LITGRID AB

CONDENSED INTERIM CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS, PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION (UNAUDITED), FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2018

CONFIRMATION OF RESPONSIBLE PERSONS

May 16, 2018 Vilnius

Following Article 24 of the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Apolinaras Škikūnas, Director of ITT and Administration Department, acting as CEO of LITGRID AB, Vytautas Tauras, Finance Controller, Acting as Director of Finance Department of LITGRID AB and Žydrūnas Augutis, Chief Financier of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited interim consolidated and the Company's financial statements for the three months period ended 31 March 2018 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 and cash flows.

Apolinaras Škikūnas	Director of ITT and Administration Department, acting as CEO
Vytautas Tauras	Finance Controller, Acting as Director of Finance Department
Žydrūnas Augutis	Chief Financier

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The condensed interim financial statements were signed on 16 May 2018.

Apolinaras Škikūnas Directer of ITT and Administration Department, acting as CEO	Vytautas Tauras Finance Controller, Acting as Director of Finance Department	Žydrūnas Augutis Chief Financier

REVIEW OF ACTIVITY OF AB LITGRID GROUP

I. General Information about the Group

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 place	16/11/2010. Register of Legal Entities of the Republic of Lithuania
Business ID	302564383
Registered office address	A. Juozapavičiaus g. 13, LT-09311, Vilnius
Telephone	+370 5 204 6171
Fax	+370 5 272 3986
E-mail	info@litgrid.eu; www.litgrid.eu

Litgrid: a Company of EPSO-G Group

EPSO-G UAB, a state-controlled company (100% of its shares are owned by the Ministry of Energy), holds 96.6% shares in Amber Grid AB, the gas transmission system operator, and 97.5% shares in Litgrid AB, the electricity transmission system operator. EPSO-G UAB also controls 67% of the shares in Baltpool UAB, the operator of the Lithuanian energy resources exchange; its subsidiary Amber Grid AB controls 66% of the shares in GET Baltic UAB, the operator of the Lithuanian natural gas exchange.

Litgrid‘s activities

Litgrid, Lithuania’s electricity transmission system operator (the ‘TSO’), maintains the stable operation of the national power system, manages electricity flows, and enables the competition in the open market for electricity. Litgrid is responsible for the integration of Lithuania’s power system into Europe’s electricity infrastructure and the common market for electricity.

Litgrid’s strategy

Litgrid’s mission - transmitting electricity across European markets, creating value to the society.
Litgrid’s vision - Europe‘s smartest TSO.
Litgrid’s values are cooperation, respect, responsibility, professionalism and initiative.

Litgrid’s strategic goals and priorities for 2018-2027:
- Synchronisation with the European Continental Network.
- Development of European market.
- Innovative and sustainable system and asset management.
- Development of modern organisation.
- Creation of sustainable value for the society.

II. Highlights of the First Quarter of 2018

Synchronisation with the European Continental Network

Polish and Baltic transmission system operators - PSE, Litgrid, Augstsprieguma tīkls and Elering continued working on dynamic study and frequency stability study. Results of both studies will be presented in June 2018.

Major transmission grid development projects related to synchronisation:
- construction of a 330 kV electricity transmission line Kruonis HPSP-Alytus to be completed in June 2018;
- an agreement signed to start the construction of a 330 kV electricity transmission line Lithuanian Power Plant – Vilnius;
- on 5 March 2018 Extraordinary Shareholders Meeting approved the project “Optimisation of electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system in the continental Europe” and approved key conditions of the contract of purchase of design and construction works;
- on 18 January 2018 Litgrid signed the agreement with the distribution system operator ESO concerning preparation of Eastern Lithuanian Grid for synchronisation. The joint project will save EUR 19 million.

Development of European market

Lower market prices

The average „NordPool“ Lithuanian zone price in the first quarter 2018 was 42.4 EUR/MWh, or 22 per cent higher than in the same period of 2017.

Network Codes

Litgrid is responsible for implementing European Union Network Codes in Lithuania. Litgrid, along with other transmission network operators, develops specific methods and rules in compliance with the Network Codes.
During 1st quarter of 2018, Fallback procedure methodology has been adopted according to the European Commission (EU) Regulation 2015/1222 on Capacity Allocation and Congestion Management. Also during this period Litgrid, in the process of implementing Network Codes on Electricity Market, has drafted Redispatching and countertrading methodology and submitted it to the National Regulatory Authority.

Baltic balancing market

Baltic balancing market is operational from 1 January 2018. Total benefit for Lithuania in the first quarter of 2018 reached €1.1 million.

Demand Response through Aggregation

Litgrid and the distribution network operator ESO carry on technical study on Demand Response through Aggregation. Litgrid along with the Latvian and Estonian TSO’s „Augstsprieguma tīkls“ and „Elering“ finished the public consultation on Demand Response through Aggregation – a Harmonized Approach in the Baltic region and presented the joint concept.

European XBID market

Litgrid, along with other 19 European TSOs announced the common XBID market to start on 12 June 2018.

Innovative and sustainable system and asset management

Cross-border power links

LitPol Link interconnection was available to the market 100% of the time throughout the first quarter of 2018 and NordBalt interconnection was available to the market 92% of the time. In order to increase NordBalt’s availability to the market, the replacement of the underground cable joints is planned from 30 July to 9 October 2018.

Transmission grid maintenance

In the first quarter of 2018 reconstruction works of 14 overhead lines and towers as well as reconstruction of 27 transformer substations and switchyards were carried out.
In January 2018 Litgrid signed two agreements on 330/110/10 kV Vilnius transformer substations capacity increase and 330/110/10 kV transformer substations capacity increase.

Electricity transmission reliability

The actual ENS (due to the operator’s fault or due to undetermined causes) was 0 MWh and AIT was 0 min in the first quarter of 2018.

According to ENTSO-E Nordic and Baltic Grid Disturbance Statistics 2016 Litgrid posted a 2.7 ratio of Energy Not Supplied in relation to the total consumption of energy (ppm). By that ratio Litgrid’s high-voltage grid was the second most reliable grid in the Region.

Guarantees of origin for the renewable energy sources

Starting from 1 January 2018, Litgrid is issuing guarantees of origin for the renewable energy sources to the Lithuanian producers (both connected to the distribution network and to the transmission) through the CMO.grexel system. The exception for the guarantees of origin specified in the paragraph 16.1 of the Guarantees of Origin of RES. Lithuania implements the RES directive (2009/28/EC) on the free movement of guarantees of origin in the state. Another important step is the free movement of guarantees of origin between the European Union and the countries of the European Economic Area.

