



**AKCINĖ BENDROVĖ „LIETUVOS DUJOS“
JOINT STOCK COMPANY LIETUVOS DUJOS**

Aguonų g. 24, LT-03212 Vilnius, Lithuania
Tel. + 370 5 236 0210 Fax + 370 5 236 0200 E-mail ld@lietuvosdujos.lt Home page <http://www.dujos.lt>

To: Lithuanian Securities Commission

2009-02-27

CONFIRMATION OF RESPONSIBLE PERSONS

Following Art. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Viktoras Valentukevičius, General Manager and Giedrė Glinskienė, Deputy General Manager-Chief Financial Officer of AB Lietuvos Dujos, hereby confirm that to the best of our knowledge, the attached AB Lietuvos Dujos Consolidated and Parent Company's Condensed Financial Statements for the Twelve Months Ended 31 December 2008 Prepared According to International Financial Reporting Standards as Adopted by European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss of AB Lietuvos Dujos and the Group.

General Manager

Viktoras Valentukevičius

Deputy General Manager-Chief Financial Officer

Giedrė Glinskienė

AB LIETUVOS DUJOS

**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL
STATEMENTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU**

AB LIETUVOS DUJOS, company code 120059523, Aiguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

Balance sheets

| | Notes | Group | | Company | |
|---------------|--|---|---|---|---|
| | | As of 31 December 2008 (pre-audited) | As of 31 December 2007 (audited) | As of 31 December 2008 (pre-audited) | As of 31 December 2007 (audited) |
| ASSETS | | | | | |
| A. | | | | | |
| | | 2,249,069 | 2,220,673 | 2,252,636 | 2,223,695 |
| I. | Intangible assets | 3,765 | 3,487 | 3,738 | 3,482 |
| II. | Non-current tangible assets | 2,245,239 | 2,216,707 | 2,238,096 | 2,209,401 |
| II.1 | Land | 183 | 183 | 183 | 183 |
| II.2 | Buildings and structures | 2,050,832 | 2,059,625 | 2,044,127 | 2,052,776 |
| II.2.1 | Buildings | 82,994 | 82,542 | 76,289 | 75,693 |
| II.2.2 | Transmission networks and related installations | 1,268,382 | 1,313,874 | 1,268,382 | 1,313,874 |
| II.2.3 | Distribution networks and related installations | 689,942 | 654,101 | 689,942 | 654,101 |
| II.2.4 | Other buildings and structures | 9,514 | 9,108 | 9,514 | 9,108 |
| II.3 | Machinery and equipment | 84,814 | 84,839 | 84,814 | 84,839 |
| II.4 | Vehicles | 13,596 | 12,025 | 13,577 | 11,994 |
| II.5 | Other equipment, tools and devices | 32,897 | 31,123 | 32,584 | 30,754 |
| II.6 | Other non-current tangible assets | 4,316 | 3,995 | 4,316 | 3,995 |
| II.7 | Construction in progress | 58,601 | 24,917 | 58,495 | 24,860 |
| III. | Non-current financial assets | 65 | 75 | 10,802 | 10,812 |
| III.1 | Investments | - | - | 10,737 | 10,737 |
| III.2 | Non-current accounts receivable | 65 | 75 | 65 | 75 |
| IV. | Deferred tax assets | - | 404 | - | - |
| B. | | | | | |
| | | 280,197 | 238,283 | 275,840 | 234,231 |
| I. | Inventories and prepayments | 58,660 | 109,388 | 58,638 | 109,370 |
| I.1 | Inventories | 58,174 | 109,064 | 58,159 | 109,048 |
| I.1.1 | Raw materials, spare parts and other inventories | 2,992 | 2,160 | 2,991 | 2,159 |
| I.1.2 | Goods for resale (including natural gas) | 55,182 | 106,904 | 55,168 | 106,889 |
| I.2 | Prepayments | 486 | 324 | 479 | 322 |
| II. | Accounts receivable | 133,212 | 91,579 | 133,207 | 91,524 |
| II.1 | Trade receivables | 130,878 | 88,380 | 130,882 | 88,382 |
| II.2 | Prepaid income tax | 1,852 | - | 1,844 | - |
| II.3 | Other receivables | 482 | 3,199 | 481 | 3,142 |
| III. | Other current assets | 4,099 | 3,722 | - | - |
| IV. | Cash and cash equivalents | 84,226 | 33,594 | 83,995 | 33,337 |
| | Total assets | 2,529,266 | 2,458,956 | 2,528,476 | 2,457,926 |

