



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

Aguonų g. 24, LT-03212 Vilnius, Lithuania

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To: The Securities Commission
of the Republic of Lithuania

2009-08-31

CONFIRMATION OF RESPONSIBLE PERSONS

Following Art. 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and the Submission of Periodic and Additional Information approved by the Securities Commission of the Republic of Lithuania, we, Viktoras Valentukevičius, General Manager and Virgilijus Motiejūnas, Acting 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 Six Months Ended 30 June 2009 Prepared According to International Financial Reporting Standards as Adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss of AB Lietuvos Dujos and the Group, and the Interim Consolidated Report for the Six Months of 2009 presents a true and fair review of the business development and business activities.

General Manager

Viktoras Valentukevičius

Acting Deputy General Manager – Chief Financial Officer

Virgilijus Motiejūnas

AB LIETUVOS DUJOS

CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009
(all amounts are in LTL thousand unless otherwise stated)

Balance sheets

		Group		Company	
		As of 30 June 2009 (pre-audited)	As of 31 December 2008 (audited)	As of 30 June 2009 (pre-audited)	As of 31 December 2008 (audited)
ASSETS					
A.	Non-current assets	2,278,553	2,249,069	2,281,928	2,252,636
I.	Intangible assets	3,515	3,765	3,491	3,738
II.	Property, plant and equipment	2,274,973	2,245,239	2,267,635	2,238,096
II.1	Land	183	183	183	183
II.2	Buildings and structures	2,025,348	2,050,832	2,018,715	2,044,127
II.2.1	Buildings	82,568	82,994	75,935	76,289
II.2.2	Transmission networks and related installations	1,247,010	1,268,382	1,247,010	1,268,382
II.2.3	Distribution networks and related installations	686,284	689,942	686,284	689,942
II.2.4	Other buildings and structures	9,486	9,514	9,486	9,514
II.3	Machinery and equipment	83,577	84,814	83,577	84,814
II.4	Vehicles	12,052	13,596	12,037	13,577
II.5	Other equipment, tools and devices	30,313	32,897	30,047	32,584
II.6	Other property, plant and equipment	4,291	4,316	4,291	4,316
II.7	Construction in progress	119,209	58,601	118,785	58,495
III.	Non-current financial assets	65	65	10,802	10,802
III.1	Investments into subsidiaries	-	-	10,737	10,737
III.2	Non-current accounts receivable	65	65	65	65
B.	Current assets	100,506	280,197	96,229	275,840
I.	Inventories and prepayments	24,162	58,660	24,146	58,638
I.1	Inventories	23,936	58,174	23,925	58,159
I.1.1	Raw materials, spare parts and other inventories	4,160	2,992	4,159	2,991
I.1.2	Goods for resale (including natural gas)	19,776	55,182	19,766	55,168
I.2	Prepayments	226	486	221	479
II.	Accounts receivable	51,044	133,212	50,982	133,207
II.1	Trade receivables	50,427	130,878	50,394	130,882
II.2	Prepaid income tax	138	1,852	138	1,844
II.3	Other receivables	479	482	450	481
III.	Other current assets	3,728	4,099	-	-
IV.	Cash and cash equivalents	21,572	84,226	21,101	83,995
	Total assets	2,379,059	2,529,266	2,378,157	2,528,476

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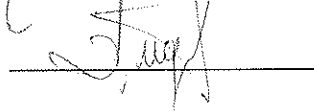
The accompanying notes are an integral part of these financial statements.

AB LIETUVOS DUJOS, company code 120059523, Aaguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009
(all amounts are in LTL thousand unless otherwise stated)

Balance sheets (cont'd)

	Notes	Group		Company	
		As of 30 June 2009 (pre-audited)	As of 31 December 2008 (audited)	As of 30 June 2009 (pre-audited)	As of 31 December 2008 (audited)
		EQUITY AND LIABILITIES			
C.		1,890,705	1,882,305	1,889,532	1,881,045
Equity					
I.		469,068	469,068	469,068	469,068
II.		1,369,370	1,411,775	1,366,977	1,409,678
II.1		26,372	23,160	26,180	22,983
II.2		1,342,998	1,388,615	1,340,797	1,386,695
III.		52,267	1,462	53,487	2,299
D.		488,354	646,961	488,625	647,431
Liabilities					
I.		410,285	415,223	410,807	415,750
I.1	8	7,504	8,576	7,504	8,576
I.2		165,426	164,212	165,426	164,212
I.3		237,355	242,435	237,877	242,962
II.		78,069	231,738	77,818	231,681
II.1	8	2,144	2,144	2,144	2,144
II.2	6	49,081	180,951	48,910	180,941
II.3		9,919	10,536	9,913	10,529
II.4		8,489	7,901	8,416	7,861
II.5		8,436	30,206	8,435	30,206
Total equity and liabilities		2,379,059	2,529,266	2,378,157	2,528,476

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

	General Manager	Viktoras Valentukevičius	 31 August 2009
	Chief Accountant	Žydrūnas Augutis	 31 August 2009

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 CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2009
 (all amounts are in LTL thousand unless otherwise stated)

Income statements

	Group		Company		Group		Company	
	Three months period ended 30 June 2009 (pre-audited)	Three months period ended 30 June 2008 (pre-audited)	Three months period ended 30 June 2009 (pre-audited)	Three months period ended 30 June 2008 (pre-audited)	Six months period ended 30 June 2009 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)	Six months period ended 30 June 2009 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)
I. Income	187,594	278,096	187,403	277,771	717,497	784,421	717,206	783,940
I.1. Sales	185,630	276,876	185,439	276,551	714,016	780,819	713,725	780,338
I.2. Other operating income	1,964	1,220	1,964	1,220	3,481	3,602	3,481	3,602
II. Expenses	(160,511)	(259,120)	(160,230)	(258,762)	(653,286)	(702,479)	(652,733)	(701,797)
II.1. Cost of natural gas	(99,099)	(197,120)	(99,099)	(197,120)	(533,836)	(581,453)	(533,836)	(581,453)
II.2. Other expenses	(61,412)	(62,000)	(61,131)	(61,642)	(119,450)	(121,026)	(118,897)	(120,344)
III. Profit from operations	27,083	18,976	27,173	19,009	64,211	81,942	64,473	82,143
IV. Financial activities	767	1,786	675	1,733	1,665	2,524	1,484	2,418
IV.1. Income	908	2,008	816	1,955	1,995	3,039	1,814	2,933
IV.2. Expenses	(141)	(222)	(141)	(222)	(330)	(515)	(330)	(515)
V. Profit before tax	27,850	20,762	27,848	20,742	65,876	84,466	65,957	84,561
VI. Income tax	(3,758)	(1,183)	(3,754)	(1,181)	(12,476)	(11,219)	(12,470)	(11,215)
VI.1. Current period income tax	(6,070)	(3,141)	(6,070)	(3,141)	(17,555)	(15,235)	(17,555)	(15,235)
VI.2. Deferred income tax	2,312	1,958	2,316	1,960	5,079	4,016	5,085	4,020
VII. Net profit	24,092	19,579	24,094	19,561	53,400	73,247	53,487	73,346
Basic and diluted earnings per share (LTL)	9	0.05	9	0.04	0.11	0.16	0.11	0.16

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

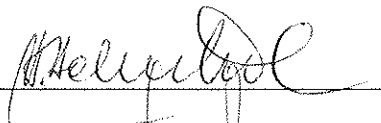
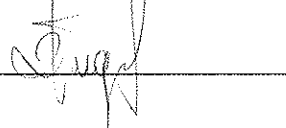
General Manager Viktoras Valentukevičius 31 August 2009

Chief Accountant Žydrūnas Augutis 31 August 2009

Statements of changes in equity

Group	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 January 2008 (audited)		469,068	17,962	1,339,919	102,838	1,929,787
Transfer to legal reserve		-	5,198	-	(5,198)	-
Transfer to other reserves		-	-	48,696	(48,696)	-
Dividends declared		-	-	-	(50,000)	(50,000)
Other profit distribution		-	-	-	(79)	(79)
Net profit for the reporting period		-	-	-	73,247	73,247
Balance as of 30 June 2008 (pre-audited)		469,068	23,160	1,388,615	72,112	1,952,955
Balance as of 31 December 2008 (audited)		469,068	23,160	1,388,615	1,462	1,882,305
Transfer to legal reserve		-	3,212	-	(3,212)	-
Transfer to other reserves		-	-	16,100	(16,100)	-
A transfer from other reserves to compensate the loss unrecognized in the income statement		-	-	(61,717)	61,717	-
Dividends declared	10	-	-	-	(45,000)	(45,000)
Net profit for the reporting period		-	-	-	53,400	53,400
Balance as of 30 June 2009 (pre-audited)		469,068	26,372	1,342,998	52,267	1,890,705