Development of modern organisation

As of 31 March 2018 Litgrid Group employed 577 people: 232 by Litgrid, 28 by Litgrid Power Link Services and 317 by Tetas.

On 20 February 2018 an updated Collective Agreement between Litgrid and the newly established employees professional union was signed.

Co-operation with Universities

Litgrid employees presented company’s activities and carrier opportunities at „Carrier Days“ of Vilnius Gediminas Technical University in March 2018.

Litgrid is the Leader in Lithuanian Energy Sector

Litgrid was elected Energy Sector Leader by the business daily „Verslo zinios“. Analytics considered 6 indicators -profit, revenues, annual change, profit margins and average salary.

More information about Litgrid activities and projects is on the website www.litgrid.eu

III. Financial Information

Main financial results and indicators of the Group and the Company:

	January-March 2018		January-March 2017		January-March 2017	
	Group	**Company**	**Group**	**Company**	**Group**	**Company**
Financial indicators (EUR'000)						
Income from electricity sales	45,595	45,595	38,259	38,259	35,853	35,853
Other operating income	2,402	176	3,498	362	2,678	428
EBITDA*	11,943	12,338	12,789	13,692	11,150	11,279
Profit (loss) before tax	4,978	5,514	5,765	6,740	3,570	3,814
Net profit (loss)	4,206	4,668	4, 516	5,534	3,003	3,216
Cash flows from operations	11,708	10,955	12,627	13,650	11,560	11,173
Ratios						
EBITDA margin, %	24.9	27.0	30.6	35.5	28.9	31.1
Operating profit margin, %	11.1	12.7	14.6	18.2	10.3	11.5
Return on equity, % for twelve months period	3.6	2.7	7.7	7.5	1.0	1.8
Return on assets, % for twelve months period	2.1	1.6	4.1	4.1	0.5	0.9
Shareholder's equity / Assets, %	59.1	59.7	56.9	57.8	50.2	50.8
Financial liabilities / Equity, %	52.1	51.4	59.7	58.4	80.6	79.3
Liquidity ratio	0.85	0.84	0.88	0.87	0.74	0.72
TSO's operating indicators						
Energy transmission volume. m kWh		2,778		2,620		2 ,42
Process costs in transmission network. %		3.07		2.77		2.87
ENS (Energy Not Supplied due to interruptions). MWh**		0.00		0.45		0.00
AIT (Average Interruption Time). min. **		0.00		0.02		0.00

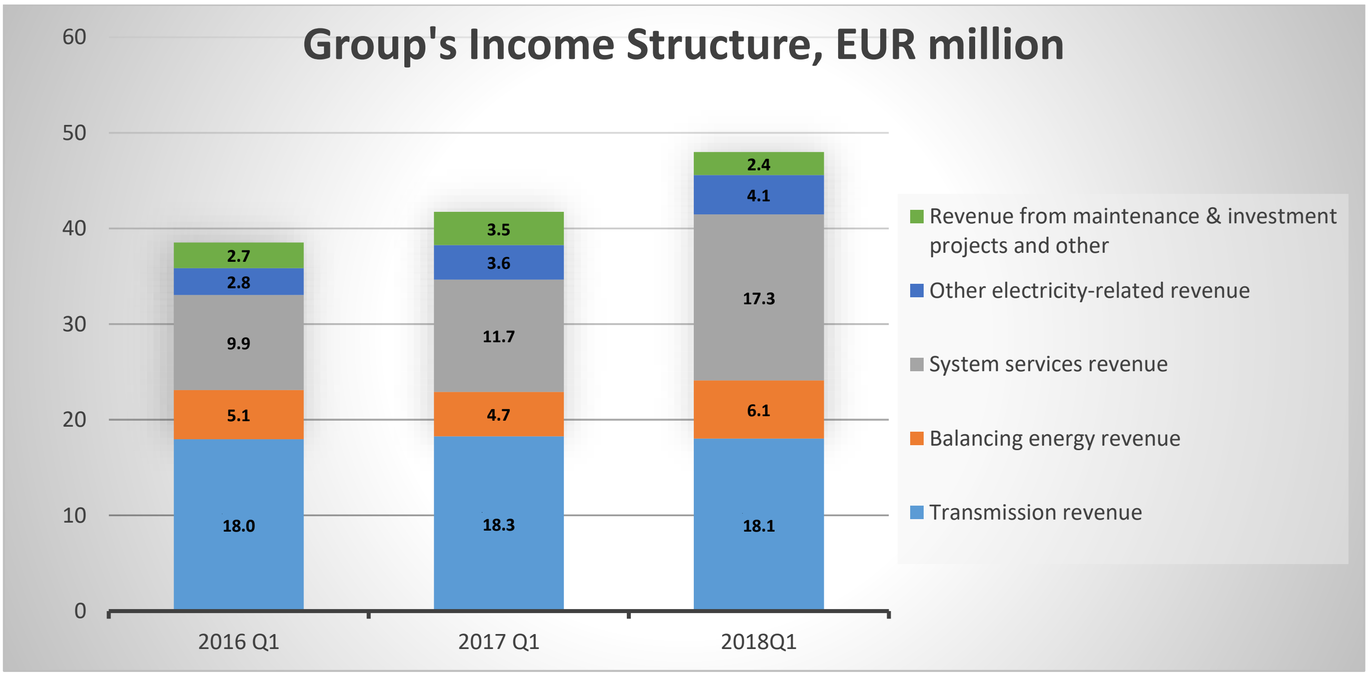
* EBITDA = operating profit + depreciation and amortisation + non-current asset and investment impairment + non-current asset write-off costs;

** Only due to the operator's fault or due to undetermined causes.

Litgrid's volumes of electricity transmission via high-voltage networks for national needs amounted to 2.778 million kilowatt-hours (kWh) in the first quarter of 2018, which is 6.1 % more than in the same period of 2017. The volumes of transmission to customers of the distribution operator amounted to 2 475 million kWh (+6.7 % compared to 2017) and to other customers - 224 million kWh (1.2 % less. as compared to 2017).

Income

Litgrid Group's income for Q1 of 2018 was EUR 48 million, and 14.9% increase compared to the same period of 2017.



Income from electricity transmission decreased 1.1 % (to EUR 18.1 million) compared to 2017. Income from electricity transmission concluded 38 % of total revenues of the Group. The decrease has resulted from the actual electricity transmission tariff, lower by 6.8 %, but was compensated by larger electricity transmission volumes.

