelled	-	(2,654)	-	(2,654)
Impairment of investments	-	(959)	-	(736)
Share of profit (loss) of associates and jointly controlled entities	48	90	-	-
Closing balance	<u>1,136</u>	<u>1,088</u>	<u>1,047</u>	<u>1,047</u>

5. Held-to-maturity investments

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Swedbank AB bonds in LTL, maturity as at 22 January 2015	-	15,929	-	15,929
Closing balance	<u>-</u>	<u>15,929</u>	<u>-</u>	<u>15,929</u>

6. Share capital

On 30 June 2015 the Company's share capital, converted into euros, was €146,256,100.20. It consists of 504,331,380 ordinary shares with a nominal value of €0.29 per share.

7. Loans

Loans of the Group/Company were as follows:

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Non-current borrowings				
Bank loans	113,559	88,600	113,559	88,600
Current borrowings				
Current portion of non-current borrowings	69,641	30,200	69,641	30,200
Overdraft	12,778	10,580	-	-
Total	<u>195,978</u>	<u>129,380</u>	<u>183,200</u>	<u>118,800</u>

Terms of repayment of non-current borrowings

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Between 1 and 2 years	8,082	29,082	8,082	29,082
From 2 to 5 years	30,247	24,247	30,247	24,247
After 5 years	75,230	35,271	75,230	35,271
Total	<u>113,559</u>	<u>88,600</u>	<u>113,559</u>	<u>88,600</u>



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8. Segment information

The Group has distinguished the following 6 segments:

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

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

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

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

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

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

The Energy Resources Market Operator's functions are carried out by the Company's subsidiary UAB Baltpool. As part of this activity, UAB Baltpool also conducts the PSO administrator function.

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

The Group's information on segments for the period ended 30 June 2015 is presented in the table below:

	Operating segments						Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of system services	Provision of services under PSO scheme	Activities of the energy resource market operator	Repair and maintenance activities	
Revenue	28,409	6,014	4,667	2,079	210	9,766	51,145
Inter-segment revenue	-	-	-	-	-	(2,627)	(2,627)
Revenue after elimination of intercompany revenue within the Group	28,409	6,014	4,667	2,079	210	7,139	48,518
Operating profit (loss)	957	2,639	(457)	-	20	(51)	3,108
Income (expenses) from financing activities, net*	x	x	x	x	x	x	(318)
Share of result of associates and jointly controlled entities*	x	x	x	x	x	x	48
Profit (loss) before income tax	x	x	x	x	x	x	2,838
Income tax*	x	x	x	x	x	x	(472)
Net profit (loss) for the year	x	x	x	x	x	x	2,366
Depreciation and amortisation expenses	10,625	-	-	-	12	137	10,774
Write-offs of property, plant and equipment	445	-	-	-	-	9	454

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



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The Group's information on segments for the period ended 30 June 2014 is presented in the table below:

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	Operating segments						Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of system services	Provision of services under PSO scheme	Activities of the energy resource market operator	Repair and maintenance activities	
Revenue	34,157	11,687	6,178	1,451	84	10,500	64,057
Inter-segment revenue	-	-	-	-	-	(5,469)	(5,469)
Revenue after elimination of intercompany revenue within the Group	34,157	11,687	6,178	1,451	84	5,031	58,588
Operating profit (loss)	(3,179)	2,625	(1,408)	-	(106)	(479)	(2,547)
Income (expenses) from financing activities, net*	x	x	x	x	x	x	(149)
Share of result of associates and jointly controlled entities*	x	x	x	x	x	x	29
Profit (loss) before income tax	x	x	x	x	x	x	(2,667)
Income tax*	x	x	x	x	x	x	16
Net profit (loss) for the year	x	x	x	x	x	x	(2,651)
Depreciation and amortisation expenses	20,525	-	-	-	18	173	20,716
Write-offs of property, plant and equipment	346	-	-	-	-	-	346

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

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 96% of total revenue.

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

	Group		Company	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Lithuania	46,804	57,810	39,455	52,695
Russia	221	185	221	185
Estonia	986	204	986	204
Latvia	222	388	222	388
Norway	225	1	225	1
Sweden	60	-	60	-
Total:	48,518	58,588	41,169	53,473

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

9. Related-party transactions

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

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

Transactions with related parties are carried out in accordance with market conditions and the tariffs approved under legislation or in accordance with the requirements of the law on public procurement.

Sales of goods and services

	Group		Company	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Subsidiaries of the Company	-	-	11,173	13,516
The Group's parent company (UAB EPSO-G)	10	-	10	-
Group's associates and jointly controlled entities	784	783	784	782
	794	783	11,967	14,298



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Purchases of goods and services

	Group		Company	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Subsidiaries of the Company	-	-	10,355	14,858
Group's associates and jointly controlled entities	208	153	208	153
	208	153	10,563	15,011

Amounts receivable from related parties

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Subsidiaries of the Company	-	-	1,898	2,350
The Group's parent company (UAB EPSO-G)	1	3	1	3
Group's associates and jointly controlled entities	158	158	158	158
	159	161	2,057	2,511

Amounts payable to related parties

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Subsidiaries of the Company	-	-	2,850	5,522
The Group's parent company (UAB EPSO-G)	-	-	-	-
Group's associates and jointly controlled entities	20	76	20	76
	20	76	2,870	5,598

Payments to the key management personnel

	Group		Company	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Employment-related payments, whereof:	368	299	227	172
- Termination benefits	15	-	15	-
Average number of the key management personnel	15	14	6	6

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

10. Basic and diluted earnings per share

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

	30.06.2015	30.06.2014
Net profit (loss) attributable to the Company's shareholders (thousand EUR)	2,359	(2,616)
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings per share (in EUR)	0.005	-0.005

11. Contingent liabilities

Litigations

The State Prices and Energy Control Commission adopted Resolution No. O3-224 of 26 March 2015 concerning AB LITGRID breaches of regulated conditions of activity, which imposed on AB LITGRID a fine of €100,000 and ordered the Appellant to pay the fine within 30 calendar days from the date of entry into force of the Appeal Judgement and to correct by 26 May 2015 the regulated usage statements for the years 2011-2013, presenting them to the Commission. On 24 April 2015, AB LITGRID appealed against this decision of the Commissions to the Vilnius Regional Administrative Court. The contested decision is unjustified and illegal; therefore the applicant submits this protest, requesting that the appeal decision be set aside.



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The Company submitted a claim regarding the Commission resolution No O3-10 of 19 January 2015 “Regarding establishment of price caps on LITGRID AB transmission service via high-voltage network for 2016-2020”, which approved the Company’s electrical energy transmission operation regulation period from 2016 to 2020, established the allowed final electric energy transmission service revenue level of the claimant for 2016, as well as the price cap on the electric energy transmission service via high-voltage network provided by the claimant for 2016. In the opinion of the Company, when establishing the price cap on the electric energy transmission service for the period of 2016, the Commission performed an incorrect calculation of the allowed return on investment and, therefore, groundlessly reduced the Company’s allowed electricity transmission revenues by LTL 36 million. The Company filed a claim for partial annulment of this Commission resolution. By the ruling of 19 February 2015, the court accepted the Company’s claim but refused to apply the claim assurance measures - until the day of adoption of the final court decision in the case, to suspend temporarily the validity of certain clauses of the Resolution No O3-10 of 19 January 2015 of the National Control Commission for Prices and Energy “Regarding establishment of price caps on LITGRID AB transmission service via high-voltage network for 2016-2020”. On 26 February 2015 the Company filed a separate claim to the court regarding the part of the ruling of 19 February 2015, in which it was refused to apply the claim assurance measures requested by the Company.



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CONDENSED INTERIM REPORT OF LITGRID AB AND ITS SUBSIDIARIES FOR THE FIRST SIX MONTHS OF 2015

I. General information about the group of companies

The consolidated interim report was prepared for the first six months of 2015.