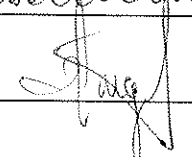
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<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>31 August 2009</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>31 August 2009</u>

Statements of changes in equity (cont'd)

Company	Notes	Share	Legal	Other	Retained	Total
		capital	reserve	reserves	earnings	
Balance as of 1 January 2008 (audited)		469,068	17,795	1,338,196	103,766	1,928,825
Transfer to legal reserve		-	5,188	-	(5,188)	-
Transfer to other reserves		-	-	48,499	(48,499)	-
Dividends declared		-	-	-	(50,000)	(50,000)
Other profit distribution		-	-	-	(79)	(79)
Net profit for the reporting period		-	-	-	73,346	73,346
Balance as of 30 June 2008 (pre-audited)		469,068	22,983	1,386,695	73,346	1,952,092
Balance as of 31 December 2008 (audited)		469,068	22,983	1,386,695	2,299	1,881,045
Transfer to legal reserve		-	3,197	-	(3,197)	-
Transfer to other reserves		-	-	15,819	(15,819)	-
A transfer from other reserves to compensate the loss unrecognized in the income statement		-	-	(61,717)	61,717	-
Dividends declared	10	-	-	-	(45,000)	(45,000)
Net profit for the reporting period		-	-	-	53,487	53,487
Balance as of 30 June 2009 (pre-audited)		469,068	26,180	1,340,797	53,487	1,889,532

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

General Manager	Viktoras Valentukevičius		31 August 2009
Chief Accountant	Žydrūnas Augutis		31 August 2009

Cash flows statements

	<u>Group</u>		<u>Company</u>	
	Six months period ended 30 June 2009 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)	Six months period ended 30 June 2009 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)
I. Cash flows from (to) operating activities				
I.1 Net profit	53,400	73,247	53,487	73,346
Adjustments of non-cash items:				
I.2 Depreciation and amortisation	48,719	46,842	48,593	46,716
I.3 (Gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(37)	(132)	(37)	(132)
I.4 (Reversal of) impairment for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	(1,106)	(737)	(1,106)	(737)
I.5 Income tax expenses	12,476	11,219	12,470	11,215
I.6 Interest (income)	(892)	(2,296)	(711)	(2,190)
I.7 Interest expenses	330	514	330	514
I.8 (Gain) on foreign currency exchange	(1)	-	(1)	-
I.9 Elimination of other financial activity results	-	(135)	-	(135)
I.10 Amortisation of the grants, deferred revenue and other adjustments of non-cash items	(2,038)	(1,786)	(2,038)	(1,786)
	<u>110,851</u>	<u>126,736</u>	<u>110,987</u>	<u>126,811</u>
Changes in working capital:				
I.11 Decrease in inventories	34,211	74,884	34,207	74,887
I.12 Decrease in trade accounts receivable	81,247	30,921	81,285	30,957
I.13 Decrease in other accounts receivable and prepayments	286	1,449	304	1,403
I.14 (Decrease) in trade accounts payable	(138,367)	(55,243)	(138,385)	(55,255)
I.15 (Decrease) in other accounts payable and other current liabilities	(23,872)	(2,591)	(23,905)	(2,671)
I.16 Income tax (paid)	(10,221)	(9,521)	(10,221)	(9,514)
	<u>(56,716)</u>	<u>39,899</u>	<u>(56,715)</u>	<u>39,807</u>
Net cash flows from operating activities	<u>54,135</u>	<u>166,635</u>	<u>54,272</u>	<u>166,618</u>
II. Cash flows from (to) investing activities				
II.1 (Acquisitions) of property, plant and equipment and intangible assets	(71,732)	(20,989)	(71,556)	(20,969)
II.2 Proceeds from sales of property, plant and equipment	61	527	61	527
II.3 (Increase) decrease in term deposits	371	(65,005)	-	(65,000)
II.4 Interest received	872	1,442	691	1,336
Net cash flows (to) investing activities	<u>(70,428)</u>	<u>(84,025)</u>	<u>(70,804)</u>	<u>(84,106)</u>

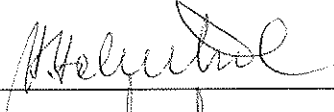

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The accompanying notes are an integral part of these financial statements.

Cash flows statements (cont'd)

	Group		Company	
	Six months period ended 30 June 2009 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)	Six months period ended 30 June 2009 (pre-audited)	Six months period ended 30 June 2008 (pre-audited)
III. Cash flows from (to) financing activities				
III.1 Dividends (paid)	(44,993)	(49,971)	(44,993)	(49,971)
III.2 Loans (repaid)	(1,072)	(6,842)	(1,072)	(6,842)
III.3 Grants received	46	1,314	46	1,314
III.4 Interest (paid)	(344)	(544)	(344)	(544)
Net cash flows (to) financing activities	(46,363)	(56,043)	(46,363)	(56,043)
IV. Impact of changes in currency exchange rates on cash balance	1	-	1	-
V. Net increase in cash and cash equivalents	(62,655)	26,567	(62,894)	26,469
VI. Cash and cash equivalents at the beginning of the period	84,226	33,594	83,995	33,337
VII. Cash and cash equivalents at the end of the period	21,571	60,161	21,101	59,806

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

General Manager	Viktoras Valentukevičius		31 August 2009
Chief Accountant	Žydrūnas Augutis		31 August 2009

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 30 June 2009, income statements, cash flows statements and statements of changes in equity for the six months ended 30 June 2009 and 30 June 2008 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2008 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 2008.

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

2 Accounting principles

The Group's and the Company's condensed financial statements as of 30 June 2009 have been prepared in accordance with International Accounting Standard (hereinafter "IAS") 34 Interim Financial Reporting.

The principal accounting policies adopted in preparing the condensed financial statements for the six months period ended as of 30 June 2009 were the same as these used for preparing the financial statements for 2008 according to the IFRS, as adopted in the European Union.

From 1 January 2009 the Group and the Company in their Income Statements switched from the method of classifying expenses by function to the method of classifying expenses by nature and disclosed comparative information in respect of previous period.

The Group and the Company when drawing up the Financial Statements for the six months period ended 30 June 2009 applied the IAS 23 Borrowing Costs effective for periods beginning on and after 1 January 2009.

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 30 June 2009 and 30 June 2008 is presented below:

Group

As of 30 June 2009 (pre-audited)	Transmission	Distribution	Supply	Other	Total
Sales	67,999	91,219	553,048	1,750	714,016
Profit from operations	20,658	19,471	22,388	1,694	64,211
As of 30 June 2008 (pre-audited)					
Sales	69,426	77,868	631,698	1,827	780,819
Profit from operations	18,646	14,203	47,030	2,063	81,942

Company

As of 30 June 2009 (pre-audited)	Transmission	Distribution	Supply	Other	Total
Sales	67,999	91,219	553,048	1,459	713,725
Profit from operations	20,658	19,471	22,388	1,956	64,473
As of 30 June 2008 (pre-audited)					
Sales	69,426	77,868	631,698	1,346	780,338
Profit from operations	18,646	14,203	47,030	2,264	82,143

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(all amounts are in LTL thousand unless otherwise stated)

4 Inventories

	Group		Company	
	30 June 2009 (pre-audited)	31 December 2008 (audited)	30 June 2009 (pre-audited)	31 December 2008 (audited)
Raw materials, spare parts and other inventories	4,254	3,058	4,253	3,057
Goods for resale (including natural gas)	19,776	55,182	19,766	55,168
Inventories, gross	24,030	58,240	24,019	58,225
Less: allowance for inventories	(94)	(66)	(94)	(66)
	<u>23,936</u>	<u>58,174</u>	<u>23,925</u>	<u>58,159</u>

As of 30 June 2009, the Group's and the Company's balances of goods for resale decreased significantly mainly due to the decrease in the natural gas imports price.

The cost of inventories accounted for at net realizable value amounted to LTL 1,963 thousand as of 30 June 2009 (LTL 1,160 thousand as of 31 December 2008). Changes in the allowance for inventories in the six months of 2009 and 2008 were included into operating expenses.

5 Trade receivables

	Group		Company	
	30 June 2009 (pre-audited)	31 December 2008 (audited)	30 June 2009 (pre-audited)	31 December 2008 (audited)
Receivables for natural gas, transmission and distribution of natural gas from non-household customers	44,198	130,899	44,200	130,910
Receivables for natural gas, transmission and distribution of natural gas from household customers	10,015	4,500	10,015	4,500
Other trade receivables	1,353	1,764	1,318	1,757
Less: allowance for accounts receivable	(5,139)	(6,285)	(5,139)	(6,285)
	<u>50,427</u>	<u>130,878</u>	<u>50,394</u>	<u>130,882</u>

In the first half-year of 2009, the Group's and the Company's accounts receivable from the non-household customers for the natural gas and the natural gas transmission and distribution services decreased significantly due to the decrease in the natural gas imports price of the gas supplied and due to the decrease in the natural gas volumes consumed by customers.