Income from balancing/regulating electricity increased 30% to EUR 6.1 million. The increase was due to higher balancing/regulating electricity sales volumes, which, in turn, was largely determined by higher demand from the balancing energy suppliers and the increased need for securing the allocated capacity (i.e. the capacity traded on the electricity exchange) of the power links with Sweden and Poland.

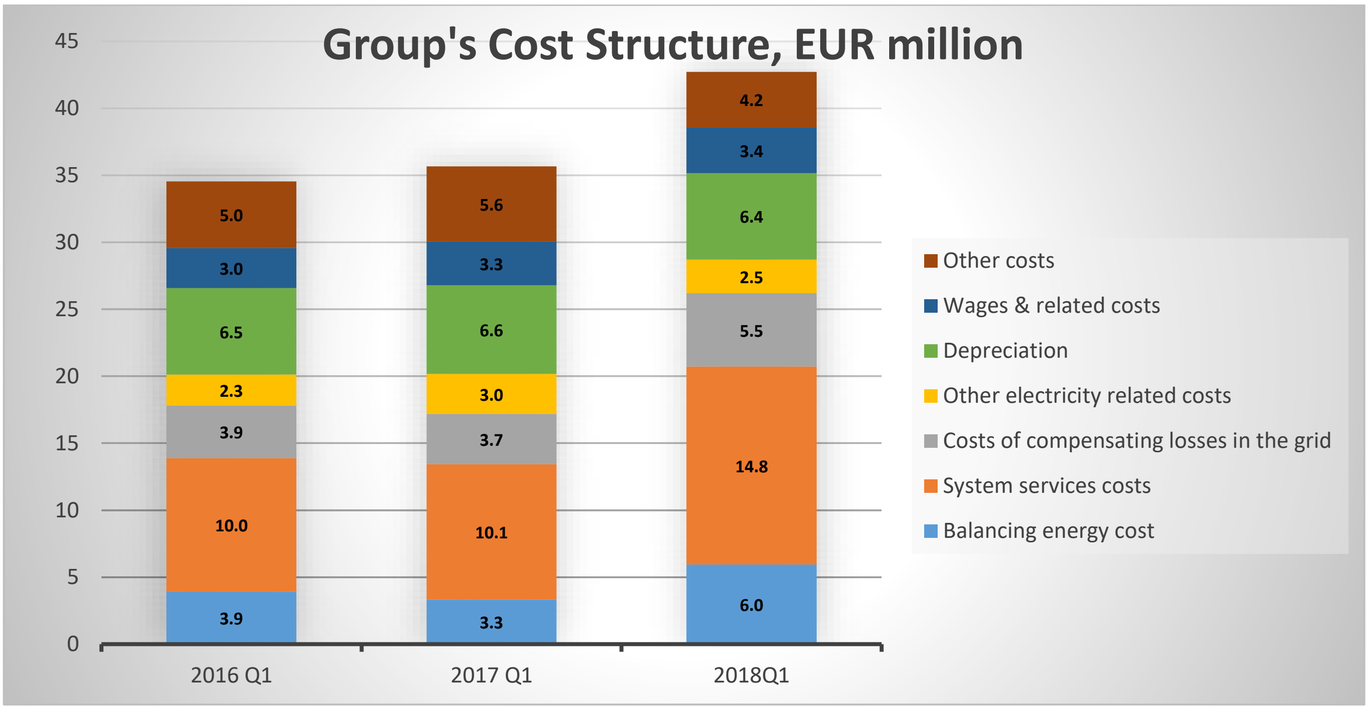
Income from system services has grown 48% to EUR 17.3 million. The main growth driver was an 35% higher tariff for system services set by the National Commission on Energy Control and Prices from 1 January 2018 as well as 7% increase in volumes of system services and exceeded designated (by the agreements) power capacities by grid users. The latter price is twice system services price.

Revenues from congestion charges for Lithuanian-Polish, Lithuanian-Swedish and Lithuanian-Latvian power links in QI of 2018 increased 57 % compared to 2017 (to EUR 3.3 million). Congestion charges result from insufficient cross-border capacities, due to which different market prices for electricity form in the Lithuanian, Swedish, Polish and Latvian bidding areas. According to Regulation of the European Parliament and of the Council (EC) No 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003, revenues resulting from the allocation of interconnection are to be used for the following purposes: (a) guaranteeing the actual availability of the allocated capacity; (b) maintaining or increasing interconnection capacities through network investments, in particular in new interconnectors; (c) If the revenues cannot be efficiently used for the purposes set out in points (a) and/or (b) of the first subparagraph, they may be used, subject to approval by the regulatory authorities of the Member States concerned, up to a maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing net work tariffs. Litgrid has recognised, in accordance with the Regulation, EUR 0.7 million as income for QI 2018, i. e. part of the congestion revenues that were used for ensuring the allocated capacity of the power links as well as spent EUR 1.3 milion for financing of construction of a 330 kV electricity transmission line Kruonis HPSP-Alytus. The remaining revenues are carried in the 'Future Period Income' line of the Statement of Financial Position.

Other income related to transmission operations include: the ITC transit income (Inter-Transmission Operator Compensation Mechanism, i.e. payment for electricity imported from or exported to countries other than the EU) – EUR 0.6 million; PIS income – EUR 1.6 million; reactive energy income – EUR 0.3 million; connection of new customers – EUR 1 million. Other income from repair works, investment projects etc. consists mainly of the income from services provided by Tetas UAB, a subsidiary of Litgrid.