The Issuer and its contact details:

Name	LITGRID AB (hereinafter referred to as 'Litgrid' or the 'Company')
Legal Form	AB (public company)
Registration date and location	2010-11-16, Register of Legal Entities of the Republic of Lithuania
Company code	302564383
Headquarters address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone	+370 5 278 2777
Fax	+370 5 272 3986
E-mail	info@litgrid.eu ; www.litgrid.eu

Litgrid's operations

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

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

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

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

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

As the backbone of the Lithuanian electricity sector, Litgrid not only is responsible for the maintenance of the balance of the electricity consumed and produced in the system and the reliable transmission of electricity, but also implements strategic Lithuanian electricity projects. Its vision and strategic operating guidelines are based on the long-term goals identified in the National Energy Independence Strategy. The Lithuanian TSO's most important operational areas and responsibilities are the maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure, development of the electricity market and participation in the creation of a common Baltic and European electricity market, and the integration of the Lithuanian and continental European electricity systems for synchronous operations.

Litgrid's operating plans and forecasts

Litgrid works actively and responsibly in the following key directions:

European integration of the country's electricity system

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



A common European market for electricity

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

Integration of the transmission grid into Europe's electricity infrastructure

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

In implementing strategic projects that help ensure the country's energy independence, and working in a strict regulatory environment, Litgrid makes every effort to rationally and effectively use existing financial resources and European Union (EU) support while contributing to increasing the country's economic competitiveness and improving consumer welfare. From EU structural funds of 2007-2013, LTL 29.8 million were allocated to 18 electricity transmission grid investment projects carried out by Litgrid. As of 31 December 2014, the company had obtained LTL EUR 22.45 million of that amount and EUR 4.14 million were received during the first half of the 2015. Further support of LTL 65 million was allocated for implementation of the NordBalt project from the European Energy Programme for Recovery. As of 31 December 2014, the company had obtained LTL 12 million and for the reference period of the year 2015 – EUR 7.5 million. On 14 July 2015, European Commission and the EU member states approved EUR 27.4 million financial support for the power link with Poland LitPol Link. The project will be financed under the Connecting Europe Facility (CEF), an instrument for funding European infrastructure networks development.

The most important activities of the first half of 2015 in implementing strategic projects and other electricity sector projects

LitPol Link inter-system power link project implementation

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

The construction works of the 400 kV overhead electricity transmission line from Alytus to Lithuania-Poland border continued: electricity pylons were built and wires installed. The schedule of the construction was adjusted after the 1st of April 2015, when an accident took place in the construction site of the powerline.

Construction works were renewed on 25 June. Following new geological research thirty foundations for anchor pylons were re-designed and their replacement commenced. Anchor pylons are the metal structures used to support an overhead power line in the turning points. A total length of the upcoming power link with Poland stretches 51 kilometer through Lithuania and includes 150 pylons, 30 of them are anchor pylons.

LitPol Link interconnection consists of three parts – transformer substations near Elk in Poland and Alytus in Lithuania, HVDC back-to-back converter station near Alytus substation and high-voltage double-circuit transmission line. As of 30th of June, 88% of construction works were finished in Alytus transformer substation. 50% of major equipment was installed in the converter station near Alytus and in the 400 kV switchyard. All works of 400 kV overhead power line construction are planned to be completed before the start of interconnection testing.

Implementation of interconnection project NordBalt

NordBalt submarine cable was finished in February. Two converter transformers, one of them is to be spare, reached NordBalt HVDC converter station near Klaipėda transformer substation the same month. The construction of the HVDC converter station was completed by the mid February, halls of direct current converter and valves started to be equipped, systems of cooling, grounding and lightning protection were started to be installed.



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The cable of an entire link was finished to be laid in the Baltic seabed on 9 June 2015. In May, the cable trenching works commenced. In the areas where the cable is exposed, special ships are guarding it.

Transmission grid development and reconstruction projects

The reconstruction of 110 kV Petrašiūnai transformer substation was completed in April 2015 and reconstruction of Palemonas substation - in May. Together they will ensure reliable electricity transmission to Kaunas residents. Reconstruction of both substations was partly financed (up to 40%) by the European Regional Development Fund.

Lithuanian electricity market development

In Q2 of 2015 the average price of electricity in Nord Pool Spot Exchange Lithuanian trade zone was 38.6 EUR/MWh, 4% higher than in Q1 of 2015. Compared with the same period of 2014, electricity price in the market was 23% lower.

66% of electricity was imported during the second quarter of the year which is 14% less than during the same period in 2014. The majority, 66% of imported electricity, reached Lithuania from Latvia, Estonia and northern Europe, 34% of electricity was imported from third countries.

Electricity market integration of Baltic and Nordic countries

Baltic electricity transmission system operators are continuing to develop a common energy market and prepare for the future integration into the Nordic electricity market. Since the beginning of 2015 three operators jointly calculate differences in Lithuanian, Latvian and Estonian energy systems between the planned and actual consumption of electricity in order to manage the costs of power system control and balancing more efficiently.

In June 2015 the Baltic electricity transmission system operators Litgrid, Augstsprieguma tīkls, Elering and the representative of the Nordic countries Finnish transmission system operator Fingrid signed an agreement on terms of reference regarding Baltic-Nordic balancing market development. According to this agreement a common Baltic electricity balancing market should be created by the end of 2016. This will be a significant step towards the Baltic-Nordic electricity balancing market integration which is foreseen in 2018.

The scenarios on how to integrate the Baltic and Nordic balancing markets were analysed in the feasibility study last year. A summary of the study results can be found on the website: <http://www.litgrid.eu/index.php/electricity-market/market-development-/eu-internal-market-for-electricity-/558>

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

The use of LitPol Link connection for trade in electricity

Lithuanian and Polish transmission system operators Litgrid and PSE signed a letter of intent on common principles of trading through LitPol Link and their implementation on 20 April. This letter of intent was also signed by two power markets operating in Lithuania and Poland – TGE and Nord Pool Spot. The document enshrines that the throughput of LitPol link is openly available in the market and the electricity market participants wishing to buy electricity in Poland and Lithuania can do this transparently.

A throughput of LitPol Link in the day ahead market will be distributed according to market coupling arrangements that constitute a part of the European market coupling. The first interconnection between Lithuania and Poland LitPol Link will transmit electricity in both directions up to 500 megawatts of power.

Market coupling is the market mechanism when electricity is sold and a throughput of links is distributed at the same time (implicit auction) in different trade areas of European markets. This allows avoiding a situation when a transmission throughput is not used fully, although the price difference remains.

Multi-Regional Coupling (MRC) is a pan-European project aiming to integrate the electricity markets in Europe. Such coupling of markets during the international trade in “day-ahead” markets is implemented together with energy exchange markets and transmission system operators. The coupling of wholesale electricity markets operating in Europe will help allocate throughput of international links and reduce the differences in electricity prices more



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efficiently. These countries that have international links are already linked by this mechanism: Austria, Belgium, Denmark, Great Britain, Estonia, Spain, Italy, Latvia, Poland, Lithuania, Luxembourg, Netherlands, Norway, Portugal, Slovenia, Sweden and Germany.

Litgrid membership in international organisations

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

ENTSO-E unites 41 electricity transmission system operators from 34 countries. Its main functions are: to resolve European-level issues on transmission grid management and development and the electricity market; to promote regional collaboration among TSOs; to make proposals regarding draft legislation prepared by the European Commission; and to prepare the Ten-Year Network Development Plan (TYNDP) and network codes. Litgrid representatives are on the organisation's System Operations, System Development, Market, and R&D committees as well as in related working groups. Participation in ENTSO-E activities is aimed at representing national interests and those of Litgrid in the making of European and regional decisions related to system management, the planning and implementation of projects to develop Lithuania's electricity infrastructure, electricity market connections and electricity transmission systems integration.