6 Trade payables

	Group		Company	
	30 June 2009 (pre-audited)	31 December 2008 (audited)	30 June 2009 (pre-audited)	31 December 2008 (audited)
Suppliers of natural gas	35,813	177,729	35,813	177,729
Other	13,268	3,222	13,097	3,212
	<u>49,081</u>	<u>180,951</u>	<u>48,910</u>	<u>180,941</u>

As of 30 June 2009, the Group's and the Company's balances of trade payables decreased due to the decrease in the natural gas imports price and due to the lower volumes of natural gas procured.

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(all amounts are in LTL thousand unless otherwise stated)

7 Income tax

The income tax rate applied on the profit for the year 2009 is 20% (for the year 2008: 15%) according to applicable legislation of the Republic of Lithuania.

8 Borrowings

The Company's borrowings as of 30 June 2009:

Borrowings (pre-audited)	Borrowings and their portions, payable			Total
	Current borrowings	Payable after one year but not later than in five years	Payable after five years	
Borrowings from Lithuanian credit institutions	2,144	7,504	-	9,648
	2,144	7,504	-	9,648

In the calculations, official currency exchange rates as of 30 June 2009 set by the Bank of Lithuania are applied: EUR/LTL 3.4528.

As of 30 June 2009, the weighted average annual interest rate of borrowings outstanding was 5.65 % (5.65% as of 31 December 2008).

The borrowings outstanding as of 30 June 2009 were denominated in EUR (100 %).

9 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	
	30 June 2009 (pre-audited)	30 June 2008 (pre-audited)	30 June 2009 (pre-audited)	30 June 2008 (pre-audited)
Net profit attributable to the shareholders (in LTL thousand)	53,400	73,247	53,487	73,346
Weighted average number of shares in thousand	469,068	469,068	469,068	469,068
Basic earnings per share (in LTL)	<u>0.11</u>	<u>0.16</u>	<u>0.11</u>	<u>0.16</u>

10 Dividends

During the regular general shareholders' meeting on 22 April 2009, when approving the Company's 2008 profit and loss appropriation, the decision was made to pay to shareholders dividends for the year 2008 in the amount of LTL 45 million (LTL 0.096 per ordinary registered share with the par value of LTL 1 per share).

11 Commitments and contingencies

Legal disputes

1. On 29 December 2008 the National Control Commission for Prices and Energy (hereinafter the Commission) adopted the Resolution No O3-219 "On the Public Limited Company Lietuvos Dujos Natural Gas Transmission and Distribution Prices and Natural Gas Prices for Household Customers" (hereinafter the Resolution), with which the Commission unilaterally set natural gas transmission and distribution prices and natural gas prices for household customers to be applied from 1 January 2009. On 28 January 2009 AB Lietuvos Dujos applied to Vilnius County Administrative Court for annulment off the above Resolution of the Commission.

11 Commitments and contingencies (cont'd)

2. AB Lietuvos Dujos is taking part as third interested party in the case in Vilnius County Administrative Court according to the complaint of 29 December 2008 of the National Gas, Electricity and Heat Consumer Protection League regarding the Commission's Resolution No O3-219 "On the Public Limited Company Lietuvos Dujos' Natural Gas Transmission and Distribution Prices and Natural Gas Prices for Household Customers".

3. AB Lietuvos Dujos has also lodged complaints against previous activities of the Commission. These complaints are currently in progress. AB Lietuvos Dujos lodged a complaint to Vilnius County Administrative Court against the Commission's Resolution No O3-18 of 29 April 2005 "On AB Lietuvos Dujos' Price Caps of Natural Gas Transmission and Distribution and Price Caps of Natural Gas for the Regulated Customers", the Commission's Resolution No O3-30 of 30 May 2005 "On AB Lietuvos Dujos' Prices of Natural Gas Transmission and Distribution and Prices of Natural Gas for Regulated Customers", the Commission's Resolution No O3-36 of 30 June 2005 "On AB Lietuvos Dujos' Prices of Natural Gas Transmission and Distribution and Prices of Natural Gas for Regulated Customers", and the Commission's Resolution No O3-20 of 27 April 2006 "On the Adjustment of AB Lietuvos Dujos' Price Caps of Natural Gas Transmission and Distribution and Price Caps of Natural Gas for Regulated Customers". With the decision of 13 March 2007 Vilnius County Administrative Court rejected the complaint of AB Lietuvos Dujos. AB Lietuvos Dujos took an appeal to the Supreme Administrative Court of Lithuania (hereinafter SACL). In its judgement passed on 27 December 2007, SACL proposed that the case should be heard by an extended judicial collegium. On 1 April 2009, the appeal lodged by the appellant AB Lietuvos Dujos was granted in part, and the Vilnius County Administrative Court's judgement of 13 March 2007 was altered. The part of the judgement regarding the Commission's Resolution No O3-36 of 30 June 2005 "On AB Lietuvos Dujos' Prices of Natural Gas Transmission and Distribution and Prices of Natural Gas for Regulated Customers" was annulled and the lawsuit (in this part) was sent to the court of first instance for re-examination.

The outcome of above mentioned claims is uncertain and can not be estimated with reasonable efforts. In addition, based on the management estimates, there is no need to accrue any amounts for any potential future losses in relation to the above – mentioned cases. The Company is applying tariffs approved by the Commission.

12 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, transaction amounts and debts as of 30 June 2009 and 2008 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 (the same shareholders);
- E.ON IS GmbH (same ultimate shareholder).

As of 30 June 2009 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	498,435	5,132	579	35,813
UAB Palangos Perlas	23	24	2	-
AS Latvijas Gaze	1,416	-	-	435
E.ON IS GmbH	92	-	-	92
	499,966	5,156	581	36,340

As of 30 June 2008 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	505,480	4,974	380	58,977
UAB Palangos Perlas	56	30	5	-
AS Latvijas Gaze	4,285	-	-	-
	509,821	5,004	385	58,977



CONSOLIDATED INTERIM REPORT FOR THE FIRST HALF OF 2009

**(PREPARED ACCORDING TO THE RULES ON THE PREPARATION AND
SUBMISSION OF PERIODIC AND SUPPLEMENTARY INFORMATION AS
ADOPTED BY THE LITHUANIAN SECURITIES COMMISSION)**

**Vilnius
2009**

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1. Reporting period for which the report was prepared

The first half of 2009.

2. Main data about the Issuer

Name of the Issuer:	Lietuvos Dujos AB (hereinafter referred to as “the Company” or “LD”)
Legal and organisational form:	joint-stock company
Date and place of registration:	23 November 1990, Register of Legal Persons of the Republic of Lithuania
Company code:	120059523
Administrator of the Register of Legal Persons:	State Enterprise Centre of Registers
Authorised capital:	LTL 469,068,254
Registered office:	Aguonų g. 24, LT-03212 Vilnius, Lithuania
Telephone number:	+370 5 2360210
Fax number:	+370 5 2360200
E-mail address:	ld@lietuvosdujos.lt
Website:	www.dujos.lt

3. Major developments of the reporting period

- On 1 January, the new natural gas tariffs for the Company’s customers unilaterally set by the National Control Commission for Prices and Energy (hereinafter referred to as “the NCCPE”) came into effect.
- On 22 April, a regular general meeting of shareholders of the Company took place at which the shareholders approved the proposal of the Board of Directors to pay out dividends in amount of LTL 45 million, i.e. 9.6 cents per share for the results achieved in Financial Year 2008.
- On 22 April, Marcus A. Soehrich was recalled from the membership of the Board of Directors, granting his resignation request, and the new member Joerg Tumat was elected instead. Dr Valery Golubev was elected Chairman of the Board of Directors.
- On 12 May, the Board of Directors of Lietuvos Dujos AB approved new natural gas tariffs for household customers. The reduced natural gas tariffs took effect on 1 July 2009.

All notifications that in accordance with law are subject to publication in daily newspapers are published in the Lietuvos Rytas daily newspaper. Notifications about the time, date and venue of the general meeting of shareholders are published in the Lietuvos Rytas daily newspaper. Information on all material events of the Company is submitted to the Securities Commission of the Republic of Lithuania, the stock exchange NASDAQ OMX Vilnius, and posted on the central regulated information database www.crib.lt and the Company website www.dujos.lt.