(cont'd on the next page)



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

AB LIETUVOS DUJOS, company code 120059523, Aaguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

Balance sheets (cont'd)

| | | Group | | Company | |
|-------------------------------------|---|---|---|---|---|
| | | As of 31 December 2008 (pre-audited) | As of 31 December 2007 (audited) | As of 31 December 2008 (pre-audited) | As of 31 December 2007 (audited) |
| EQUITY AND LIABILITIES | | | | | |
| C. | Equity | 1,882,305 | 1,929,787 | 1,881,045 | 1,928,825 |
| I. | Share capital | 469,068 | 469,068 | 469,068 | 469,068 |
| II. | Reserves | 1,411,775 | 1,357,881 | 1,409,678 | 1,355,991 |
| II.1 | Legal reserves | 23,160 | 17,962 | 22,983 | 17,795 |
| II.2 | Other reserves | 1,388,615 | 1,339,919 | 1,386,695 | 1,338,196 |
| III. | Retained earnings | 8 1,462 | 102,838 | 2,299 | 103,766 |
| D. | Liabilities | 646,961 | 529,169 | 647,431 | 529,101 |
| I. | Non-current liabilities | 415,223 | 338,876 | 415,750 | 338,876 |
| I.1 | Non-current borrowings | 9 8,576 | 10,720 | 8,576 | 10,720 |
| I.2 | Grants (deferred revenue) | 164,212 | 137,231 | 164,212 | 137,231 |
| I.3 | Deferred tax liability | 8 242,435 | 190,925 | 242,962 | 190,925 |
| II. | Current liabilities | 231,738 | 190,293 | 231,681 | 190,225 |
| II.1 | Current portion of non-current borrowings | 9 2,144 | 10,839 | 2,144 | 10,839 |
| II.2 | Trade payables | 7 180,951 | 119,515 | 180,941 | 119,498 |
| II.3 | Prepayments received | 10,536 | 15,170 | 10,529 | 15,152 |
| II.4 | Income tax payable | - | 12,950 | - | 12,950 |
| II.5 | Payroll related liabilities | 7,901 | 6,555 | 7,861 | 6,524 |
| II.6 | Other current liabilities | 30,206 | 25,264 | 30,206 | 25,262 |
| Total equity and liabilities | | 2,529,266 | 2,458,956 | 2,528,476 | 2,457,926 |

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

| | | | |
|------------------|--------------------------|--|------------------|
| General Manager | Viktoras Valentukevičius |  | 27 February 2009 |
| Chief Accountant | Žydrūnas Augutis |  | 27 February 2009 |

AB LIETUVOS DUJOS, company code 120059523, Aoguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