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



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Litgrid subsidiaries and the nature of their operations

As at 30 June 2015, the Litgrid group of companies consisted of Litgrid AB, Baltpool UAB, UAB Tetas, and UAB Tinklo Priežiūros Centras.

Name	Baltpool UAB	UAB Tetas	UAB Tinklo Priežiūros Centras
Legal form	UAB (private company limited by shares)	UAB (private company limited by shares)	UAB (private company limited by shares)
Registration date and location	2009-12-10, Register of Legal Entities of the Republic of Lithuania	2005-12-08, Register of Legal Entities of the Republic of Lithuania	2014-02-24, Register of Legal Entities of the Republic of Lithuania
Country where company was established	Republic of Lithuania	Republic of Lithuania	Republic of Lithuania
Company code	302464881	300513148	303249180
Headquarters address	A. Juozapavičiaus g.9-3, LT-09311, Vilnius	Senamiesčio g. 102B, LT-35116, Panevėžys	A. Juozapavičiaus g.13, LT-09311, Vilnius
Telephone	+370 5 278 2762	+370 45 504 670	+370 5 278 2766
Fax	+370 5 278 2707	+370 45 504 684	+370 5 272 3986
Type of operations	Energy resource market operator	Specialised design, installation, technical maintenance, repair, and testing services for transformer substations and distribution stations	Preparation for installation, management, and operation of high voltage direct current electricity links with the electricity systems of Poland and Sweden
Country of operations	Lithuania	Lithuania	Lithuania
Shares controlled by Litgrid	67 %	100 %	100 %

As at 30 June 2015, Litgrid Group also had shares in these companies:

Name	LitPol Link Sp.z.o.o	UAB Duomenų logistikos centras	UAB Technologijų ir inovacijų centras	Nord Pool Spot AS
Country where company was established	Republic of Poland	Republic of Lithuania	Republic of Lithuania	Kingdom of Norway
Headquarters address	ul. Wojciecha Gorskiego 9, 00-33 Warszawa, Lenkija	Žvejų g. 14, LT-09310 Vilnius	A. Juozapavičiaus g.13, LT-09311, Vilnius	PO Box 121, NO-1325 Lysaker, Norway
Country of operation	Lithuania and Poland	Lithuania	Lithuania	Norway, Sweden, Finland, Denmark, Lithuania, Latvia, Estonia
Share ownership by Litgrid	50 % of shares and voting rights	20.36 % of shares and voting rights	0.01 % of shares and voting rights	2 % of shares and voting rights and rotating board member



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Services rendered by Litgrid Group companies

Litgrid, an electricity transmission system operator, renders the following services:

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

Electricity transmission

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

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

System services

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

Trading in balancing and regulating electricity

Litgrid ensures the country's electricity production and consumption balance. Balancing electricity is electricity that is consumed or produced outside of established electricity consumption and production schedules. Litgrid organises trading in balancing electricity, buying and selling balancing electricity that is necessary to ensure the country's electricity production and consumption balance.

Regulating electricity is electricity that is bought and/or sold on the instructions of the TSO as necessary for performing the function of balancing the country's electricity consumption and production. Litgrid organises trading in regulating electricity by auction. The auction participants are suppliers of regulating energy and TSOs of other countries with the technical means to quickly change power generation and consumption routines who have signed a corresponding agreement with Litgrid.

Public service obligation services

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

Litgrid provides these PSO services:

- Preparation and implementation of strategic projects related to increasing energy security (the Lithuania-Sweden and Lithuania-Poland electricity interconnections and integration of the Lithuanian electricity system into continental European grids)
- Connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission grid as well as transmission-grid optimisation, development, and/or renovation related to the reception and transmission of electricity generated by producers who use renewable resources
- Balancing of electricity produced from renewable energy resources

The Government of the Republic of Lithuania, by its Resolution No. 1338 of 7 November 2012, designated Baltpool as a PSO fund administrator effective 1 January 2013.



PSO provisioning procedures are established by the Public Service Obligation Provisioning Procedure Description, approved by Resolution No. 916 of the Government of the Republic of Lithuania of 18 July 2012. PSO fund administration procedures are established by the Public Service Obligation Fund Administration Procedure Description, approved by the Lithuanian Government's Resolution No. 1157 of 19 September 2012. The PSO provisioning description provides that public service obligation funds are collected and transferred to the public service obligation fund administrator under procedures and conditions established by the Public Service Obligation Fund Administration Procedure Description. As the transmission system operator, Litgrid collects PSO funds from grid users whose electricity production and/or consumption equipment is connected to the electricity transmission grid, and transfers them to the PSO fund administrator.

Electricity grid technical maintenance and repair

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

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

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

Maintenance, operation, and management of HVDC links

On 14 February 2014, the Board of Litgrid decided to establish the subsidiary Tinklo Priežiūros Centras with the purpose of creating a highly qualified specialised engineering competency centre for the management and operation of high voltage direct current links. HVDC technology is required for electricity transmission in high volumes between distinct electricity systems. The company was registered on 24 February 2014 and is managed as an internal unit of Litgrid. Its strategic guidelines were approved in June 2015.

Environmental protection

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

Customers of the transmission system operator

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

Transmission grid users include:

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

Suppliers of balancing and regulating electricity are electricity producers and suppliers.



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Employees

As at 30 June 2015, Litgrid Group had 680 employees, including 232 Litgrid employees, 414 TETAS employees, 11 Baltpool employees, and 23 Tinklo Priežiūros Centras employees. Litgrid's wage bill for the reporting period was EUR 2 578 thousand.

	Number of employees at 30 June 2015	Average monthly salary, Eur
Professionals	226	1 694
Management	6	5 908
Total	232	1 803

Litgrid Group's wage bill for the reporting period was EUR 4 986.

	Number of employees at 30 June 2015	Average monthly salary, Eur
Labourers	239	694
Professionals	426	1 454
Management	15	3 989
Total	680	1 243

Litgrid employees are energy specialists of top expertise. Three-fourths of them have a university education in engineering, and average professional experience is 14 years. Putting their theoretical and practical knowledge to work, employees realize their personal aspirations and contribute to ambitious strategic national objectives in building up the country's energy independence. In working for the company that is responsible for the safety, reliability, and responsible development of Lithuania's energy system, Litgrid's professionals are guides and mentors for young specialists who want to enter the energy realm. Litgrid is open to employing not only experienced professionals, but also young people who lack experience but are eager to work hard with all their heart and develop into future specialists. In order to attract to the energy sector young people who are talented, educated, ambitious and ready to take responsibility, Litgrid collaborates with educational institutions and youth organisations.

Remuneration policy and performance appraisal

The goal of Litgrid's remuneration policy is to contribute to realising the mission and vision of an organization with contemporary and effective management, to mobilise people to work together and motivate them to achieve strategic priorities, to form and imbue the attitude that employees are the company's main asset, and to foster the corporate values of professionalism, cooperation, responsibility, initiative, and respect. Remuneration depends on an employee's position, work performance, achievement of individual annual goals, level of competencies, and sharing of organisational values. The remuneration policy is based on the principle that those who create greater value for the organisation and embody the organisation's values in their everyday activity should be paid more.

Employee remuneration packages consist of financial and non-financial elements: a base salary, variable compensation, additional benefits, and emotional remuneration.

Performance appraisal takes place constantly at Litgrid as one of the most important tools for effective corporate management, helping to link personal and organisational goals, show the importance of each employee's work for the attainment of common objectives, make career planning possible, and motivate employees by ensuring an objective basis for promotion.