4. Business environment

Economic developments. The slump of the economy of Lithuania has had a negative impact also on the activities of the Company. The drop in the industrial output and energy demand in Lithuania resulted in the decrease of the Company's gas transportation volumes by more than 20 percent.

The Law on Natural Gas. July of 2009 saw the coming into effect the Law Amending Articles 6, 7, 10 14, 23 and 25 of the Law on Natural Gas and Addendum thereof. The amended Law on Natural Gas contains a provision set for an unlimited period that in the gas transmission and distribution activities, the pre-tax profit margin calculated on the basis of the value of assets used in the licensed activities of the gas company shall not exceed 5 percent. Such a politically imposed restriction is an unprecedented case in the developed countries' energy sectors regulation practice, when the profit margin (return on assets) set with respect to investments into energy infrastructure is not linked to any economic indicators (alternative investments' rate of return, risk level, etc.) and is restricted at a much lower level than the rate of return of the safest investments in the country – the interest rate paid for the government bonds.

This provision of the Law creates an especially unfavourable environment for investments into the development of the Natural Gas Sector and securing the safety and reliability of natural gas supplies at the time when such investments are needed most.

By the Law Amending the Law on Natural Gas it was also established that gas companies are to set specific tariffs for household customers for a six-month period.

New initiatives by the EU. The European Parliament and the European Council adopted legislation for further liberalizing the European internal energy market, or the so called "Third Energy Package".

Given that Lithuania together with Finland, Estonia and Latvia is a kind of "energy island", the European Commission, when drafting these regulations proposed to grant them an exemption with regard to any further unbundling of their activities, i.e. further separation of their companies, until alternative gas supplies are secured. In the absence of alternative gas supplies sources, such unbundling of gas companies makes no sense and would lead to a more complicated management of the Natural Gas Sector, a considerable increase in the consumer costs and would not bring tangible results.

Lithuania declined to accept this proposal, therefore the Directive will be implemented in its entirety.

Licensing. The Law on Natural Gas stipulates that the activities of natural gas transmission, distribution and supply are subject to licensing. The licences are issued and the supervision of the licensed activities is executed by the National Control Commission for Prices and Energy. Lietuvos Dujos was granted a licence to engage in the natural gas transmission activities in all the administrative units of Lithuania. By the natural gas distribution licence the Company is granted the right to engage in the gas distribution activities in the territory of 41 municipalities. The natural gas supply licence grants the Company the right to engage in the natural gas supply business in the territory of the Republic of Lithuania.

The pricing system and the natural gas tariffs. The Company imports natural gas from the Russian company Gazprom OAO. Natural gas import price depends on oil and gasoline prices in international market, the USD and EUR ratio set by the European Central Bank

and actual natural gas calorific value. Due to the changes in the aforesaid factors, the natural gas prices for the non-household customers are subject to monthly recalculations. As a result of the trends of the current period, since November of 2008, natural gas tariffs to the non-household customers have been sequentially decreasing. Also in the future, natural gas prices are going to be determined by the oil and gasoline prices in international market and the currencies exchange rate fluctuations. The forecast for Half 2 of 2009 is that there will be a consistent rise in natural gas prices.

Natural gas transmission and distribution service tariffs as well as natural gas supply tariffs applicable to customers are subject to regulation. Price caps of the regulated tariffs are set for a five-year regulation period and by the NCCPE decision may be adjusted not more often than once a year, in case there are any changes in the inflation rate, gas imports prices, taxes, gas volumes, legal provisions, in case gas companies had implemented investments endorsed by the NCCPE or in case gas companies deviate from the indicators set in the price cap calculation methodologies approved by the NCCPE.

On 24 November 2008, the Company's Board of Directors set the specific natural gas transmission and distribution service tariffs and natural gas tariffs for household customers applicable in 2009. The NCCPE arbitrarily declined to approve the proposed tariffs, and, on 29 December 2008, unilaterally set LD natural gas transmission and distribution service tariffs and natural gas tariffs for household customers applicable from 1 January 2009.

On 12 May 2009, the Board of Directors of the Company, having taken into account the energy resource price trends in world markets and oil product price trends, adopted new natural gas tariffs for household customers applicable from 1 July 2009. For all household customers, the variable tariff component was reduced by 30 cents per cubic meter. The fixed tariff component was not changed. The NCCPE approved the tariffs proposed by the Company.

As a result of the adoption of the Amendments to the Law on the Value Added Tax, from 1 September 2009, the VAT rate will be raised from 19% to 21%. The Company submitted to the NCCPE the natural gas household customer tariffs applicable from 1 September 2009 and recalculated in connection with the pending change in the VAT rate for review. The NCCPE did not approve the tariffs proposed by the Company. This decision of the NCCPE will have a negative impact on the Company's financial results of 2009.

Information about the natural gas tariffs is presented in the Company website www.dujos.lt

Market. In Half 1 of 2009, there were five companies importing natural gas into Lithuania: Company, Achema AB, Dujotekana UAB, Kauno Termofikacijos Elektrinė UAB and Haupas UAB. In Half 1 of 2009, the total volume of natural gas imported into Lithuania via system operated by the Company amounted to 1.4 billion m³.

In Half 1 of 2009, the following companies supplied natural gas to household and non-household customers of Lithuania: LD, Fortum Joniškio Energija UAB, Druskininkų Dujos UAB, agro firm Josvainiai AB and Intergas UAB. Dujotekana UAB and Haupas UAB supplied gas only to non-household customers.

Achema AB and Kauno Termofikacijos Elektrinė UAB imported natural gas for their own needs.

5. Risk management

Risk management is a constituent part of LD economic activities. Company has implemented a Risk Management System. Risk factors are being identified, analyzed and evaluated as a constituent part of the Company's objectives, activities and environment analysis process. The LD Risk Management Process is implemented in accordance with the methodology that has been developed and comprises the following steps:

- Identification of the risk factors, review of the main activity indicators and risk indicators;
- Risk analysis, assessment and establishing the risk control measures;
- Taking decisions regarding the risk levels and developing the Risk Management Action Plan;
- Implementation of measures of the Risk Management Action Plan;
- Monitoring and supervision of the Risk Management Process.

The main risks having the greatest impact on the Company's activities are as follows:

- Gas imports price fluctuation risk;
- Credit risk;
- Legal regulation-related risk;
- Competition risk;
- Macro-economic factors risk;
- Risk of disruptions of gas import (supply);
- Technical risk.

6. Litigation and arbitration

Information on litigation and arbitration is presented in the Consolidated and Parent Company's Condensed Financial Statements for the six months ended 30 June 2009.

7. Financial performance

Group's key financial indicators

	30 June 2009	30 June 2008	31 Dec 2008
Financial results			
Sales, M LTL	714.0	780.8	1,555.4
Earnings before interest, tax, depreciation and amortisation (EBITDA), M LTL	112.9	128.8	162.0
Profit from operations, M LTL	64.2	81.9	67.6
Profit before taxes, M LTL	65.9	84.5	73.3
Net profit, M LTL	53.4	73.2	64.2
Investments, M LTL	78.2	27.0	123.3
Assets at the end of period, M LTL	2,379.1	2,424.3	2,529.3
Equity at the end of period, M LTL	1,890.7	1,953.0	1,882.3
Profitability ratios			
EBITDA margin, %	15.7	16.4	10.4
Profit from operations margin, %	9.0	10.4	4.3
Profit before tax margin, %	9.2	10.8	4.7
Net profit margin, %	7.4	9.3	4.1
Average return-on-assets ratio (ROA), %	2.2	3.0	2.6