Income statements

| | Group | | Company | | Group | | Company | |
|--|--|--|--|--|---|---|---|---|
| | Three months period ended 31 December 2008 | Three months period ended 31 December 2007 | Three months period ended 31 December 2008 | Three months period ended 31 December 2007 | Twelve months period ended 31 December 2008 | Twelve months period ended 31 December 2007 | Twelve months period ended 31 December 2008 | Twelve months period ended 31 December 2007 |
| | (pre-audited) | (pre-audited) | (pre-audited) | (pre-audited) | (pre-audited) | (audited) | (pre-audited) | (audited) |
| I. Sales | 495,664 | 367,838 | 495,499 | 367,670 | 1,555,366 | 1,024,264 | 1,554,061 | 1,022,881 |
| II. Cost of sales | (442,391) | (281,531) | (442,346) | (281,481) | (1,240,900) | (675,569) | (1,240,679) | (675,348) |
| III. Gross profit | 53,273 | 86,307 | 53,153 | 86,189 | 314,466 | 348,695 | 313,382 | 347,533 |
| IV. Operating expenses | (71,479) | (67,530) | (71,249) | (67,270) | (252,736) | (231,328) | (251,616) | (230,268) |
| V. Other operating activities income (net) | 1,090 | 2,159 | 1,090 | 2,160 | 5,869 | 7,280 | 5,869 | 7,281 |
| VI. Profit from operations | (17,116) | 20,936 | (17,006) | 21,079 | 67,599 | 124,647 | 67,635 | 124,546 |
| VII. Financial and investing activities | 1,406 | 608 | 1,341 | 566 | 5,674 | 685 | 5,443 | 530 |
| VIII.1 Income | 1,562 | 911 | 1,497 | 869 | 6,537 | 3,034 | 6,306 | 2,879 |
| VIII.2 Expenses | (156) | (303) | (156) | (303) | (863) | (2,349) | (863) | (2,349) |
| IX. Profit before tax | (15,710) | 21,544 | (15,665) | 21,645 | 73,273 | 125,332 | 73,078 | 125,076 |
| X. Income tax | 2,270 | (4,740) | 2,130 | (4,761) | (9,038) | (21,354) | (9,141) | (21,310) |
| IX.1 Current period income tax | (1,560) | (7,153) | (1,570) | (7,176) | (18,841) | (25,600) | (18,820) | (25,566) |
| IX.2 Deferred income tax | 3,830 | 2,413 | 3,700 | 2,415 | 9,803 | 4,246 | 9,679 | 4,256 |
| Net profit | (13,440) | 16,804 | (13,535) | 16,884 | 64,235 | 103,978 | 63,937 | 103,766 |
| Basic and diluted earnings per share (LTL) | (0.03) | 0.04 | (0.03) | 0.04 | 0.14 | 0.22 | 0.14 | 0.22 |

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


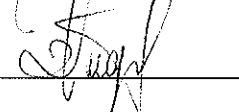
General Manager Viktoras Valentukevičius 27 February 2009

Chief Accountant Žydrūnas Augutis 27 February 2009

Statements of changes in equity

| Group | Notes | | | | | Total |
|--|-------|----------------|---------------|--|-----------------------------|------------------|
| | | Share capital | Legal reserve | Corporate business development reserve | Retained earnings (deficit) | |
| Balance as of 1 January 2007 (audited) | | 469,068 | 14,996 | 1,313,561 | 58,184 | 1,855,809 |
| Transfer to legal reserve | | - | 2,966 | - | (2,966) | - |
| Transfers to corporate business development reserve | | - | - | 26,358 | (26,358) | - |
| Dividends declared | 11 | - | - | - | (30,000) | (30,000) |
| Net profit for the reporting period | | - | - | - | 103,978 | 103,978 |
| Balance as of 31 December 2007 (audited) | | 469,068 | 17,962 | 1,339,919 | 102,838 | 1,929,787 |
| Transfer to legal reserve | | - | 5,198 | - | (5,198) | - |
| Transfers to corporate business development reserve | | - | - | 48,696 | (48,696) | - |
| Dividends declared | 11 | - | - | - | (50,000) | (50,000) |
| Net profit for the reporting period | | - | - | - | 64,235 | 64,235 |
| Revaluation of deferred income tax due to tariff changes | 8 | - | - | - | (61,717) | (61,717) |
| Balance as of 31 December 2008 (pre-audited) | | 469,068 | 23,160 | 1,388,615 | 1,462 | 1,882,305 |

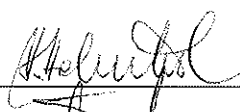
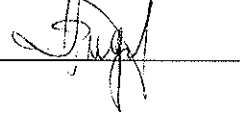
The accompanying notes are an integral part of these financial statements.