Training

One of Litgrid's strategic goals is to become a managerial and technical competence centre for the energy sector in the Baltic countries. With this in mind, the company pays particular attention to the competences of each employee. Believing that every employee wants to become an expert in his/her field and wishes to work among other high level specialists, Litgrid creates conditions for its employees to improve their competences and qualification in the following ways:

- Organising the internal training
- 'Enriching' the content of work with new projects
- Offering opportunities to participate in unique, non-standard projects
- Participating in external trainings and conferences
- Actively participating in the activities of professional organisations

Collective bargaining agreement

In 2015, Litgrid signed a collective bargaining agreement with its labour union. The agreement defines and ensures an honest remuneration policy and work-life balance while also regulating social and economic relations between the employer and employee. It also ensures support for employees during important or painful life events.

Litgrid social responsibility activities

Litgrid bases its activities on the principles of social responsibility, sustainable development, transparency, and forward-looking environmental protection. The company's operations are crucial for the successful functioning of the country's economy, while its long-term strategic goals and the strategic electricity projects it is implementing contribute to ensuring the country's energy independence.

The importance of the projects that are underway encourages the company, its employees, and its management to demand the highest professional and ethical standards, and to take responsibility for developing society's awareness, sense of responsibility, and desire to actively participate in promoting the country's welfare. Our social responsibility policy puts the greatest stress on ensuring conscientious and motivating working conditions, cultivating responsibility and public spirit, and helping the society in which we work to grow and develop in many ways.

A number of projects have been initiated to foster cooperation between separate Litgrid units and employee engagement in lateral processes that encompass multiple units. The goal is not just to get employees to perform tasks directly related to their work functions, but also to engage them in activities unrelated to work. Such activities foster organisational values, broaden employees' horizons, encourage professional and personal growth, spark desires to contribute to achieving the organisation's goals and increase the prestige of the energy and engineering professions, and build pride in the company and its highly significant projects.

Litgrid collaborates with institutions of higher education seeking to encourage young people to study engineering. Our employees periodically visit schools and make presentations, and we invite young people and other groups for tours of the company. We devote our energy and resources to helping society to develop economically, to supporting the communities in which we work, to ensuring conditions that motivate and encourage personal growth for the people who work with us, and to protecting nature which provides us with resources. We are implementing strategic projects of high-value and historic significance, and we understand that great tasks carry great responsibility. Maintaining and encouraging high-quality dialogue with the society for whom and among whom we work is a cornerstone of Litgrid's daily operations.

About Litgrid Group's development and research activities

Each year Litgrid organises power system development and research programmes aimed at expanding and enhancing the efficiency of the transmission grid. The reconstruction of energy facilities involves the replacement of old equipment with the new and the implementation of modern systems for relay protection, system automation, management, and data collection and transfers. Plans for the construction and renewal of facilities, based on scientific research and studies, are made for a 10-year period and updated annually.

After Lithuanian, Latvian and Estonian operators of transmission systems reached an agreement and under the leadership of Litgrid, a study of regional electricity produced from renewable sources integration into the Baltic power systems was launched.



Litgrid initiated a study of “Technical specifications and cost identification of high power source integration into the Baltic electricity system while working synchronously with the continental European grids” in 2014. The objective of the study was to examine the opportunities of a high-power generator integration into the Lithuanian electricity transmission grid, to identify the appropriate grid-building and security measures to ensure a reliable and stable work of a generation source and a power system, to provide provisional deadline for implementation of planned measures, to evaluate the associated investments, to analyse the international requirements and standards applied for the integration of a power generating source into a system and to take into account the European Union codes. A high-power 1400 MW generator was analysed for research purposes.

The study examining the integration of large scale generating unit into the Baltic States’ power system operating synchronously with the Continental Europe Network was completed in 2015. It revealed that in order to the Baltic countries working synchronously with the continental European electricity network during a preparation of a high-power electricity generator integration into the Lithuanian electricity system should necessary strengthen the transmission grid with a new 330 kV power transmission line. It is also recommended to install special measures for the improvement of a dynamic stability of a system and to ensure the necessary reserves for the frequency control. Implementation of these measures would take around eight years and the price would be approximately EUR 60 million.

Consultations with Latvian, Estonian and Polish transmission system operators were carried out during a study. Summary of the study’s results can be found on the website:
http://www.litgrid.eu/index.php/grid-development-/strategic-projects-/synchronous-operation-/137#synchronization_visual. The study was partly financed by the European Union via Connecting Europe Facility.

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

Litgrid Group’s consolidated financial statements are prepared according to International Financial Reporting Standards as adopted by the EU. Litgrid’s internal control process includes the control of business processes related to service provision, IT system operations, and financial statement preparation.

Consolidated financial reporting is regulated by Litgrid’s formal Accounting Policy and Procedures Description, which ensures that accounting practices are in accordance with International Financial Reporting Standards as adopted by the EU and the laws of the Republic of Lithuania. The procedures identify possible risks associated with accounting and financial reporting with methods and principles for managing them, as well as the employees responsible for risk management.

Development of ITT competence

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

At the start of 2014 the company established an Information Technology and Telecommunication Centre (ITT Centre) as a new unit focused on the following areas of activity:

- Development, maintenance, and security of information systems used to manage the power system
- Automation of the electricity transmission grid, including the company’s strategic projects
- Business operations IT systems development, maintenance, security and continuity
- Delivery of quality ITT services to internal units and transparent acquisition of assistive services in the market to ensure uninterrupted operation of ITT systems in vital processes of corporate operations.

Litgrid’s ITT Centre employs 24 specialists. Besides ITT competences, the unit also concentrates expert knowledge in the automation of energy system management. It will ensure the continuity of IT solutions at Litgrid as well as security control and operational transparency. One of the phases of the ITT competence centre creation project was successfully completed in June 2015: all business operations IT systems were successfully transferred from an external company to a data center managed by Litgrid. ITT systems maintenance services were purchased in the market through 19 contracts with service providers, as well as through the use of internal resources and competence of the ITT center. Getting back the IT competences, creation of the ITT center in the Company and the purchase of IT services in the market allows Litgrid to optimise costs and ensure ITT and cyber security.



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II. Financial information

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

	January-June 2015		January-June 2014		January-June 2013	
	Group	Company	Group	Company	Group	Company
Financial indicators (amounts in EUR thousands)						
Revenues related to electricity	39.776	39.776	52.625	52.625	64.841	64.769
Other operating income	8.742	1.393	5.963	848	9.780	976
EBITDA*	13.453	13.334	18.748	19.144	28.977	29.689
Profit (loss) before taxes	2.838	2.837	-2.667	-2.090	8.935	9.745
Net profit (loss)	2.366	2.409	-2.651	-2.073	7.664	8.373
Cash flow from operating activity	8.918	11.085	15.324	15.727	26.419	27.547
Ratios						
EBITDA margin (%)	27.7	32.4	32.0	35.8	38.8	45.2
Operating margin (%)	6.4	7.6	-4.3	-3.7	10.8	13.3
Return on equity (%)	2.0	2.0	-1.3	-1.0	3.5	3.8
Return on assets (%)	0.8	0.8	-0.7	-0.6	2.1	2.4
Shareholders' equity / assets (%)	38.9	41.3	54.4	56.7	60.8	64.0
Financial liabilities / equity (%)	80.9	75.4	22.2	21.5	11.0	10.5
Liquidity ratio	0.54	0.36	1.25	1.38	1.21	1.32
TSO performance indicators						
Transmitted quantity of electricity, million kWh		4.553		4.541		4.624
Transmission grid process costs (%)		1.98		1.95		2.02
END (electricity not delivered due to disconnections), MWh **		0.53		1.55		5.25
AIT (average interruption time), min. **		0.03		0.08		0.24

* The calculation of EBITDA does not include impairment of investments, fixed assets, inventories or previous-year receivables, nor costs for long-term asset disposal and revaluation;