Costs

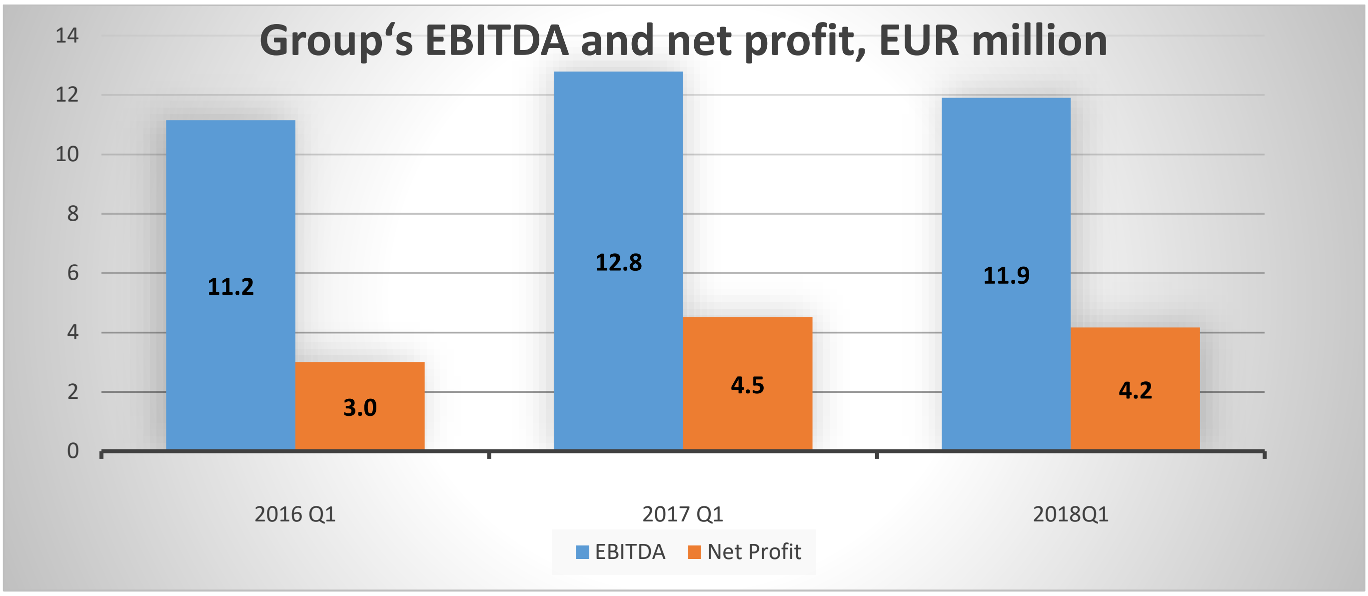
The Group's costs in Q1 of 2018 totalled EUR 42.7 million, which is 20% higher compared to the same period of 2017.



Costs of purchase of electricity and related services concluded the majority of the Group's costs: EUR 28.7 million or 67% of total costs. The costs increased 42% compared to the same period of 2017. Balancing (regulating) electricity costs increased 79% (to EUR 6 million). The system service costs increased 46% to EUR 14.8 million, costs of compensating for process losses in the transmission grid increased 46% to EUR 5.5 million. Transit (ITC) costs were EUR 0.3 million, PIS provision costs EUR 1.5 million, and costs of ensuring the allocated capacity of the Swedish and Polish links EUR 0.7 million.

Depreciation and amortisation costs decreased 3% to EUR 6.4 million compared to the same period of 2017. Other operating costs increased by 15% (to EUR 7.6 million) compared to the same period of 2017.

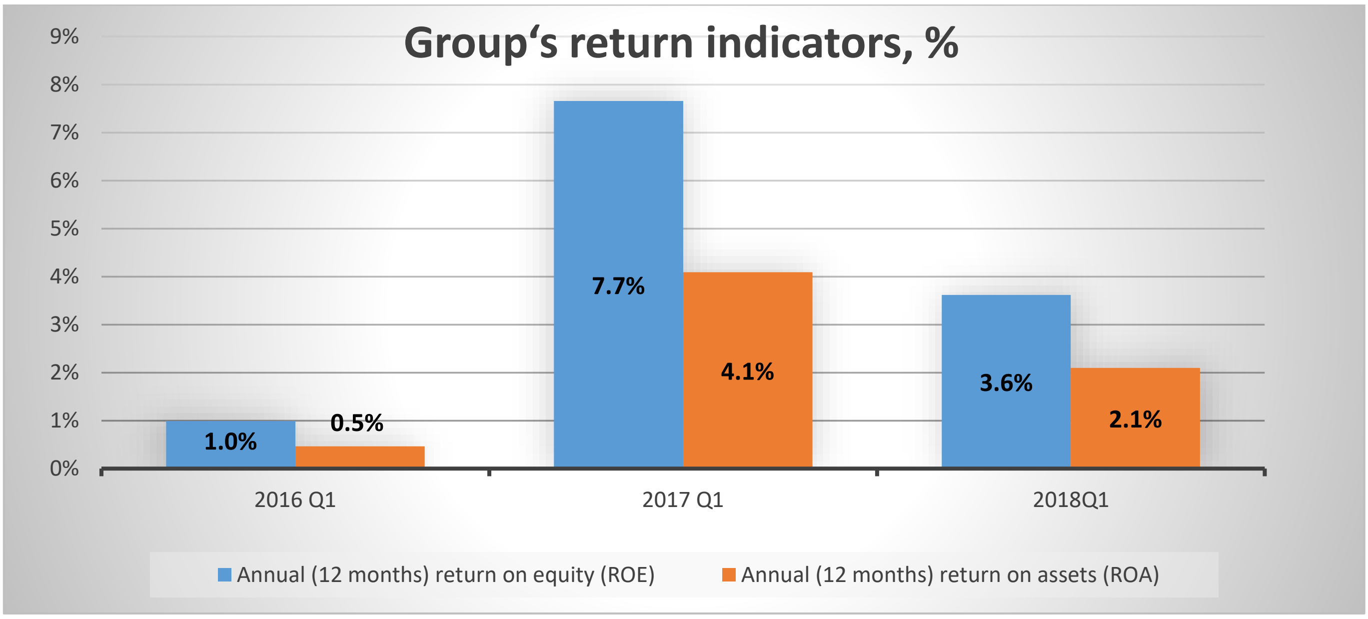
Profit



The Group’s EBITDA for Q1 of 2018 amounted to EUR 11.9 million. Compared to the same period of 2017, the EBITDA decreased by EUR 0.9 million, or 7%; the EBITDA margin decreased to 24.8% (2017: 30.6 %). The net profit of the Group in Q1 of 2018 was EUR 4.2 million (2017: EUR 4.5 million).

The Group’s operating profit for Q1 of 2018 consists of: profit of the transmission segment EUR 3.3 million (2017: EUR 4.3 million profit), profit of the system services segment EUR 2.5 million (2017: EUR 1.5 million profit), profit in the balancing (regulating) electricity segment EUR 0.1 million (2017: 1.3 million profit), and loss on other activities EUR 0.5 million (2017: EUR 1 million loss). The Common balancing market of the three Baltic states is operational from 1 January 2018 and base on new pricing methodology Litgrid‘s balancing income is equal to balancing costs plus Litgrid‘s operating costs attributable to the balancing services.

Return Indicators



There has been an increase in the annual ROE and ROA ratios for Q1 of 2018 compared to the same period of 2017: from 7.7 % to 3.6 % and from 4.1 % to 2.1 %, respectively.

Balance Sheet and Cash Flows

As of 31 March 2018, assets of the Group amounted to EUR 424.7 million. Non-current assets accounted for 90% of total assets of the Group. Shareholders' equity accounted for 59% of total assets.