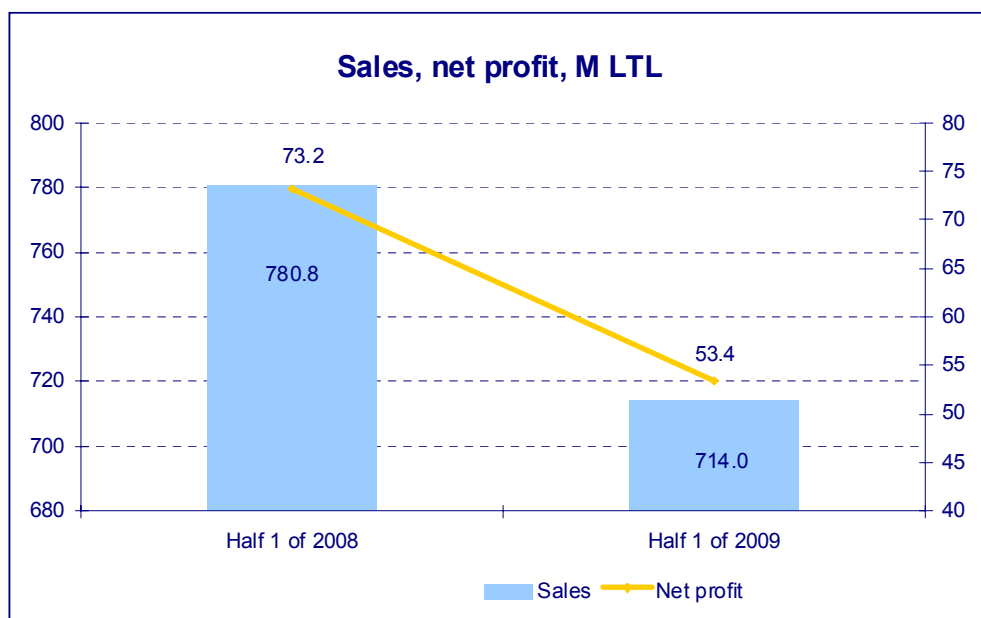
Average return-on-equity ratio (ROE), %	2.8	3.8	3.4
Leverage			
Debt to equity ratio, %	25.8	24.1	34.4
Debt ratio*, %	20.5	19.4	25.6
Market ratios			
Price-earnings ratio (P/E)	10.82	16.88	9.21
Basic earnings per share, LTL	0.11	0.16	0.14
Dividends per share for the current year, LTL	–	–	0.10

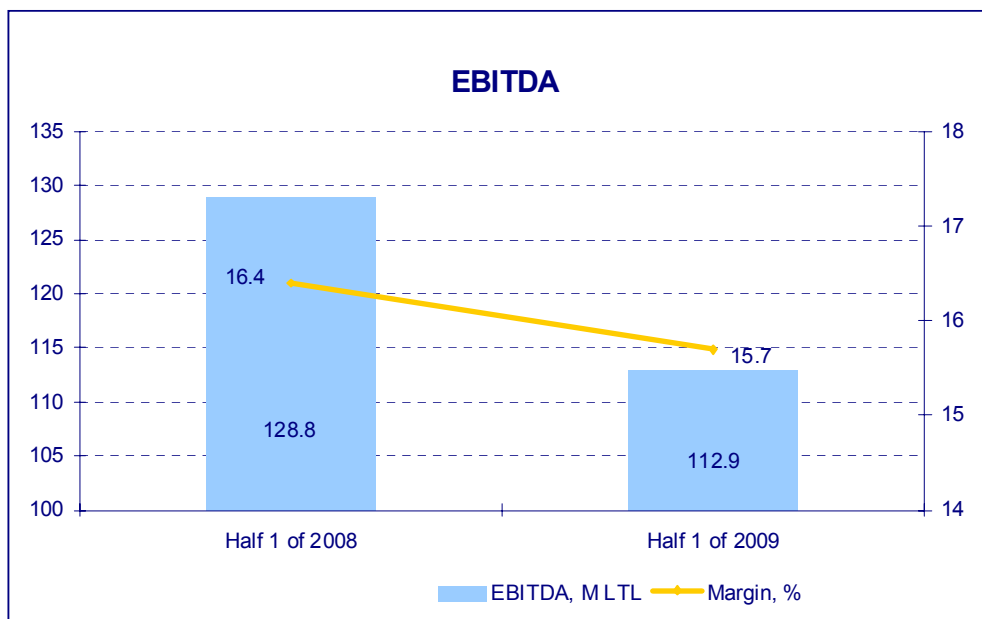
* The debt covers all non-current liabilities (including grants (deferred revenue) and the deferred income tax payable) as well as the current liabilities.

The Company prepared Consolidated Condensed Financial Statements for the six months ended 30 June 2009, where the financial results of its subsidiary Palangos Perlas UAB were also reflected. The overview of the financial results of Lietuvos Dujos AB Group (hereinafter referred to as “the Group”) is presented below.

In Half 1 of 2009, the sales revenue of the Group amounted to LTL 714.0 million, a decrease of 8.6% y/y (LTL 780.8 million). The revenue decrease was mainly due to the drop in gas consumption caused by the recession of the national economy.

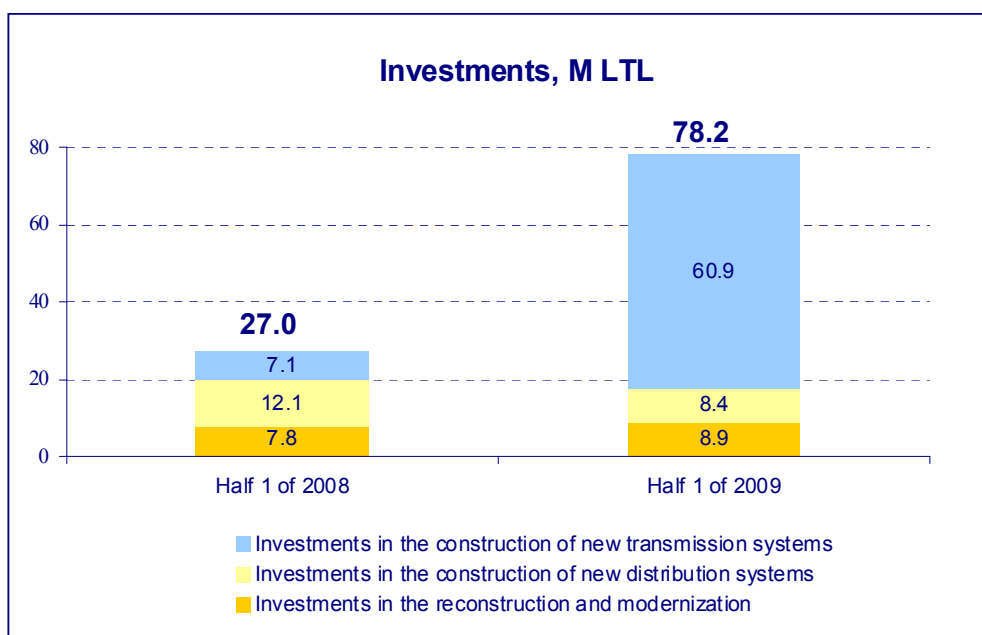
In Half 1 of 2009, the consolidated pre-audited profit before tax amounted to LTL 65.9 million (Half 1 of 2008: LTL 84.5 million), a decrease of LTL 18.6 million y/y (22.0%). In Half 1 of 2009, net profit amounted to LTL 53.4 million (Half 1 of 2008: LTL 73.2 million), a decrease of LTL 19.8 million y/y (27.0%). The profit of Half 1 of 2009 also reflects the partial compensation for the loss incurred in 2008 which has comprised in the activity of gas supply to household customers due to the natural gas imports price scissors. Due to the business specifics and the seasonal nature of gas business, the results for the first half of a year are usually much better than the ones of the remaining period of the year.





Investments. The Group's investments of Half 1 of 2009 increased by LTL 51.2 million compared to the respective period of the previous year. In Half 1 of 2009, the Group's investments in the development of its gas systems as well as reconstruction and modernization of its non-current assets amounted to LTL 78.2 million (Half 1 of 2008: LTL 27.0 million).

Investments in the construction of new gas systems totalled LTL 69.3 million (Half 1 of 2008: LTL 19.2). The lion's share of the investment amount went to finance the construction of the gas transmission pipeline from Šakiai gas metering station to the state border with Kaliningrad Region of Russian Federation (the construction is approaching completion) and into the construction of Jauniūnai gas compressor station. In Half 1 of 2009, the Group's investments in the reconstruction and modernisation of its non-current assets amounted to LTL 8.9 million (Half 1 of 2008: LTL 7.8 million).



For more information on the financial results of the Group, see the Consolidated and Parent Company's Condensed Financial Statements for the six months ended 30 June 2009.

8. Business plans and projections

In 2009, the Company's investments into the construction of new gas systems are planned to be higher than those of 2008.

In 2009, the Company is implementing two important Lithuanian National Energy Strategy projects. The construction of the gas transmission line from Šakiai gas metering station to the state border with Kaliningrad Region of Russian Federation is approaching completion. An integral part of the project is the enhancement of the capacity of Šakiai gas metering station. Reliable transit and enhancement of transit capacity is one of the aims of the Lithuanian National Energy Strategy.

In 2009, the construction of the gas compressor station in Jauniūnai, Širvintos District will be continued. The gas compressor station will create a possibility to transmit additional gas volumes to customers and enhance gas supply safety and reliability after the decommissioning of Ignalina Nuclear Power Plant. The construction of the station is scheduled for completion in 2010.

It is planned that in 2009 gas transportation and sales volumes will be lower in comparison with 2008 due to the national economy slump. In 2009, approximately 3 thousand new customers should be connected to the natural gas grid.