** Only for when the operator was responsible or the cause was undetermined.



Revenue

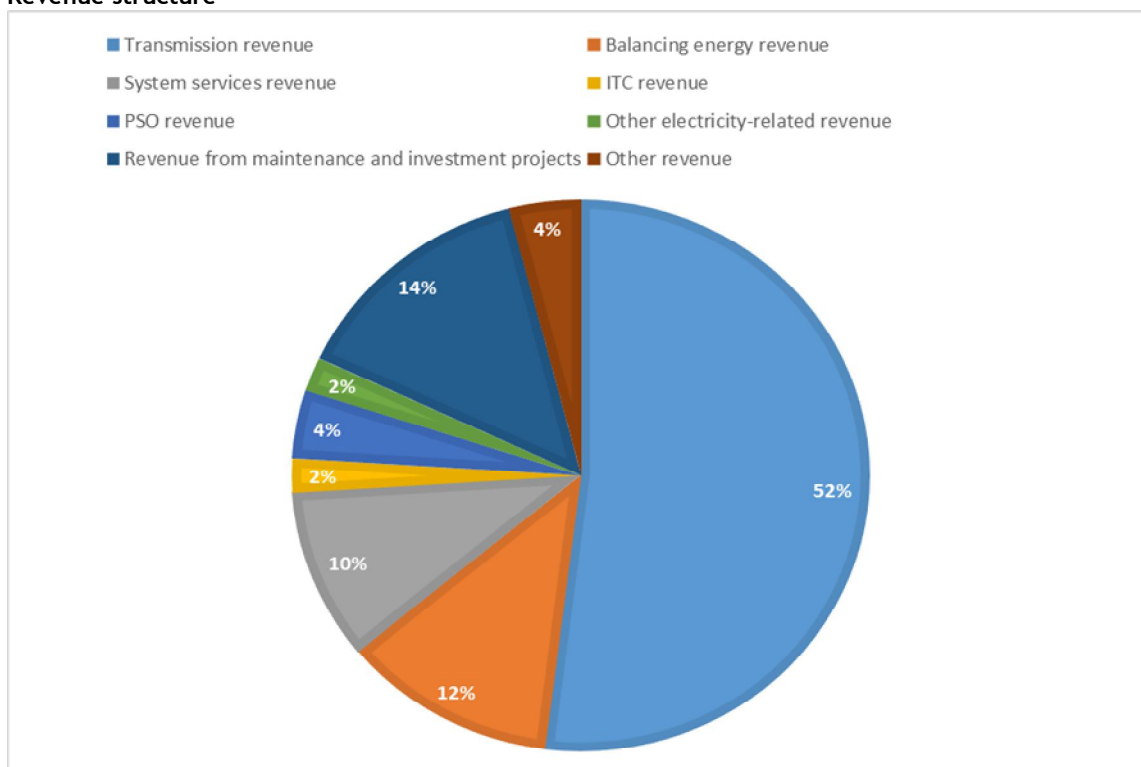
Litgrid Group's revenue in first half of 2015 was EUR 48.5 million, a decrease of 17% compared to the same period of 2014. Revenue for electricity transmission decreased 16% compared to 2014 to EUR 25 million and made up 51% of group's revenue.

The decrease in revenue was caused by the decision of the National Commission for Energy Control and Prices to reduce electricity transmission tariff by 19% since January 2015. During January-June 2015, Litgrid's high voltage electricity transmission grid transmitted 4,553 million kilowatt-hours (kWh) of electricity for the country needs, or 0.3% more compared to the same period of 2014.

4.142 million kWh were delivered to Lesto, the distribution grid operator, or 0.3% more than last year, while 411 million kWh were delivered to other users, or 0.6% less than in January-June of 2014.

Revenue for balancing and regulating electricity decreased 43% to EUR 6 million. The reason for the decrease was that balancing energy suppliers met a greater share of their customers' needs from other sources than balancing energy delivered by the TSO in 2015. Revenue from system services decreased 24% to EUR 4.7 million. The decrease of income was caused by 24% reduced rate for system services which was set by State Prices and Energy Control Commission from 1 January 2015. The fee for electricity imported to or exported from countries not belonging to the EU (ITC revenue, or revenue from participation in the European Inter-TSO Compensation mechanism) was EUR 1 million. Public service obligation (PSO) revenues were EUR 2.1 million. Other revenue related to electricity totalled EUR 1 million, including reactive energy, transit, and new user connections.

Revenue structure



Costs

Group costs in 2015 totalled EUR 45.4 million or 26% decrease compared to the same period in 2013.

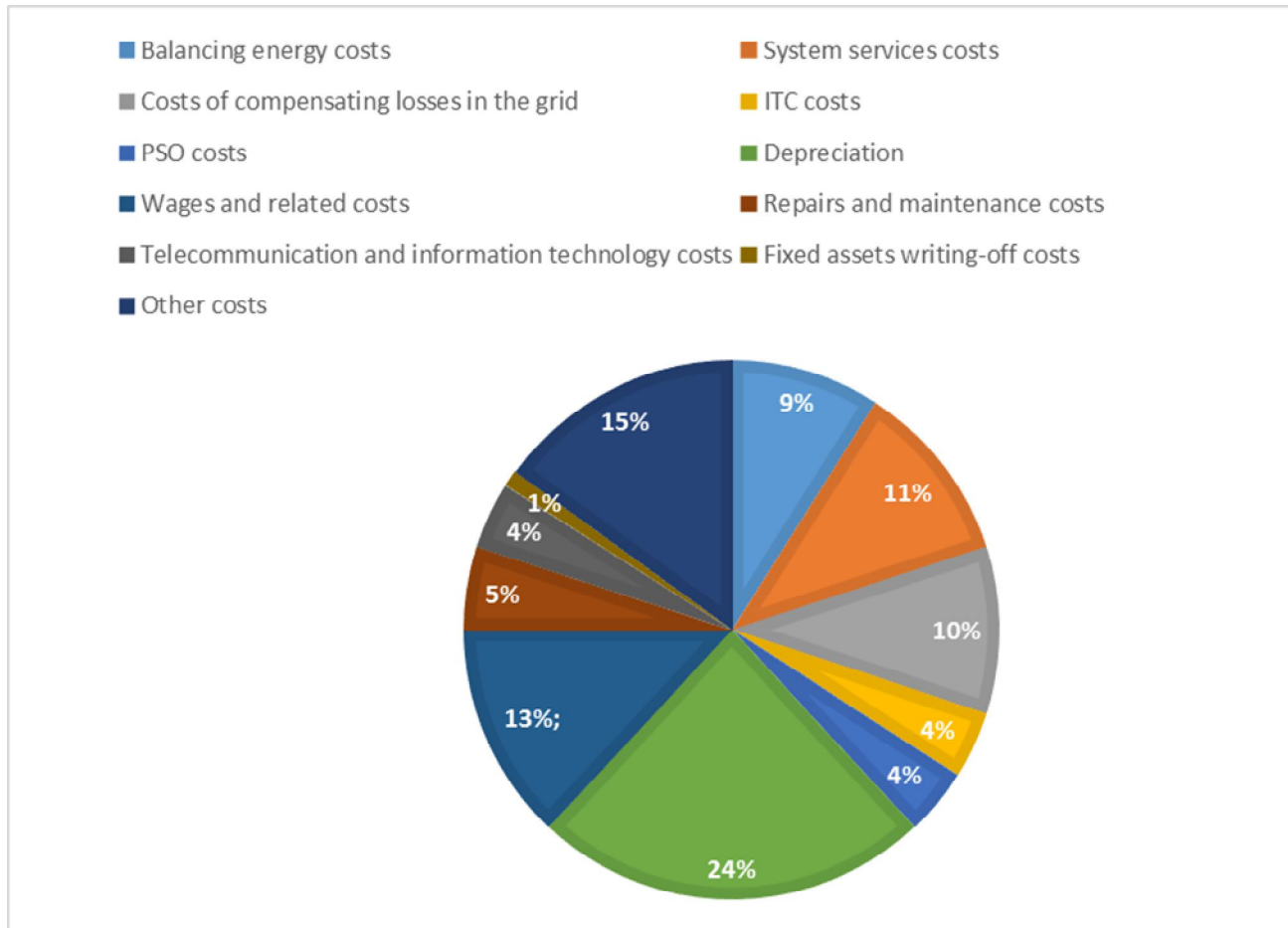
Purchases of electricity and related services accounted for the largest part of Group costs, i.e. EUR 17.5 million or 39%. In comparison to 2014, the costs decreased 30%. The costs for energy balancing and regulating decreased 46% (to EUR 4.2 million), there was a 32% decrease in system services costs (to EUR 5.1 million), and a 15% decrease in the



cost of compensating for technical losses of electricity in the grid (to EUR 4.4 million). Costs of transit (participation in the Inter-TSO Compensation mechanism) were EUR 1.7 million, while PSO provision costs were EUR 2.1 million.