As of 31 March 2017, the Group's financial liabilities to credit institutions were EUR 130.7 million (EUR 21.6 million less compared to Q1 of 2017). The ratio between financial liabilities and equity was 52%. Financial debts payable within one year accounted for 17% of all financial debts. Cash and cash equivalents totalled EUR 1.1 million and unused overdraft was EUR 14.5 million.

The Group's net cash flows from operations in Q1 of 2018 amounted to EUR 11.7 million, while payments for non-current tangible and intangible assets were EUR 5.8 million. EUR 13.7 million were received as subsidies.

The Group's net cash flows (excluding cash flows from financial activities) in Q1 of 2018 totalled EUR 22.2 million.

Investments in non-current assets

In Q1 of 2018, investments of Litgrid (works performed and assets acquired irrespective of terms of payment) amounted to EUR 5.1 million, with 49% of them earmarked for the implementation of strategic energy projects and 51% for the reconstruction and development of national electricity transmission grid.

Dividend policy

The Board of LITGRID AB decided on 18 August 2017 to apply the dividend policy of EPSO-G group (approved by the Board of EPSO-G on 14 July 2017)

The general meeting of shareholders of LITGRID AB held on 24 April 2018 declared payable dividend of EUR 7.7 million, or EUR 0.0153 per share.

Litgrid

STATEMENTS OF FINANCIAL POSITION
(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-03-2018	31-12-2017	31-03-2018	31-12-2017
ASSETS					
Non-current assets					
Intangible assets	3	3,842	3,650	3,840	3,647
Property, plant and equipment	3	373,899	378,403	371,645	376,028
Investments in subsidiaries	4	-	-	174	174
Deferred income tax assets		135	33	-	-
Loans granted	5	-	-	1,203	1,203
Available-for-sale financial assets		2,693	2,693	2,693	2,693
Total non-current assets		**380,569**	**384,779**	**379,555**	**383,745**
Current assets					
Inventories		1,115	1,019	96	99
Prepayments		831	483	766	412
Trade receivables		22,036	22,210	20,764	17,022
Other amounts receivable		10,313	21,275	9,192	20,645
Prepaid income tax		14	12	-	-
Other financial assets	6	8,655	8,736	8,655	8,736
Cash and cash equivalents		1,150	696	880	434
Total current assets		**44,114**	**54,431**	**40,353**	**47,348**
TOTAL ASSETS		**424,683**	**439,210**	**419,908**	**431,093**
EQUITY AND LIABILITIES					
Equity					
Authorised share capital		146,256	146,256	146,256	146,256
Share premium		8,579	8,579	8,579	8,579
Revaluation reserve		5,200	5,380	4,863	4,999
Reserve for changes in fair value of financial assets		655	655	655	655
Legal reserve		14,626	14,790	14,626	14,626
Other reserves		62,767	62,767	62,767	62,767
Retained earnings (deficit)		12,721	8,171	13,061	8,257
Total equity		**250,804**	**246,598**	**250,807**	**246,139**
Liabilities					
Non-current liabilities					
Grants		-	22	-	22
Non-current borrowings	7	107,253	108,353	107,253	108,353
Finance lease liabilities	8	820	820	-	-
Deferred income tax liability		5,413	6,105	5,413	6,105
Deferred revenue		7,899	6,564	7,899	6,564
Other non-current amounts payable and liabilities		764	764	694	694
Total non-current liabilities		**122,149**	**122,628**	**121,259**	**121,738**
Current liabilities					
Current portion of non-current borrowings	7	8,082	8,082	8,082	8,082
Current borrowings	7	14,426	34,656	13,469	33,311
Current portion of finance lease liabilities	8	163	443	-	-
Trade payables		17,278	15,095	15,310	11,581
Advance amounts received		945	328	945	328
Income tax liability		1,933	1,468	1,927	1,468
Other current amounts payable and liabilities		8,903	9,912	8,109	8,446
Total current liabilities		**51,730**	**69,984**	**47,842**	**63,216**
Total liabilities		**173,879**	**192,612**	**169,101**	**184,954**
TOTAL EQUITY AND LIABILITIES		**424,683**	**439,210**	**419,908**	**431,093**

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

Litgrid

STATEMENTS OF COMPREHENSIVE INCOME

(All amounts in EUR thousands unless otherwise stated)

	Notes	Group		Company	
		31-03-2018	31-03-2017	31-03-2018	31-03-2017
Revenue					
Revenue from electricity transmission and related services		45,595	38,259	45,595	38,259
Other income		2,402	3,498	176	362
Total revenue	9	**47,997**	**41,757**	**45,771**	**38,621**
Expenses					
Expenses of electricity transmission and related services		(28,683)	(20,183)	(28,683)	(20,183)
Depreciation and amortisation	3	(6,449)	(6,615)	(6,322)	(6,558)
Wages and salaries and related expenses		(3,398)	(3,277)	(1,998)	(1,756)
Repair and maintenance expenses		(661)	(963)	(1,010)	(1,389)
Telecommunications and IT maintenance expenses		(397)	(362)	(356)	(326)
Property, plant and equipment write-off expenses		(187)	(100)	(187)	(100)
Impairment (reversal) of inventories and amounts receivable		-	4	-	6
Other expenses		(2,915)	(4,183)	(1,386)	(1,275)
Total expenses		**(42,690)**	**(35,679)**	**(39,942)**	**(31,581)**
Operating profit/(loss)		**5,307**	**6,078**	**5,829**	**7,040**
Financing activities					
Finance income		2	16	8	16
Finance costs		(331)	(329)	(323)	(316)
Total finance costs		**(329)**	**(313)**	**(315)**	**(300)**
Profit/(loss) before income tax		**4,978**	**5,765**	**5,514**	**6,740**
Income tax					
Current year income tax expenses		(1,545)	(1,582)	(1,538)	(1,580)
Deferred income tax (expenses)/income		773	333	692	374
Total income tax	10	**(772)**	**(1,249)**	**(846)**	**(1,206)**
Profit/(loss) for the period		**4,206**	**4,516**	**4,668**	**5,534**
Other comprehensive income that will not be reclassified to profit or loss		**-**	**-**	**-**	**-**
Total comprehensive income/(expenses) for the period		**4,206**	**4,516**	**4,668**	**5,534**
Basic and diluted earnings/(deficit) per share (in EUR)		**0.008**	**0.009**	**0.009**	**0.011**

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

Litgrid

STATEMENTS OF CHANGES IN EQUITY

(All amounts in EUR thousands unless otherwise stated)