| | | | |
|------------------|--------------------------|--|------------------|
| General Manager | Viktoras Valentukevičius |  | 27 February 2009 |
| Chief Accountant | Žydrūnas Augutis |  | 27 February 2009 |

Statements of changes in equity (cont'd)

| Company | Notes | | | | Retained earnings (deficit) | Total |
|--|-------|----------------|---------------|--|-----------------------------|------------------|
| | | Share capital | Legal reserve | Corporate business development reserve | | |
| Balance as of 1 January 2007 (audited) | | 469,068 | 14,838 | 1,312,013 | 59,140 | 1,855,059 |
| Transfer to legal reserve | | - | 2,957 | - | (2,957) | - |
| Transfers to corporate business development reserve | | - | - | 26,183 | (26,183) | - |
| Dividends declared | 11 | - | - | - | (30,000) | (30,000) |
| Net profit for the reporting period | | - | - | - | 103,766 | 103,766 |
| Balance as of 31 December 2007 (audited) | | 469,068 | 17,795 | 1,338,196 | 103,766 | 1,928,825 |
| Transfer to legal reserve | | - | 5,188 | - | (5,188) | - |
| Transfers to corporate business development reserve | | - | - | 48,499 | (48,499) | - |
| Dividends declared | 11 | - | - | - | (50,000) | (50,000) |
| Net profit for the reporting period | | - | - | - | 63,937 | 63,937 |
| Revaluation of deferred income tax due to tariff changes | 8 | - | - | - | (61,717) | (61,717) |
| Balance as of 31 December 2008 (pre-audited) | | 469,068 | 22,983 | 1,386,695 | 2,299 | 1,881,045 |

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

| | | | |
|-------------------------|---------------------------------|--|-------------------------|
| <u>General Manager</u> | <u>Viktoras Valentukevičius</u> |  | <u>27 February 2009</u> |
| <u>Chief Accountant</u> | <u>Žydrūnas Augutis</u> |  | <u>27 February 2009</u> |

Cash flows statements

| | Group | | Company | |
|--|---|---|---|---|
| | Twelve months period ended 31 December 2008 (pre-audited) | Twelve months period ended 31 December 2007 (audited) | Twelve months period ended 31 December 2008 (pre-audited) | Twelve months period ended 31 December 2007 (audited) |
| I. Cash flows from (to) operating activities | | | | |
| I.1 Net profit | 64,235 | 103,978 | 63,937 | 103,766 |
| Adjustments of non-cash items: | | | | |
| I.2 Depreciation and amortisation | 94,358 | 94,503 | 94,111 | 94,269 |
| I.3 (Gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal | (161) | (1,832) | (161) | (1,832) |
| I.4 (Reversal of) impairment for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories | 1,448 | (1,948) | 1,448 | (1,948) |
| I.5 Income tax expenses | 9,038 | 21,354 | 9,141 | 21,309 |
| I.6 Interest (income) | (5,099) | (2,688) | (4,868) | (2,533) |
| I.7 Interest expenses | 862 | 2,346 | 862 | 2,346 |
| I.8 Loss (gain) on foreign currency exchange | 1 | 1 | 1 | 1 |
| I.9 Elimination of other financial activity results | (122) | (577) | (122) | (577) |
| I.10 Amortisation of the grants, deferred revenue and other non-cash items | (3,738) | (3,144) | (3,738) | (3,144) |
| | 160,822 | 211,993 | 160,611 | 211,657 |
| Changes in working capital: | | | | |
| I.11 (Increase) decrease in inventories | 51,028 | (83,480) | 51,028 | (83,485) |
| I.12 (Increase) decrease in trade accounts receivable | (43,020) | (35,227) | (43,022) | (35,242) |
| I.13 (Increase) decrease in other accounts receivable and prepayments | 2,332 | (2,686) | 2,288 | (2,732) |
| I.14 Increase in trade accounts payable | 61,015 | 59,301 | 61,021 | 59,463 |
| I.15 Increase in other current liabilities | 29,203 | 38,444 | 29,206 | 38,447 |
| I.16 Income tax (paid) | (33,636) | (23,184) | (33,614) | (23,139) |
| | 66,922 | (46,832) | 66,907 | (46,688) |
| Net cash flows from operating activities | 227,744 | 165,161 | 227,518 | 164,969 |
| II. Cash flows from (to) investing activities | | | | |
| II.1 (Acquisitions) of property, plant and equipment and intangible assets | (122,861) | (117,288) | (122,754) | (116,799) |
| II.2 Proceeds from sales of property, plant and equipment | 633 | 3,428 | 633 | 3,427 |
| II.3 Proceeds from sales of financial assets | 10 | 6 | 10 | 6 |
| II.4 Proceeds from redemption of held-to-maturity investments | - | 5 | - | 5 |
| II.5 (Increase) in term deposits | (376) | (37) | - | - |
| II.6 Interest received | 5,099 | 2,688 | 4,868 | 2,533 |
| Net cash flows (to) investing activities | (117,495) | (111,198) | (117,243) | (110,828) |