Given the deteriorating economic situation in Lithuania, in 2009, special emphasis will be laid on the operational efficiency-raising, cost-saving, customers'-settlement-control and debt- recovery issues.

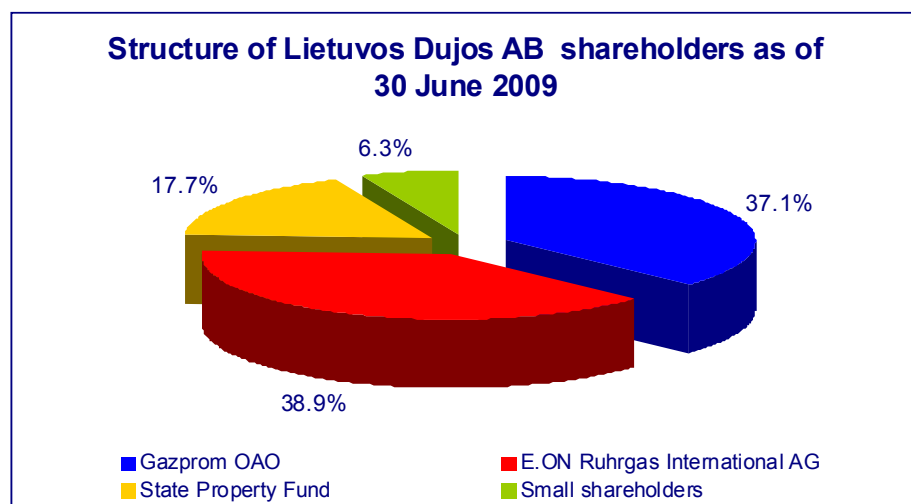
In 2009, the Company is not going to engage in any research activities.

9. Management of the Company

Information on the observance of the Code of Governance. The Company has disclosed information on its observance of the provisions of the Code of Governance. For details see the central regulated information database www.crib.lt and the Company website www.dujos.lt.

Shareholders and shares The authorised capital of Lietuvos Dujos AB is equal to LTL 469,068,254 and is divided into 469,068,254 ordinary registered shares with par value of LTL 1 (one) each. The Company's shares are fully paid up. In Half 1 of 2009, the value of the authorised capital and the structure of shareholders did not change.

As of 30 June 2009, the total number of shareholders amounted to 2,352.



The shareholders of the Company E.ON Ruhrgas International AG, Gazprom OAO and the state enterprise State Property Fund have the controlling interest and have a casting vote when taking decisions at the general meeting of shareholders. There are no other shareholders holding stock in excess of 5% of LD common stock. The aforesaid major shareholders have concluded a shareholders' agreement setting out the shareholders' common aims related to the Company's activities. The agreement is confidential.

The Company's shareholders E.ON Ruhrgas International AG, Gazprom OAO and the state enterprise State Property Fund are not subject to any securities disposal restrictions except the ones provided for in the shares purchase–sale (privatization) agreements.

To the best of the Company's knowledge, there exist no shareholders arrangements that might serve as grounds for the securities disposal restrictions and/or voting right restrictions except the arrangements made in the shares purchase–sale (privatization) agreements and the shareholders' agreement.

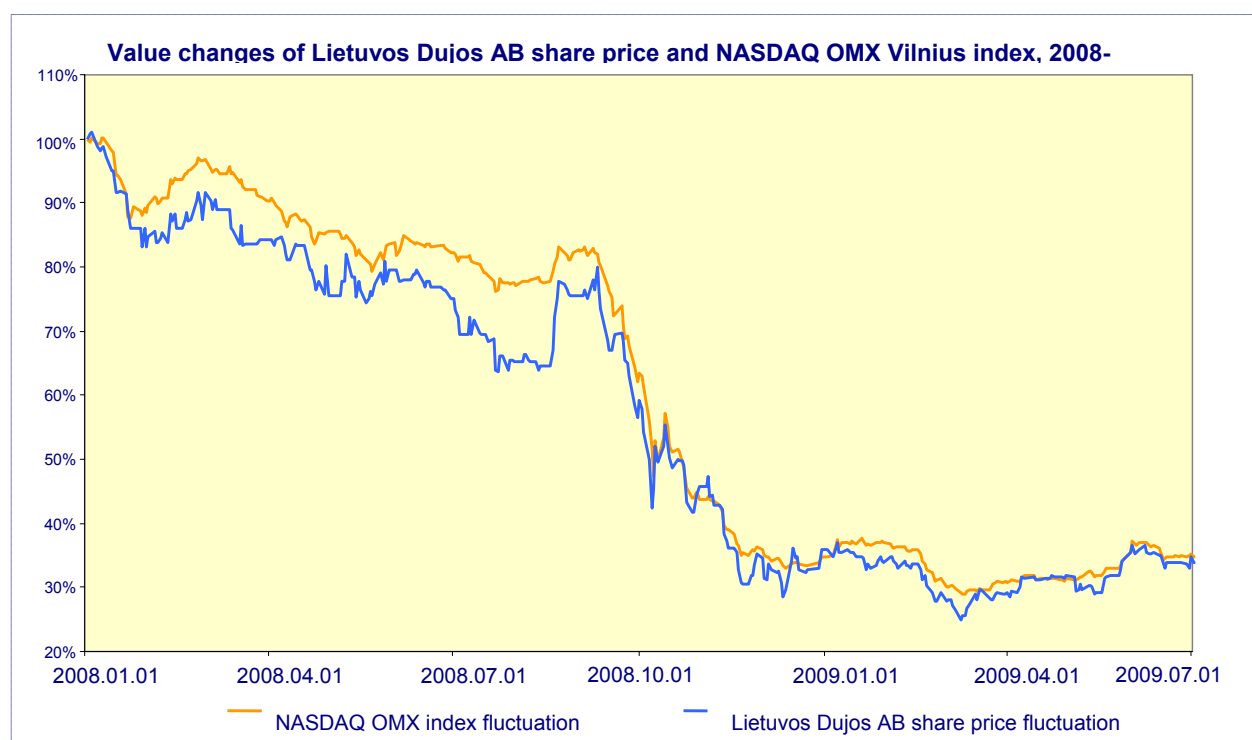
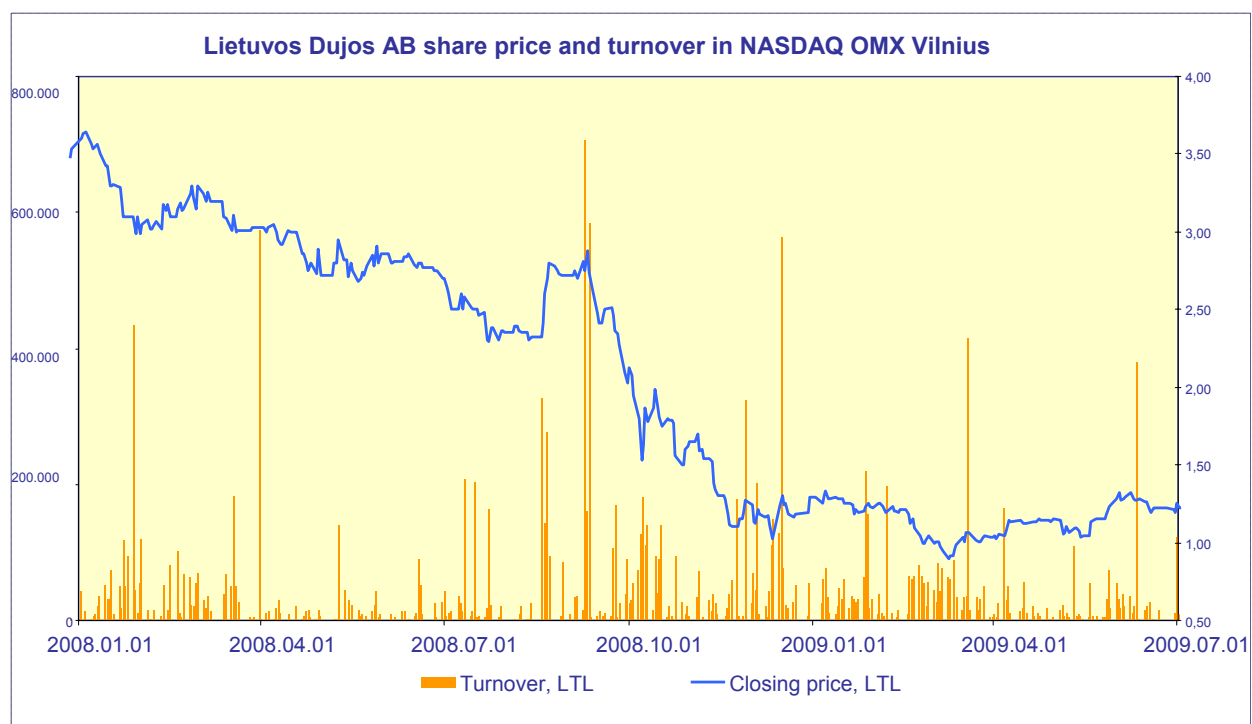
There exists one important agreement in which the Issuer is involved as a party and that would be changed or discontinued should there occur a change in the Issuer's control. The agreement is confidential.