Depreciation and amortization costs decreased 48% to EUR 10.8 million. The main reason for the decrease – a revaluation of a Company’s tangible assets at the end of 2014. Other operating costs when compared with the same period of 2014 increased by 11% to EUR 17.1 million.

Cost structure



Profit

Group profit before taxes for the first half of 2015 amounted to EUR 2.8 million. Group losses excluding taxes for the same period were EUR 2.7 million. The profit increase was mainly due to lower depreciation costs which resulted from the decline in the value of assets after the evaluation of a long-term tangible asset in the end of 2014.

The Group’s profit of the first half of 2015 comprised: transmission segment profit of EUR 1 million (EUR 3.2 million loss was in 2014), system services losses of EUR 0.5 million (2014: EUR 1.4 million loss), a balancing and regulating electricity segment profit of EUR 2.6 million (2014: 2.6 million profit), other activities didn’t have any profit or loss (2014: EUR 0.6 million loss).

During the first half of 2015 group’s EBITDA was EUR 13.5 million and decreased by 28% compared to the same period of 2014. EBITDA margin decreased to 7% (during the first half of 2014 it was 32.0%).



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Investments in fixed assets

During the first half of 2015 the investments of the transmission system operator Litgrid amounted to EUR 117 million. 92% percent of these investments were designated to the implementation of strategic electricity projects, 8% of the investments were designated to the reconstruction and development of the country's power transmission grid.

PSO operations indicators

Based on the requirements for electricity transmission reliability and service quality approved by the National Commission for Energy Control and Prices, two indicators are used to determine the electricity transmission reliability level: END – electricity not delivered due to disconnections, and AIT – average interruption time. Litgrid's actual indicators in 2015 were: END – 0.53 MWh, AIT – 0.03 minutes.

References and explanations for information in the Consolidated Financial Statements

Detailed explanations of financial information are provided in the Explanatory Notes of condensed interim financial information regarding the six-month period of 2015.

Dividend policy

The Government of the Republic of Lithuania, which indirectly through EPSO-G UAB controls 97.5% of Litgrid shares, has established the principles for the allocation of dividends for shares owned by the State in its Resolution No. 20 of 14 January 1997, the revised text of which is Resolution No. 359 of 4 April 2012.

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

Risks and their management

Political, regulatory and compliance risks

The power sector is a vitally important part of the economy with considerable influence on political and economic interests. The structure and management of the power sector and the operation of the companies in the energy sector are governed by the Law on Electricity of the Republic of Lithuania and its implementing legislation. Any amendments to national or European Union energy legislation can have an impact on the results of Litgrid Group. In order to reduce the impact of the risk on the performance results, the Company's representatives actively participate in discussions, inform about the decisions that have to be taken and / or submit proposals to institutions that prepare legislations. The company also responds immediately to the questions posed by public or control authorities regarding the Company's activities.

Prices for electricity are regulated with the price ceilings set by the National Commission for Energy Control and Prices. The operating results of Litgrid are directly dependent on these decisions. These controller solutions directly affect not only Litgrid performance results but also funds that the Company allocate for the necessary performance tasks, investments that maintain a reliability of the transmission grid, as well as opportunities to finance strategic projects from the Company's own or borrowed funds. In order to reduce the impact of regulatory risks on performance results, the Company is actively cooperating with the Commission, participate in discussions regarding legislative revisions, grounding its proposals by focusing on future decision-effects and long-term strategic objectives of the Company.

While reducing a risk of compliance, the Company's legal team carefully supervises processes of decision-making, internal legislation and contractual obligations for the management.

Operational / performance risk

One of the main functions and responsibilities of the Company's performance is ensuring the reliability of electricity transmission and preventing disruptions of energy supply. Main operational / performance risks that could affect the reliability of the transmission are caused by external environmental factors: natural disasters, performance disruptions of main contractors, criminal acts of third parties, as well as internal factors – disruptions in information systems. The Company has implemented solutions which meet the requirements of physical and information



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technology security which are applied for enterprises that have strategic or important role for national security and modern information systems are installed.

Emergency management plans that ensure business continuity are prepared and kept up to date. In order to avoid potential delays of grid reconstruction and development projects, Litgrid uses the project management system. Up-to-date and highly selective requirements for qualifications of contractors ensure that they are able to implement complex projects.

The company focuses on the attraction and retention of highly competent employees that are able to implement objectives of ambitious operational and complex strategic plans. For that purpose, educational and substitutability plans are being developed, a policy of remuneration and motivation is updated.

Financial risk

Companies in the Litgrid Group encounter financial risk in their operations, including credit risk, liquidity risk and market risk (currency exchange risk, interest rate risk). In managing this risk, the Group's companies seek to minimise the effects of factors that can have an adverse impact on financial results of the Group. The Company has a significant concentration of credit risk. The Company requires the clients / third parties to provide adequate measures to ensure the execution of contracts (measures are applied according to the client's / third party's risk level) for credit risk management.

Technical risks

Lithuania's energy system has 12 connecting lines with neighbouring energy systems. The available means for power and energy balance control are limited, and the power and energy balance control process is complicated. See the section about lack of availability of risk management in balancing measures "Baltic and Nordic electricity market integration" (page 17).

More than 52% of high-voltage electricity transmission grid equipment is older than 45 years. Malfunction or failure of the most important technological equipment can have a negative impact on Litgrid's operation and financial results. In order to avoid disruption of power supply, Litgrid carries out monitoring of a condition of a transmission grid, creates monitoring plans and schedules new investments in the grid respectively. Investment in equipment and materials has a direct impact on financial results. The Company ranks investments in the grid, taking into account objective criteria and specific evaluation methodology so they can optimize and ensure a smooth investment.

Environmental risks

Companies of the Group comply with the environmental regulations for appropriate labelling, use and storage of any hazardous materials and for ensuring that equipment operated by the companies meets the established requirements. At facilities that pose an increased risk to the environment due to pollutants or waste, work is organised according to the conditions set out in the Integrated Pollution Prevention and Control Permits issued by regional environmental protection departments.

III. Information regarding authorised share capital and shareholders

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

Since 22 December 2010, Litgrid's shares are included on the Baltic Secondary List at the NASDAQ OMX Vilnius exchange, issue ISIN code LT0000128415. Litgrid AB share capital is EUR 146,256,100.2 which is divided into 504 331 380 ordinary registered shares. Value per share is EUR 0.29. The number of shares for the voting right – 504 331 380 pieces.

The number of shareholders on 30 June 2015 was 5,614 (five thousand six hundred and fourteen). 97.51% of Litgrid shares are owned by UAB EPSO-G (A. Juozapavičiaus g. 13, LT-09310 Vilnius, company code 302826889), 100% of which are owned by the Ministry of Energy. On 28 September 2012, to fulfil the provisions of the European Union's Third Energy Package, Litgrid as the transmission system operator, was separated from the other companies in the electricity sector.