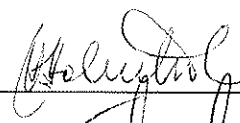
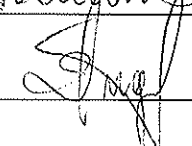
(cont'd on the next page)

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

Cash flows statements (cont'd)

| | <u>Group</u> | | <u>Company</u> | |
|---|--|--|--|--|
| | <u>Twelve months period ended 31 December 2008 (pre-audited)</u> | <u>Twelve months period ended 31 December 2007 (audited)</u> | <u>Twelve months period ended 31 December 2008 (pre-audited)</u> | <u>Twelve months period ended 31 December 2007 (audited)</u> |
| III. Cash flows from (to) financing activities | | | | |
| III.1 Dividends (paid) | (50,052) | (29,969) | (50,052) | (29,969) |
| III.2 Loans received | - | 186,451 | - | 186,451 |
| III.3 Loans (repaid) | (10,839) | (201,022) | (10,839) | (201,022) |
| III.4 Grants received | 2,185 | 3,004 | 2,185 | 3,004 |
| III.5 Interest (paid) | (911) | (2,392) | (911) | (2,392) |
| Net cash flows (to) financing activities | (59,617) | (43,928) | (59,617) | (43,928) |
| IV. Impact of changes in currency exchange rates on cash balance | - | - | - | - |
| V. Net increase in cash and cash equivalents | 50,632 | 10,035 | 50,658 | 10,213 |
| VI. Cash and cash equivalents at the beginning of the period | 33,594 | 23,559 | 33,337 | 23,124 |
| VII. Cash and cash equivalents at the end of the period | 84,226 | 33,594 | 83,995 | 33,337 |

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

| | | | |
|-------------------------|---------------------------------|--|-------------------------|
| <u>General Manager</u> | <u>Viktoras Valentukevičius</u> |  | <u>27 February 2009</u> |
| <u>Chief Accountant</u> | <u>Žydrūnas Augutis</u> |  | <u>27 February 2009</u> |

Notes to the financial statements

1 General information

AB Lietuvos Dujos (hereinafter "the Company") and consolidated AB Lietuvos Dujos and UAB Palangos Perlas (hereinafter "the Group") condensed financial statements, including the balance sheets as of 31 December 2008, income statements, cash flows statements and statements of changes in equity for the twelve months ended 31 December 2008 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2007 are audited and prepared according to International Financial Reporting Standards (IFRS). For better understanding of the information provided in those financial statements, the consolidated and the Company's condensed financial statements must be read together with the consolidated and the Company's annual financial statements of 2007.

The Company's shares are traded in the NASDAQ OMX Vilnius Stock Exchange, they are listed on the Main List.

2 Accounting principles

The Group's and the Company's condensed financial statements as of 31 December 2008 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The principal accounting policies adopted in preparing the condensed financial statements for the twelve months period ended as of 31 December 2008 were the same as these used for preparing the financial statements for 2007 according to the IFRS, as adopted in European Union.