Group	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2017	**146,256**	**8,579**	**5,608**	**655**	**14,726**	**62,747**	**16,234**	**254,805**
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	4,516	4,516
Depreciation of revaluation reserve and amounts written off	-	-	(130)	-	-	-	130	-
Balance at 31 March 2017	**146,256**	**8,579**	**5,478**	**655**	**14,726**	**62,747**	**20,880**	**259,321**
Balance at 1 January 2018	**146,256**	**8,579**	**5,380**	**655**	**14,790**	**62,767**	**8,171**	**246,598**
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	4,206	4,206
Depreciation of revaluation reserve and amounts written off	-	-	(180)	-	-	-	180	-
Transfer to retained earnings	-	-	-	-	(164)	-	164	-
Balance at 31 March 2018	**146,256**	**8,579**	**5,200**	**655**	**14,626**	**62,767**	**12,721**	**250,804**

Company	Share capital	Share premium	Revaluation reserve	Reserve of changes in fair value of financial assets	Legal reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2017	**146,256**	**8,579**	**5,533**	**655**	**14,626**	**62,747**	**18,175**	**256,571**
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	5,534	5,534
Depreciation of revaluation reserve and amounts written off	-	-	(127)	-	-	-	127	-
Balance at 31 March 2017	**146,256**	**8,579**	**5,406**	**655**	**14,626**	**62,747**	**23,836**	**262,105**
Balance at 1 January 2018	**146,256**	**8,579**	**4,999**	**655**	**14,626**	**62,767**	**8,257**	**246,139**
Comprehensive income/(expenses) for the period	-	-	-	-	-	-	4,668	4,668
Depreciation of revaluation reserve and amounts written off	-	-	(136)	-	-	-	136	-
Balance at 31 March 2018	**146,256**	**8,579**	**4,863**	**655**	**14,626**	**62,767**	**13,061**	**250,807**

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

Litgrid

STATEMENTS OF CASH FLOWS
(All amounts in EUR thousands unless otherwise stated)

	Group		Company	
	31-03-2018	**31-03-2017**	**31-03-2018**	**31-03-2017**
Cash flows from operating activities				
Profit/(loss) for the period	4,206	4,516	4,668	5,534
Adjustments for non-cash items and other adjustments:				
Depreciation and amortisation expenses	6,449	6,614	6,322	6,558
(Reversal of)/impairment of assets	-	(4)	-	(6)
Income tax expenses	772	1,249	846	1,206
(Gain)/loss on disposal/write-off of property, plant and equipment	187	100	187	100
Elimination of results of financing and investing activities:				
Interest income	-	-	(6)	-
Interest expenses	330	329	322	316
Other finance (income)/costs	(1)	(16)	(1)	(16)
Changes in working capital:				
(Increase) decrease in trade receivables and other amounts receivable	(906)	4,666	(4,331)	1,448
(Increase) decrease in inventories, prepayments and other current assets	(430)	(16)	(337)	(441)
Increase (decrease) in amounts payable, grants, deferred income and advance amounts received	2,124	(2,747)	4,283	1,012
Changes in other financial assets	81	(1,634)	81	(1,634)
Income tax (paid)	(1,104)	(430)	(1,079)	(427)
Net cash generated from (used in) operating activities	**11,708**	**12,627**	**10,955**	**13,650**
Cash flows from investing activities				
(Purchase) of property, plant and equipment and intangible assets	(5,807)	(3,958)	(5,738)	(3,895)
Grants received	13,748	561	13,748	561
Revenue generated from congestion management	2,532	1,609	2,532	1,609
Net cash generated from (used in) investing activities	**10,473**	**(1,788)**	**10,542**	**(1,725)**
Cash flows from financing activities				
Repayments of borrowings	(1,100)	(1,100)	(1,100)	(1,100)
Overdraft	(20,230)	(9,472)	(19,842)	(10,649)
Finance lease payments	(280)	(3)	-	-
Interest paid	(116)	(171)	(108)	(158)
Dividends paid	(1)	(3)	(1)	(3)
Net cash generated from (used in) financing activities	**(21,727)**	**(10,749)**	**(21,051)**	**(11,910)**
Increase (decrease) in cash and cash equivalents	**454**	**90**	**446**	**15**
Cash and cash equivalents at the beginning of the period	696	798	434	608
Cash and cash equivalents at the end of the period	**1,150**	**888**	**880**	**623**

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

(All amounts in EUR thousands unless otherwise stated)

1 General information

Litgrid AB (hereinafter “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. The Company was established as a result of the unbundling of Lietuvos Energija AB operations and was registered with the Register of Legal Entities on 16 November 2010, entity’s code is 302564383.

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 also responsible for the integration of the Lithuanian power system into the European electricity infrastructure and common electricity market.

On 27 August 2013, the National Commission for Energy Control and Prices (hereinafter – „NCC“) issued in respect of the Company an open – ended License for the engagement in activity of Transmission electric power.

The principal objectives of the Company’s activities include ensuring the stability and reliability of the 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.

As at 31 March 2018 the share capital of the Company amounted to EUR 146,256,100.20. It was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. The Company has not acquired any own shares.

As at 31 March 2018 and 31 December 2017, 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 EPSO-G UAB (company code 302826889, address A. Juozapavičiaus g. 13, Vilnius, Lithuania) is the Ministry of Energy of the Republic of Lithuania.

As from 22 December 2010, the shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

As at 31 March 2018 and 31 December 2017 the Group included Litgrid, its directly controlled subsidiaries, associates and joint ventures, listed below:

Company	Address of the company’s registered office	Shareholding as at 31 March 2018	Shareholding as at 31 December 2017	Profile of activities
Tetas UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation and distribution station design, reconstruction, repair and maintenance services
Litgrid Power Link Service UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	100%	100%	Management and operation of electricity interconnection facilities
Duomenų Logistikos Centras UAB	Žvejų g. 14, Vilnius, Lithuania	20%	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50%	50%	Implementation and co-ordination of joint assignments in relation to operation of current interconnection Lithuania–Poland, planned development of the network and other fields of co-operation.

On 27 January 2017, the Company’s Board gave its consent to the arrangement of sale of all 20.36% shares held under the title of ownership by Litgrid AB in Duomenų Logistikos Centras UAB, together with the shares held in Duomenų Logistikos Centras UAB by Lietuvos Energija UAB. On 7 August 2017 shareholders of UAB Duomenų Logistikos Centras, the Company and Lietuvos energija, UAB, signed a share sale - purchase agreement with Telia Lietuva. The sale process of UAB Duomenų Logistikos Centras should be finalised, supposed by the 2018 on obtaining authorisation from the Competition Council. The transaction value will not be announced until that time.