Data about trading in the Issuer's securities on the regulated markets. The Company's shares are traded on the regulated market, they are quoted on the Main List at the stock exchange NASDAQ OMX Vilnius.

As of 30 June 2009, on the NASDAQ OMX Vilnius Main List, there were 469,068,254 ordinary registered shares of the Company with par value of LTL 1 (one) each (ISIN code LT0000116220); the total par value of the shares amounted to LTL 469,068,254.

As of 30 June 2009, the capitalization of the Company's ordinary registered shares amounted to LTL 558.2 million. In Half 1 of 2009, the total turnover trade in the Company's shares at the NASDAQ OMX Vilnius amounted to LTL 4.6 million, and 4,033,169 units of the shares were traded based on transactions concluded.

Share price dynamics at NASDAQ OMX Vilnius in Half 1 of 2009	
Price per share as of 31 December 2008	LTL 1.29
Highest price per share in Half 1 of 2009	LTL 1.33
Lowest price per share in Half 1 of 2009	LTL 0.90
Price per share as of 30 June 2009	LTL 1.19



The Lietuvos Dujos AB share price fluctuations in Half 1 of 2009 were in line with the market trends prevailing at NASDAQ OMX Vilnius.

The Company has not acquired its own shares and in Half 1 of 2009 it did not conclude any transactions associated with the acquisition or disposal of its own shares.

Starting from 2002, each year, the Company has been appropriating part of its profit to the payout of dividends. For the results achieved in the Financial Year 2008, dividends in amount of LTL 45 million were paid out.

Agreements with intermediaries of public trading in securities. On 26 November 2003, the Company concluded an agreement with the financial brokerage company Finasta AB (address of the registered office Maironio g. 11, Vilnius, Company Code 122570630, License No A087) regarding the provision of services whereby the Company assigned the financial brokerage company Finasta AB the management of securities issued by the Company as well as the administration of personal securities accounts.

Management of the Company. The Company is a vertically integrated enterprise. The Company acts pursuant to the Company Law of the Republic of Lithuania, the Law on Securities of the Republic of Lithuania, the Bylaws of the Company as well as other applicable legal acts of the Republic of Lithuania. The competence of the general meeting of shareholders, the shareholders' rights and duties and implementation procedure thereof are defined in the Company Law and the Bylaws of the Company.

On 1 January 2008, the Company changed its Organization Chart in accordance with the provisions of the applicable European Union legislation regarding the separation of the Company's gas transmission, distribution and supply activities. It was the last reorganization of the Company that was relatively low-cost. Any further separation would be associated with significant cost that ultimately will have to be paid by gas customers.

The Company has five natural gas distribution branches in different regions of Lithuania: Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys. In order to raise the Company's resource management efficiency, in 2009, the Organization Chart of the Company's branches was optimized by leaving only four town divisions belonging to the Company's branches.

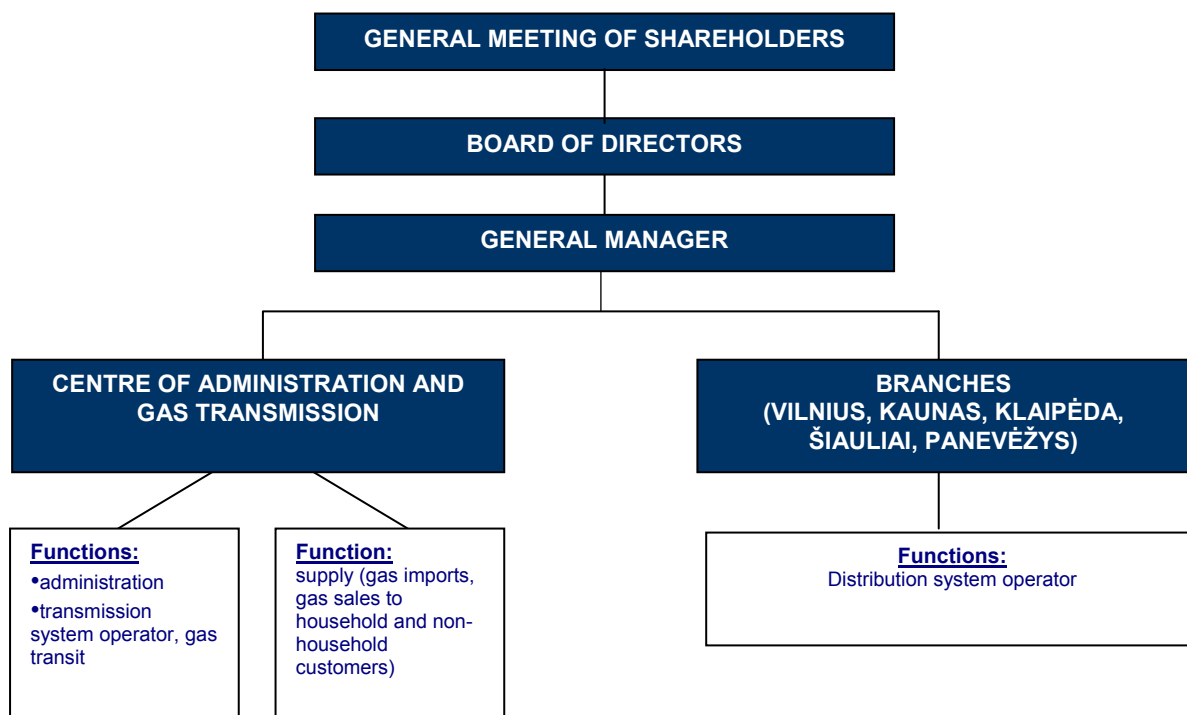
The Bylaws of the Company provide for a possibility of amending the Bylaws by a decision of a general meeting of shareholders taken by a majority vote that has to be no less than 2/3 of all the votes carried by the shares held by the shareholders attending the general meeting of shareholders.

According to the Company's Bylaws registered with the Register of Legal Persons on 6 May 2009 the Company has the following managing bodies:

- The Board of Directors,
- The Chief Executive Officer – General Manager.

According to the Bylaws, the Company's Board of Directors consists of 5 (five) members elected for a period of three years in accordance with the Company Law of the Republic of Lithuania. Members of the Board of Directors elect the Chairman of the Board of Directors. The Chairman of the Board of Directors and his Deputy are elected for a period of two years by rotation. Members of the Board of Directors may be re-elected for another term. The limits of powers and authority of the members of the Board of Directors and the fields of activity of the CEO are as stipulated by the Company Law of the Republic of Lithuania and the Bylaws of the Company, there are no exceptions regarding the powers or authority of the members of the Board of Directors or any fields of activity of the CEO about which it would be required to submit supplementary information.

Organizational management structure



Composition of the Board of Directors from 16 April 2008 to 22 April 2009:

No	Full name	Position title	Start and end of term
Members of the Board of Directors:			
1.	Dr Achim Saul	Chairman of the Board of Directors	16 April 2008 – 18 April 2010
2.	Dr Valery Golubev	Deputy Chairman of the Board of Directors	18 April 2007 – 18 April 2010
3.	Vladas Kazimieras Gagilas	Member of the Board of Directors	18 April 2007 – 18 April 2010
4.	Kirill Seleznev	Member of the Board of Directors	18 April 2007 – 18 April 2010
5.	Marcus A. Soehrich	Member of the Board of Directors	16 April 2008 – 22 April 2009

Composition of the Board of Directors from 22 April 2009:

No	Full name	Position title	Start and end of term
Members of the Board of Directors:			
1.	Dr Valery Golubev	Chairman of the Board of Directors	18 April 2007 – 18 April 2010
2.	Dr Achim Saul	Deputy Chairman of the Board of Directors	16 April 2008 – 18 April 2010
3.	Vladas Kazimieras Gagilas	Member of the Board of Directors	18 April 2007 – 18 April 2010
4.	Kirill Seleznev	Member of the Board of Directors	18 April 2007 – 18 April 2010
5.	Joerg Tumat	Member of the Board of Directors	22 April 2009 – 18 April 2010

In Half 1 of 2009, tantiemes totalling LTL 94.0 thousand were disbursed to the members of the Board of Directors, i.e. LTL 18.8 thousand per member of the Board of Directors on average. Other payouts to the members of the Board of Directors totalled LTL 112.0 thousand, i.e. LTL 22.4 thousand per member of the Board of Directors on average.