3 Segment information

The main operating segments of the Group and the Company are: natural gas transmission, distribution, supply, other activity business segment.

Segment information for the periods ended 31 December 2008 and 31 December 2007 is presented below:

Group

| 2008 (pre-audited) | Transmission | Distribution | Supply | Other | Total |
|------------------------|--------------|--------------|-----------|-------|-----------|
| Sales | 134,103 | 137,794 | 1,278,872 | 4,597 | 1,555,366 |
| Profit from operations | 23,212 | (8,748) | 49,227 | 3,908 | 67,599 |
| 2007 (audited) | | | | | |
| Sales | 106,670 | 134,187 | 777,811 | 5,596 | 1,024,264 |
| Profit from operations | 5,740 | 12,914 | 99,498 | 6,495 | 124,647 |

Company

| 2008 (pre-audited) | Transmission | Distribution | Supply | Other | Total |
|------------------------|--------------|--------------|-----------|-------|-----------|
| Sales | 134,103 | 137,794 | 1,278,872 | 3,292 | 1,554,061 |
| Profit from operations | 23,212 | (8,748) | 49,227 | 3,944 | 67,635 |
| 2007 (audited) | | | | | |
| Sales | 106,670 | 134,187 | 777,811 | 4,213 | 1,022,881 |
| Profit from operations | 5,740 | 12,914 | 99,498 | 6,394 | 124,546 |

AB LIETUVOS DUJOS, company code 120059523, Aaguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

4 Inventories

| | Group | | Company | |
|--|---|---|---|---|
| | 31 December 2008 (pre-audited) | 31 December 2007 (audited) | 31 December 2008 (pre-audited) | 31 December 2007 (audited) |
| Raw materials, spare parts and other inventories | 3,058 | 2,367 | 3,057 | 2,366 |
| Goods for resale (including natural gas) | 55,182 | 106,904 | 55,168 | 106,889 |
| Inventories, gross | 58,240 | 109,271 | 58,225 | 109,255 |
| Less: allowance for inventories | (66) | (207) | (66) | (207) |
| | <u>58,174</u> | <u>109,064</u> | <u>58,159</u> | <u>109,048</u> |

As of 31 December 2008 the Group's and the Company's balances of the goods for resale decreased significantly due to the lower volumes of natural gas kept in the natural gas storage facility in Latvia.

The cost of slow moving inventories accounted for at net realizable value amounted to LTL 1,160 thousand at net realizable value as of 31 December 2008 (LTL 1,422 thousand as of 31 December 2007). Changes in the allowance for inventories in the twelve months of 2008 and 2007 were included into operating expenses.

5 Other current assets

The short term investments of the Group amounted to LTL 4,099 thousand as of 31 December 2008 (LTL 3,722 thousand as of December 2007).

6 Trade receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 31 December 2008 (pre-audited) | 31 December 2007 (audited) | 31 December 2008 (pre-audited) | 31 December 2007 (audited) |
| Receivables for natural gas, transmission and distribution from the non-household customers | 130.910 | 88.759 | 130.910 | 88.759 |
| Receivables for natural gas, transmission and distribution from the household customers | 4.500 | 3.555 | 4.500 | 3.555 |
| Other trade receivables | 1.753 | 807 | 1.757 | 809 |
| Less: allowance for trade receivables | (6.285) | (4.741) | (6.285) | (4.741) |
| | <u>130.878</u> | <u>88.380</u> | <u>130.882</u> | <u>88.382</u> |

As of 31 December 2008 the Group's and the Company's balances of trade receivables increased significantly mainly due to the higher sales price of the natural gas for the customers.