Company’s investment in associated entity was accounted in the item Other financial assets of Statement of financial position.

As at 31 March 2018, the Group had 577 employees (31 December 2017: 633), and the Company had 232 employees (31 December 2017: 229).

2 Summary of principal accounting policies

These condensed interim Consolidated and the Company‘s financial statements, for the three months period ended 31 March 2018 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, including International Accounting Standard (hereinafter – IAS) 34 „Interim Financial Reporting“. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2017.

The presentation currency is euro. These financial statements are presented in thousands of euro, unless otherwise stated.

In order to better understand the data presented in this condensed interim financial statements, this financial statements should be read in conjunction with the audited Consolidated and the Company’s financial statements for the year 2017, prepared according to International Financial Reporting Standards as adopted by the European Union.

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

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

These financial statements for the period ended 31 March 2018 are not audited. Financial statements for the year ended 31 December 2017 are audited by the external auditor UAB PricewaterhouseCoopers.

3 Intangible assets and property, plant, and equipment

Group	Intangible assets	Property, plant and equipment
Net book amount at 31 December 2016	**1,491**	**399,160**
Additions	152	3,365
Prepayments for property, plant, equipment	-	127
Write-offs	-	(110)
Set-off of grants with non-current assets	-	(561)
Depreciation and amortization charge	(120)	(6,492)
Net book amount at 31 March 2017	**1,523**	**395,489**
Net book amount at 31 December 2017	**3,650**	**378,403**
Additions	422	4,652
Prepayments for property, plant, equipment	-	144
Write-offs	-	(188)
Transfer to inventories	-	(13)
Set-off of grants with non-current assets	-	(2,880)
Depreciation and amortization charge	(230)	(6,219)
Net book amount at 31 March 2018	**3,842**	**373,899**

Company	Intangible assets	Property, plant and equipment
Net book amount at 31 December 2016	**1,486**	**398,269**
Additions	152	3,122
Prepayments for property, plant, equipment	-	127
Write-offs	-	(110)
Set-off of grants with non-current assets	-	(561)
Depreciation and amortization charge	(120)	(6,437)
Net book amount at 31 March 2017	**1,518**	**394,410**
Net book amount at 31 December 2017	**3,647**	**376,028**
Additions	422	4,647
Prepayments for property, plant, equipment	-	144
Write-offs	-	(188)
Transfer to inventories	-	(13)
Set-off of grants with non-current assets	-	(2,880)
Depreciation and amortization charge	(229)	(6,093)
Net book amount at 31 March 2018	**3,840**	**371,645**

(All amounts in EUR thousands unless otherwise stated)

Property, plant, and equipment value are carried at the asset acquisition cost less grants received or receivable. Grants comprise of EU structural funds, connection fees of new consumers (producers) for connection their to electricity transmission network (applicable for fees received until 1 July 2009), PSO funds and congestion income funds. If the value of the Property, plant, and equipment was not reduced by the grants, the book value of these assets as of 31 March 2018 would be higher by Eur 298 609 thousand. Information about the Property, plant, and equipment the value of which has been reduced by the grants received/receivable is presented below:

Net book amount at 31 December 2017	**297,649**
Additions	2,880
Depreciation charge	(1,920)
Net book amount at 31 March 2018	**298,609**

4 Investments in subsidiaries

As at 31 March 2018 and 31 December 2017 the Company's investments comprised as following:

Subsidiaries	Investment cost	Impairment	Carrying amount	Ownership interest, %
31 March 2018				
TETAS UAB	4,754	(4,754)	-	100
Litgrid Power Link Service UAB	174	-	174	100
Total	**4,928**	**(4,754)**	**174**	
31 December 2017				100
TETAS UAB	4,754	(4,754)	-	100
Litgrid Power Link Service UAB	174	-	174	100
Total	**4,928**	**(4,754)**	**174**	

5 Loans granted

On 25 October 2017, Litgrid AB and TETAS UAB entered into a loan agreement. Based on the agreement, Litgrid AB granted a loan of EUR 1.6 million to TETAS UAB for the purpose of balansing the cash flows. Annual interest rate is 2.09% and loan repayment date is 25 October 2020.

TETAS UAB upon the registration of increase in share capital by EUR 397,477 on 29 December 2017, the total shares emission was settled in the form of monetary contribution by way of setoff against the loan. As a result of setoff, the outstanding balance of the loan amounted to EUR 1,202,523.

6 Other financial assets

In the item Other financial assets Group and Company accounted funds deposited for guarantees and deposits, congestion income funds and shareholding in UAB Duomenų logistikos centras. As at 31 March 2018 Other financial assets was amounted to EUR 8,655 thousand (as at 31 December 2017 – EUR 8,736 thousand), including Duomenų Logistikos Centras UAB shares value amounting to EUR 752 thousand.

7 Borrowings

Borrowings of the Group/Company were as follows:

	Group		Company	
	31-03-2018	**31-12-2017**	**31-03-2018**	**31-12-2017**
Non-current borrowings				
Borrowings from banks	107,253	108,353	107,253	108,353
Current borrowings				
Current portion of non-current borrowings	8,082	8,082	8,082	8,082
Overdraft	14,426	34,656	13,469	33,311
Total borrowings	**129,761**	**151,091**	**128,804**	**149,746**

(All amounts in EUR thousands unless otherwise stated)

Maturity of non-current borrowings:

	Group		Company	
	31-03-2018	31-12-2017	31-03-2018	31-12-2017
Between 1 and 2 years	14,225	14,225	14,225	14,225
From 2 to 5 years	42,676	42,676	42,676	42,676
After 5 years	50,352	51,452	50,352	51,452
Total	**107,253**	**108,353**	**107,253**	**108,353**

As at 31 March 2018, the weighted average interest rate on the Group's and the Company's borrowings was 0.95% (31 December 2017: 0.87%).

As at 31 March 2018, the Group's unwithdrawn balance of loans and overdrafts amounted to EUR 15,274 thousand (31 December 2017: EUR 10,944 thousand), the Company's – EUR 14,531 thousand (31 December 2017: EUR 9,689 thousand).

Under the credit agreements signed with foreign banks the Company is committed to comply with the net debt to EBITDA ratio and not to exceed interest coverage ratio. The Company as at 31 March 2018 and as at 31 December 2017 complied with these requirements.

8 Finance lease liabilities

The Group's future minimum finance lease payments were as follows:

	31-03-2018		31-12-2017	
Group	**Minimum lease payments**	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Finance lease payments:				
Not later than 1 year	176	163	462	443
Later than 1 year and not later than 5 years	849	820	849	820
Minimum finance lease payments	**1,025**	**983**	**1,311**	**1,263**
Less: future finance charges	(42)	-	(48)	-
Present value of minimum finance lease payments	**983**	**983**	**1,263**	**1,263**

The fair value of the finance lease liabilities approximated their carrying amount.