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

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



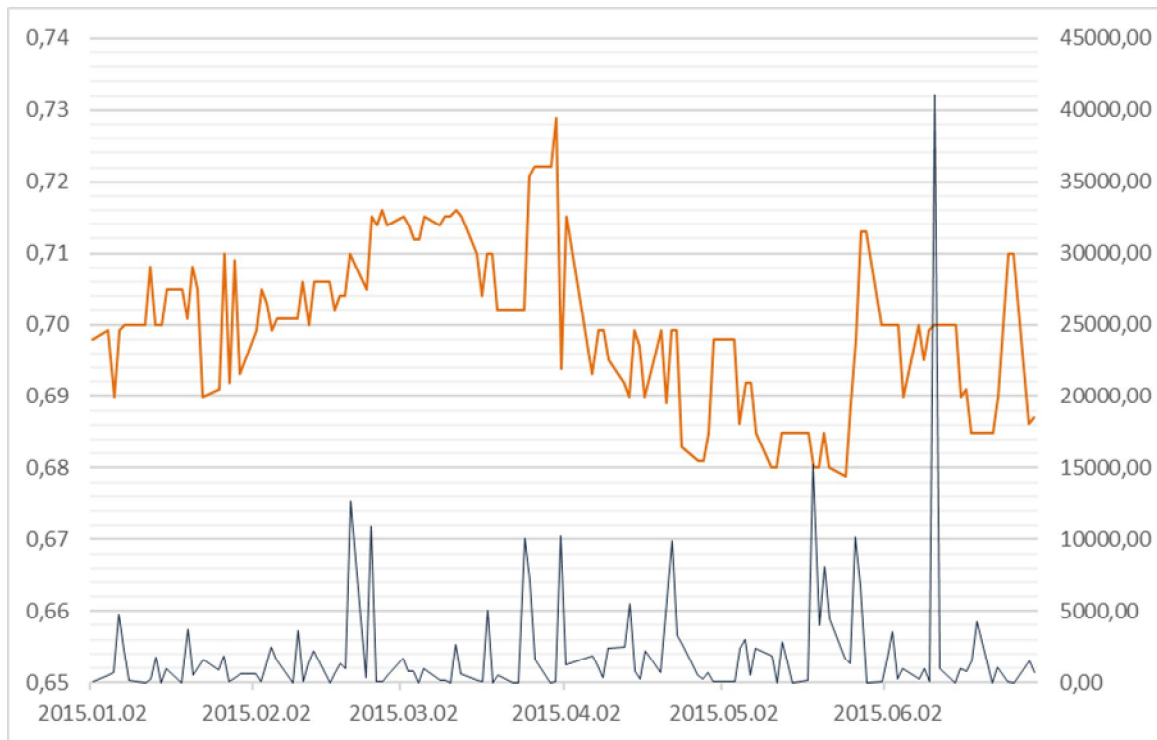
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Trading in Litgrid securities in regulated markets:

Indicator	2012	2013	2014	2015 H1
Opening price, EUR	0.403	0.523	0.593	0.698
Highest price, EUR	0.685	0.608	0.75	0.740
Lowest price, EUR	0.385	0.52	0.582	0.672
Closing price, EUR	0.523	0.592	0.664	0.700
Turnover, pcs	1 306 805	726 551	1 176 548	422 925
Turnover, EUR m	0.74	0.42	0.8	0.292
Capitalisation, EUR m	263.77	298.56	334.88	353.03

Turnover and price of Litgrid shares during the reporting period:



Prices for shares, EUR --- Turnover, EUR ---

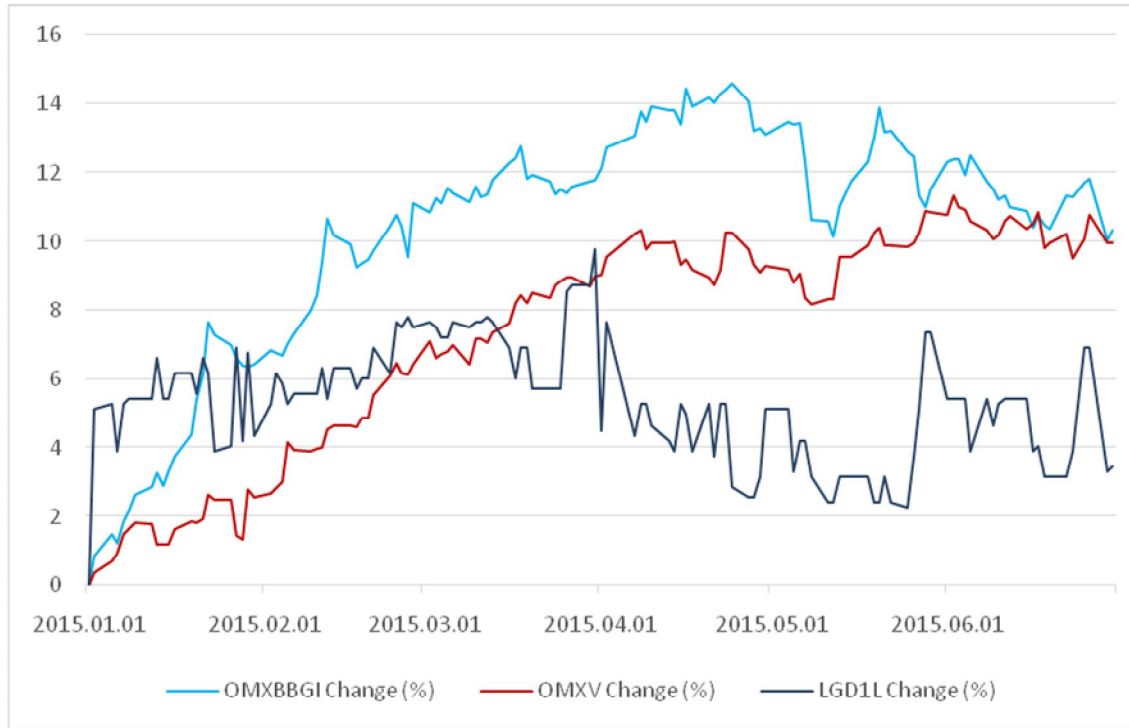
Comparison of the price of Litgrid shares (LGD1L) with the OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV) indexes during the reporting period:



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Market indexes



Articles of Association

The Articles of Association of Litgrid may be amended according to the procedure established by the Law on Companies of the Republic of Lithuania. Adoption of an amendment requires a majority vote of at least two-thirds of the voting shares of the shareholders participating in a general meeting of shareholders.

The General Meeting of Shareholders

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

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

The Supervisory Board

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

The Supervisory Board reports to the general meeting of shareholders.

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

The Supervisory Board has three members including the chairperson. Independent members can also be elected to the Supervisory Board¹. The Supervisory Board is elected for a term of office of four years. The Supervisory Board or its members start their activities after the end of the general meeting of shareholders that has elected the supervisory board/its members.

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

¹ Independence of a member of the Supervisory Board (or its committee) is determined according to the procedure established by the laws, and if such procedures do not exist, the Supervisory Board of the Company decides on the independence of the member of the Supervisory Board (or its committee).



Areas of activities of the Supervisory Board

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

Audit Committee

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

The Audit Committee analysed corporate risk management, internal auditing plans, IT security, and the process for auditing the financial statements. Duration of the Audit Committee term of office is the same as for the Supervisory Board which approved the composition of the Audit Committee.

The Board

The Board consists of five members and is elected for a four-year term of office. The term of the Board starts after the end of the general meeting of shareholders at which the Board was elected and ends on the date of the ordinary general meeting of shareholders held in the last year of the Board's term.