AB LIETUVOS DUJOS, company code 120059523, Aiguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

7 Trade payables

| | Group | | Company | |
|--------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| | 31 December 2008 (pre-audited) | 31 December 2007 (audited) | 31 December 2008 (pre-audited) | 31 December 2007 (audited) |
| Suppliers of natural gas | 177.729 | 116.598 | 177.729 | 116.598 |
| Other | 3.222 | 2.917 | 3.212 | 2.900 |
| | <u>180.951</u> | <u>119.515</u> | <u>180.941</u> | <u>119.498</u> |

As of 31 December 2008 the Group's and the Company's balances of the trade payables increased significantly due to the considerably higher import price of the natural gas.

8 Income tax

To calculate the income tax for the 2008 the 15 % rate was applied compared with the 3% social tax rate applied in addition to the valid 15 % rate when calculating the income tax for the 2007. As the 20 % income tax tariff have been applied since January 1st 2009, the Group and the Company recalculated the deferred tax asset and deferred tax liability and presented it in the Balance sheets and Income statements. The income tax expenses as of 31 December 2008 are provided below:

| | Group | Company |
|---|--------------|--------------|
| Current income tax | 19,055 | 19,034 |
| Prior periods' income tax adjustment | (214) | (214) |
| Change in deferred income tax of the current year | (8,952) | (8,960) |
| Change in deferred income tax due to the income tax tariff changes* | (851) | (719) |
| Income tax expense charged to the Income statements | <u>9,038</u> | <u>9,141</u> |

*The influence of the tariff changes on the deferred income tax asset is represented in the Income statements of the Group and the Company.

The calculations of the Deferred income tax liability, net, for the Group and the Company are provided below:

| | Group | Company |
|---|------------------|------------------|
| Deferred income tax asset | 4,432 | 3,905 |
| Deferred income tax liability | (185,150) | (185,150) |
| Change in deferred income tax liability due to the income tax tariff changes* | (61,717) | (61,717) |
| Less: deferred income tax asset netted with deferred income tax liability | <u>4,432</u> | <u>3,905</u> |
| Deferred income tax liability, net | <u>(242,435)</u> | <u>(242,962)</u> |

*The change in the deferred income tax liability due to the income tax tariff changes is presented in Retained earnings in the Balance sheets by choice of the Group and the Company.

AB LIETUVOS DUJOS, company code 120059523, Abruonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

9 Borrowings

The Company's borrowings as of 31 December 2008:

| Borrowings (pre-audited) | Borrowings and their portions, payable | | | |
|--|--|---|--------------------------|---------------|
| | Current borrowings | Payable after one year but not later than in five years | Payable after five years | Total |
| Borrowings from Lithuanian credit institutions | 2,144 | 8,576 | - | 10,720 |
| | 2,144 | 8,576 | - | 10,720 |

In the calculations, official currency exchange rates as of 31 December 2008 set by the Bank of Lithuania are applied: EUR/LTL 3.4528

As of 31 December 2008, weighted average annual interest rate of borrowings outstanding was 5.65 % (5.05% as of 31 December 2007).

The borrowings outstanding as of 31 December 2008 were denominated in EUR (100 %).

10 Earnings per share

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

| | Group | | Company | |
|---|-----------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| | 31 December 2008 (pre-audited) | 31 December 2007 (audited) | 31 December 2008 (pre-audited) | 31 December 2007 (audited) |
| Net profit attributable to the shareholders (in LTL thousand) | 64,235 | 103,978 | 63,937 | 103,766 |
| Weighted average number of shares in thousand | 469,068 | 469,068 | 469,068 | 469,068 |
| Basic earnings per share (in LTL) | 0.14 | 0.22 | 0.14 | 0.22 |

11 Dividends

During the regular general shareholders' meeting on 16 April 2008, when approving the Company's 2007 profit and loss appropriation, the decision was made to pay to shareholders dividends for the year 2007 in the amount of LTL 50 million (LTL 0.107 per ordinary registered share with the par value of LTL 1 per share).