9 Segment information

The Group has distinguished the following 5 segments:

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

The Company's segments 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 distinguished within 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.

(All amounts in EUR thousands unless otherwise stated)

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.

Repair and maintenance services are carried out by the Company's subsidiaries TETAS UAB and Litgrid Power Link Service UAB. The core line of business of Tetas UAB is provision of medium-voltage transformer substation and distribution station reconstruction, repair and maintenance services. The purpose of Litgrid Power Link Service UAB is a centre of competence of high qualification and specific engineering fields, and operation and management of HVDC (High Voltage Direct Current) links.

The Group's information on segments for the period ended 31 March 2018 is presented in the table below:

	Operating segments					
2018	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	Total
Revenue	20,788	6,072	17,347	1,564	2,787	48,558
Inter-segment revenue	-	-	-	-	(561)	(561)
Revenue after elimination of intercompany revenue within the Group	**20,788**	**6,072**	**17,347**	**1,564**	**2,226**	**47,997**
Operating profit/(loss)	**3,282**	**75**	**2,471**	**1**	**(522)**	**5,307**
Finance income/(cost), net*	**x**	**x**	**x**	**x**	**x**	**(329)**
Profit/(loss) before income tax	**x**	**x**	**x**	**x**	**x**	**4,978**
Income tax*	**x**	**x**	**x**	**x**	**x**	**(772)**
Profit/(loss) for the period	**x**	**x**	**x**	**x**	**x**	**4,206**
Depreciation and amortisation expenses	6,251	18	53	-	127	6,449
Write-offs of property, plant and equipment	187	-	-	-	-	187

* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

The Group's information on segments for the period ended 31 March 2017 is presented in the table below:

	Operating segments					
2017	Electricity transmission	Trade in balancing/ regulating electricity	Provision of system services	Provision of services under PSO scheme	Repair and maintenance activities	Total
Revenue	20,073	4,672	11,735	2,141	4,074	42,695
Inter-segment revenue	-	-	-	-	(938)	(938)
Revenue after elimination of intercompany revenue within the Group	**20,073**	**4,672**	**11,735**	**2,141**	**3,136**	**41,757**
Operating profit/(loss)	**4,283**	**1,250**	**1,484**	**23**	**(962)**	**6,078**
Finance income/(cost), net*	**x**	**x**	**x**	**x**	**x**	**(313)**
Profit/(loss) before income tax	**x**	**x**	**x**	**x**	**x**	**5,765**
Income tax*	**x**	**x**	**x**	**x**	**x**	**(1,249)**
Profit/(loss) for the period	**x**	**x**	**x**	**x**	**x**	**4,516**
Depreciation and amortisation expenses	6,429	32	97	-	57	6,615
Write-offs of property, plant and equipment	100	-	-	-	-	100

* Income tax and finance income and costs are not allocated between the Company's operating segments and are attributed to electricity transmission operations.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 92% of total revenue.

(All amounts in EUR thousands unless otherwise stated)

10 Income tax

Income tax expenses for the period comprise current and deferred tax.

Profit for 2018 is taxable at a rate of 15 percent in accordance with Lithuanian regulatory legislation on taxation (2017: 15 percent).

11 Related-party transactions

The Company's/Group's related parties in 2018 and 2017 were as follows:
- EPSO-G (the parent company 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 joint ventures of the Company;
- Amber Grid AB (common shareholders);
- Baltpool UAB (common shareholders);
- Management.

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	
	31-03-2018	**31-03-2017**	**31-03-2018**	**31-03-2017**
The Group's parent company (EPSO-G UAB)	-	-	-	-
EPSO-G UAB group companies	1,717	1,250	1,717	1,250
The Company's subsidiaries	-	-	32	30
	1,717	**1,250**	**1,749**	**1,280**

Purchases of goods and services

	Group		Company	
	31-03-2018	**31-03-2017**	**31-03-2018**	**31-03-2017**
The Group's parent company (EPSO-G UAB)	43	20	40	18
EPSO-G UAB group companies	116	158	116	158
The Company's subsidiaries	-	-	538	909
	159	**178**	**694**	**1,085**

Amounts receivable from related parties

	Group		Company	
	31-03-2018	**31-12-2017**	**31-03-2018**	**31-12-2017**
EPSO-G UAB group companies	658	646	658	646
The Company's subsidiaries	-	-	1,223	1,217
	658	**646**	**1,881**	**1,863**

Amounts payable to related parties

	Group		Company	
	31-03-2018	**31-12-2017**	**31-03-2018**	**31-12-2017**
The Group's parent company (EPSO-G UAB)	37	-	35	-
The Company's subsidiaries	-	-	856	746
	37	**-**	**891**	**746**

Payments to the key management personnel

	Group		Company	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Employment-related payments	177	199	114	110
Whereof: termination benefits	-	25	-	-
Number of the key management personnel (average annual)	13	12	7	7

During the three months of the years 2018 and 2017 the Management of the Group and the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

Key management personnel consists of the Group's heads of administration and department directors.

12 Basic and diluted earnings per share

Basic earnings per share are calculated dividing the Group net profit for the period by the weighted average number of ordinary shares during the reportable period. The Group has no financial instruments, that can be potentially converted into ordinary shares and therefore diluted earnings per share are the same as basic earnings per share. Basic and diluted earnings are provided below:

	31-03-2018	31-03-2018
Net profit (loss) attributable to the Company's shareholders (EUR thousands)	4,206	4,516
Weighted average number of shares (units)	504,331,380	504,331,380
Basic and diluted earnings (deficit) per share (in EUR)	**0.008**	**0.009**

13 Events after the end of the reporting period

During the Ordinary General Meeting of Shareholders of LITGRID AB held on 24 April 2018, the decision was made in relation to the payment of dividends in the amount of EUR 7,716,270. Dividends per share amounted to EUR 0.0153.

On 19 April 2018 the shareholders of Nord Pool AS decided to reorganise the legal structure of the company by establishing the holding company that shall retain 100 percent ownership rights in two separate subsidiary companies in charge of the power exchange and market coupling operator's functions. Therefore, all Nord Pool AS shares shall be transferred to the holding company Start Up 170 Invest AS. Hereinafter as from 19th of April 2018, LITGRID AB shall own 2 per cent (306 shares) of the sole owner of Nord Pool AS - Start Up 170 Invest AS.

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