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

The Board elects the Chairperson from among its members. The Board works in accordance with the laws and other legal acts, the Articles of Association, decisions of the general meeting of shareholders and Work Regulations of the Board.

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

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

Areas of activities of the Board

The Board is authorised to consider and approve a three-year action plan for the implementation of the Company's strategy, a ten-year plan for the development of the Company's transmission grid, the budget of the Company, the procedure for granting support and charity, and other documents governing strategic operations of the Company. The Board adopts decisions on the Company's undertaking of new types of activities or ceasing to carry out certain activities to the extent to which this does not contradict the purpose of the Company's operations. It also adopts decisions on the issuing of bonds, restructuring of the Company and transfer of the Company's shares to other persons, and decides on financial transactions exceeding LTL 10 million in value. The Board also adopts decisions on other matters as stated in the Articles of Association.

Areas of activities of the Chief Executive Officer

The Chief Executive Officer (CEO) is the single-person management body of the Company. The CEO organises and directs the Company's activities, acts on behalf of the Company, and concludes agreements at his/her sole discretion. The scope of competence of the CEO, as well as the procedure for his/her election and recall, is established in the laws, other legal acts and the Articles of Association.



Litgrid

CONDENSED INTERIM REPORT
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

Members of the Supervisory Board, Audit Committee, the Board, CEO, and Chief Financial Officer of Litgrid

Position	Name	Start date	End date	Number of shares held by the issuer
Supervisory Board				
Chairperson	Aleksandras Spruogis	2013 04 24		-
Member	Audrius Misevičius	2013 04 24		-
Independent member	Mindaugas Vaičiulis	2014 04 07	2015 04 24	-
Member	Rolandas Zukas	2015 04 24		-
Audit Committee				
Member	Aušra Pranckaitytė	2014 02 24		-
Member	Rima Kvietkauskaitė	2014 02 24		-
Member	Ana Tursienė	2014 02 24		-
Board				
Chairperson	Daivis Virbickas	2013 09 10		-
Member	Karolis Sankovskis	2013 09 10		-
Member	Vidmantas Grušas	2013 09 10		-
Member	Rimantas Busila	2013 09 10		1421
Member	Rolandas Masilevičius	2013 12 18		-
General Manager	Daivis Virbickas	2013 09 10		-
Chief Financier	Svetlana Sokolskytė	2012 07 02	2015 06 30	-
Acting Chief Financier	Raimonda Duobuvienė	2015 07 01		-

Members of the Supervisory Board of Litgrid

Dr. Aleksandras Spruogis, Chairman of the Supervisory Board

Born in 1963. Civil engineer qualifications (diploma cum laude): Faculty of Construction, Vilnius Civil Engineering Institute, 1985. Master of Environmental Engineering: Faculty of Environmental Engineering, Vilnius Gedimino Technical University, 1992. Doctor of Technical Sciences in Environmental Engineering, Vilnius Gedimino Technical University, 1996. Research Assistant at Environment and Working Conditions Research Laboratory and Assistant at the Environmental Protection Department of Vilnius Civil Engineering Institute (Vilnius Gedimino Technical University), 1990-1997. Senior Adviser to the Seimas (Parliament) Environmental Protection Committee and Chairman of the Seimas Panel of Advisers, 1997-2003. Secretary of the Ministry of Environment, 2003-2009. Senior Adviser to the Ministry of Environment, 2009. Vice-Minister of Environment, 2009-2012.

Audrius Misevičius, Member of the Supervisory Board

Born in 1959. Economist qualification, Vilnius University, 1982. Doctor of Social Sciences, St Petersburg Institute of Finances and Economics. Associate Professor, Vilnius University, 1993. Advanced trainee, Assistant, Associate Professor at Finance Department of Vilnius University, 1982-2005. Deputy Minister of Social Security, 1990-1992. Minister of Finance, 1992. Assistant/secretary to Member of Parliament A. Rudys, 1993. Financier, UAB Stern von Litauen AG, 1993-1995. Head of Tax Department, TŪB J. Kabašinskas ir Partneriai, 1996. Deputy Chairman of the Board, Member of the Board of the Bank of Lithuania, 1996-2013. Adviser to the Prime Minister of the Republic of Lithuania, since 2013. Member of the Board of VĮ Indėlių ir Investicijų Draudimas and Curator of UAB Lietuvos Monetų Kalykla, 1998-2013.

Rolandas Zukas, Member of the Supervisory Board

Born in 1974. Transport Engineering Economics and Management qualification, worked at AB Klaipėdos Nafta as a Director of liquefied natural gas terminal (LNG), as member of the Board and CEO at UAB Energijos tiekimas. R. Zukas is a Managing Director of UAB EPSO-G, the company which owns 97.5% of Litgrid AB shares.



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(All amounts in EUR thousands unless otherwise stated)

Members of the Board of Litgrid

Daivis Virbickas, Chairman of the Board

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

Karolis Sankovski, Member of the Board

Born in 1985. Responsible for strategic electricity grid projects. Has many years of experience working at power companies and with strategic international interconnector projects.

Vidmantas Grušas, Member of the Board

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

Rimantas Busila, Member of the Board

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

Rolandas Masilevičius, Member of the Board

Born in 1972. Responsible for information technology and telecommunications, electrical transmission infrastructure cyber and physical security as well as administration of the Company's general affairs. R. Masilevičius has an extensive managerial experience in state institutions. Since January 2014 he is employed at Litgrid AB as a Director of Information technology, telecommunications and Administration Department.

No payments were made to the CEO of the Company or the Members of the Board for their work on the Board. The Independent Member of the Supervisory Board was allocated a gross annual payment of EUR 1 303,20 for work on the Board. No payments for work on the Supervisory Board were made to the other Members of the Board. Members of the Audit Committee received EUR 1 020,90 for work on the Committee.

Over the reporting period, the gross amount of pay to the CEO and Chief Financier of the Company amounted to EUR 93 345,85 (including a severance grant of EUR 14 456,53 for the senior financier).

Information on major related-party transactions, their amounts, types of related-party relationships and other information on transactions which is necessary for an understanding of the Company's financial position is provided in the Note 9 of the Financial Statements.

Transparency

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

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



Litgrid

CONDENSED INTERIM REPORT
FOR A SIX-MONTH PERIOD ENDED 30 JUNE 2015
(All amounts in EUR thousands unless otherwise stated)

Notices on material events published by Litgrid until 28 August 2015:

Date	Notice
14.07.2015	LitPol Link to receive EUR 27 million of EU funding
08.07.2015	Litgrid plans to borrow
02.07.2015	Ten-year grid development plan: investments into integration and security of supply
04.06.2015	Litgrid presentation at the event "CEO meets investor"
29.05.2015	Litgrid Group's results for the first quarter of 2015 announced
30.04.2015	Regarding the sale of shares of NT Valdos, UAB
28.04.2015	Consolidated Annual Report of Litgrid AB and its subsidiaries for 2014
28.04.2015	Litgrid seeks partial European Union funding for electricity interconnection with Poland
24.04.2015	Decisions adopted at the Ordinary General Shareholders Meeting of LITGRID AB, 24 April 2015
03.04.2015	Litgrid AB Supervisory Board's Response and Suggestions to the Ordinary General Meeting of Shareholders
31.03.2015	Convocation of Ordinary General Meeting of Litgrid Shareholders
26.03.2015	Litgrid did not breach terms of regulated activities
04.03.2015	Information regarding notification of resignation
27.02.2015	Litgrid Group financial results for 2014 announced
20.01.2015	Price cap for electricity transmission rate set

Detailed notices on the material events published in 2015 are available on the website of the Nasdaq OMX Vilnius Securities Exchange http://www.nasdaqomxbaltic.com/market/?pg=news&issuer=LGD&start_d=1&start_m=1&start_y=1996 and the Litgrid website <http://www.litgrid.eu/index.php/about-us/for-investors/announcements/611>