12 Commitments and contingencies

Litigation

1. On 29 December 2008, the National Control Commission for Prices and Energy (hereinafter referred to as "the Commission") adopted Resolution No O3-219 "On Lietuvos Dujos AB Natural Gas Transmission, Distribution Tariffs and Natural Gas Tariffs for Household Customers" (hereinafter referred to as "the Resolution") whereby the Commission unilaterally set Lietuvos Dujos AB natural gas transmission, distribution tariffs and natural gas tariffs for household customers effective from 1 January 2009. On 28 January 2009, Lietuvos Dujos AB lodged a complaint with the Vilnius District Administrative Court requesting annulment of the Commission Resolution.

AB LIETUVOS DUJOS, company code 120059523, Aaguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2008
(all amounts are in LTL thousand unless otherwise stated)

12 Commitments and contingencies (cont'd)

2. Lietuvos Dujos AB stands as an interested third party in the lawsuit of the Vilnius District Administrative Court based on the complaint by the Lithuanian National Gas, Electricity and Heat Consumers Protection League of 16 January 2009 regarding the Commission Resolution No O3-219 of 29 December 2008 "On Lietuvos Dujos AB Natural Gas Transmission, Distribution Tariffs and Natural Gas Tariffs for Household Customers".

3. As regards certain previous activities of the Commission, Lietuvos Dujos AB has also lodged a number of complaints against them, which are still pending. Lietuvos Dujos AB has lodged a complaint with the Vilnius District Administrative Court requesting the annulment of the Commission Resolution No O3-18 of 29 April 2005 "On Lietuvos Dujos AB Natural Gas Transmission, Distribution Price Caps and Natural Gas Price Caps for the Regulated Customers", the Commission Resolution No O3-30 of 30 May 2005 "On Lietuvos Dujos AB Natural Gas Transmission, Distribution Tariffs and Natural Gas Tariffs for the Regulated Customers", the Commission Resolution No O3-36 of 30 June 2005 "On Lietuvos Dujos AB Natural Gas Transmission, Distribution Tariffs and Natural Gas Tariffs for the Regulated Customers", and the Commission Resolution No O3-20 of 27 April 2006 "On the Adjustment of Lietuvos Dujos AB Natural Gas Transmission, Distribution Price Caps and Natural Gas Price Caps for the Regulated Customers". The complaint of Lietuvos Dujos AB was rejected by the Vilnius District Administrative Court ruling of 13 March 2007. Lietuvos Dujos AB has lodged an appeal with the Supreme Administrative Court of Lithuania (hereinafter referred to as "the SACL"). On 27 December 2007, the SACL issued a ruling suggesting that the case should be judged by an extended judicial collegium.

13 Related party transactions

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

The related parties of the Group and the Company and related party transactions in the twelve months of the year 2008 and 2007 were as follows:

- E.ON Ruhrgas International AG (one of the major shareholders of the Company);
- OAO Gazprom (one of the major shareholders of the Company);
- State Property Fund (one of the major shareholders of the Company);
- UAB Palangos Perlas (subsidiary of the Company);
- AS Latvijas Gaze (sister Company, same shareholder);
- E.ON IS GmbH (same shareholders)

| 2008 (pre-audited) | Purchases | Sales | Accounts receivable | Accounts payable |
|---------------------------|------------------|---------------|----------------------------|-------------------------|
| OAO Gazprom | 1,190,474 | 10,017 | 1,130 | 177,729 |
| UAB Palangos Perlas | 95 | 53 | 11 | - |
| AS Latvijas Gaze | 4,585 | - | - | 12 |
| E.ON IS GmbH | 198 | - | - | 40 |
| | <u>1,195,352</u> | <u>10,070</u> | <u>1,141</u> | <u>177,781</u> |
| | | | | |
| 2007 (audited) | Purchases | Sales | Accounts receivable | Accounts payable |
| OAO Gazprom | 746,676 | 10,218 | - | 100,393 |
| UAB Palangos Perlas | 106 | 36 | 7 | - |
| AS Latvijas Gaze | 3,782 | - | - | 7 |
| | <u>750,564</u> | <u>10,254</u> | <u>7</u> | <u>100,400</u> |