Information on the start and end of the term of executive directorship:

No	Full name	Position title	Start and end of term
Executive directorship			
1.	Viktoras Valentukevičius	General Manager	19 April 2007 – 18 April 2010
2.	Dr Joachim Hockertz	Deputy General Manager – Director of Commerce	From 1 July 2002
3.	Jonas Janiulionis	Deputy General Manager – Technical Director	From 13 September 2002
4.	Vladimir Obukhov	Deputy General Manager – Director for Gas Purchase	From 3 May 2004
5.	Giedrė Glinskienė	Deputy General Manager – Chief Financial Officer (till 31 December 2007: Chief Financial Officer)	19 April 2007 – 18 April 2010

In Half 1 of 2009, payouts to the executive directorship of the Company totalled LTL 1.46 million, i.e. LTL 292.0 thousand per executive directorship member on average.

Participation of members of the governing bodies in the authorised share capital:

Full name	Position title	Participation in the capital of the Issuer	
		Share of the authorised capital held, %	Share of the voting rights held, %
Board of Directors (as of 30 June 2009)			
Dr Valery Golubev	Chairman of the Board of Directors	–	–
Dr Achim Saul	Vice Chairman of the Board of Directors	–	–
Vladas Kazimieras Gagilas	Member of the Board of Directors	–	–
Kirill Seleznev	Member of the Board of Directors	–	–
Joerg Tumat	Member of the Board of Directors	–	–
Executive directorship (as of 30 June 2009)			
Viktoras Valentukevičius	CEO – General Manager	0.013	0.013
Dr Joachim Hockertz	Deputy General Manager – Director of Commerce	0.010	0.010
Jonas Janiulionis	Deputy General Manager – Technical Director	0.001	0.001

Vladimir Obukhov	Deputy General Manager – Director for Gas Purchase	–	–
Giedrė Glinskienė	Deputy General Manager – Chief Financial Officer	–	–

Subsidiary. As of 30 June 2009, the Company had one subsidiary, Palangos Perlas UAB. The main areas of the company activities: hotel and other board and lodging services, organization of seminars and conferences. 100% of Palangos Perlas UAB shares are held by Lietuvos Dujos AB. The authorized capital of Palangos Perlas UAB is divided into 9,703,763 ordinary registered shares with par value of LTL 1 (one) each. In Half 1 of 2009, the average number of employees of the subsidiary company was 27.

In Half 1 of 2009, Palangos Perlas UAB incurred a loss of LTL 88 thousand (Half 1 of 2008: loss of LTL 100 thousand).

Main data about Palangos Perlas UAB

Date and place of registration:	19 January 1998, Register of Legal Persons of the Republic of Lithuania
Company code:	152681177
Registered office:	Gintaro g. 36, LT-00133 Palanga, Lithuania
Telephone number:	+370 460 52441
Website:	www.zydrojiliepsna.lt
E-mail address:	zydroji_liepsna@is.lt

Transactions of associated parties. The information is presented in the Consolidated and Parent Company's Condensed Financial Statements for the six months ended 30 June 2009.

10. Core activities of the Company

Core business activity of the Company:

- **Transmission:** transmission of natural gas via gas transmission system mostly comprised of high-pressure pipelines, except for the production process pipeline network and part of the high-pressure gas pipelines mainly used for the local distribution of natural gas, designed for the delivery of natural gas to consumers, except for gas supply.
- **Distribution:** distribution of natural gas via gas distribution pipelines except for the supply.
- **Supply:** gas selling and/or reselling to customers and gas delivery to the system.

The natural gas transmission, distribution and sales volumes have been decreasing due to the general slump of national economy.

In Half 1 of 2009, natural gas transmission volumes via the transmission system amounted to 1.4 billion m³, a drop of 22.4% y/y.

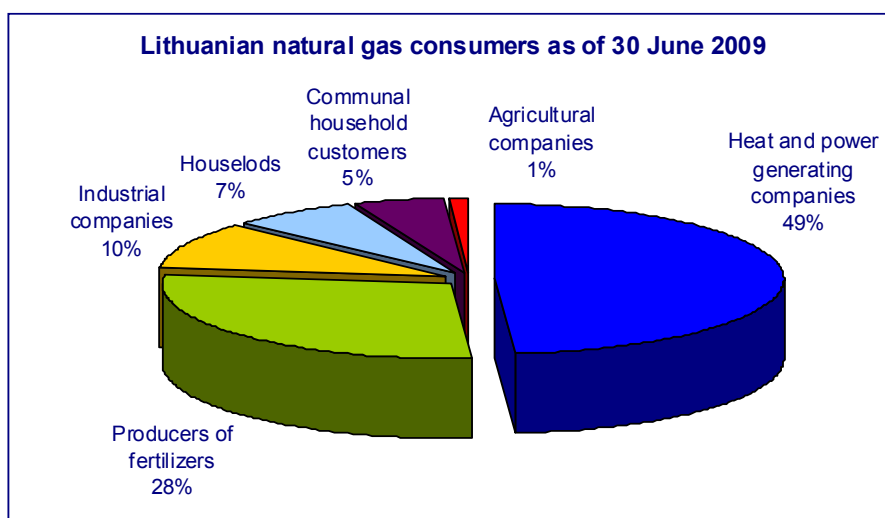
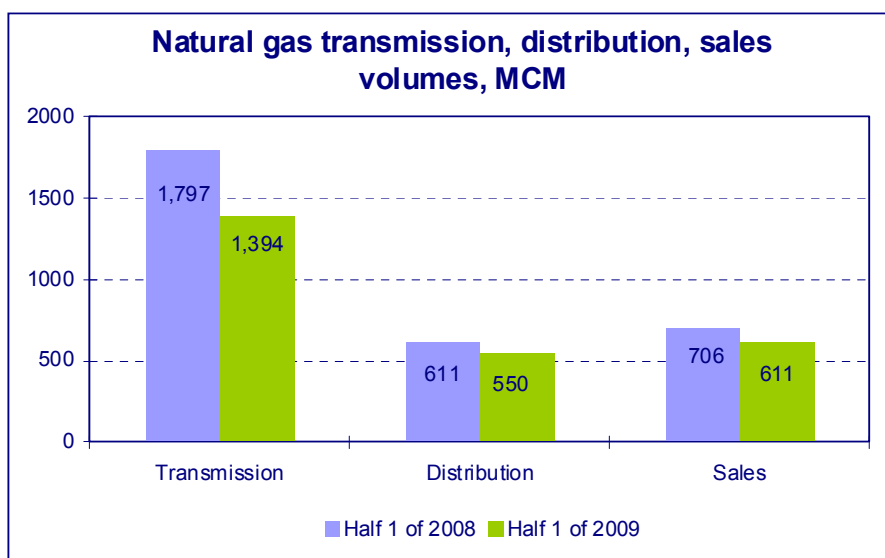
In Half 1 of 2009, natural gas transit volumes to the Kaliningrad Region of the Russian Federation amounted to 582.1 million m³, a drop of 11.5% y/y.

In Half 1 of 2009, the Company distributed 549.5 million m³ of natural gas, a drop of 10.1 % y/y.

In Half 1 of 2009, the Company purchased natural gas from one supplier, OAO Gazprom. Within the framework of the implementation of the requirements of Resolution No163 “On the Approval of the List of the Measures Ensuring the Security of Natural Gas Supply” of 26 February 2008 of the Government of the Republic of Lithuania, since 2008, the Company has been keeping a certain volume of natural gas for household customers in Incukalns Underground Gas Storage Facility (the Republic of Latvia). In the event of breakdowns or emergencies in 2009, this accumulated volume of natural gas would ensure uninterrupted gas supplies for at least 20 days.

In Half 1 of 2009, the Company’s gas sales volumes decreased by 13.5 % y/y and amounted to 610.5 million m³. The Company’s sales volumes in the household customer sector remained stable and stood at 107.1 million m³, and the Company’s sales volumes to the non-household customers amounted to 503.4 million m³.

As of 30 June 2009, the Company sells natural gas to 548 thousand customers in the energy, industry, small and medium business and household sectors.



11. Staff

Average number of the Group's employees on the roll

Year	Average number of employees on the roll	Change compared to previous year
2008	1,821	+0.4%*
Half 1 of 2009	1,806	-0.8%**

*compared to 2007

**compared to 2008

Breakdown of the Group's employees by educational background

Average number of employees in 2008	Of this total, educational background:			
	High	Higher	Secondary	Unfinished secondary
1,821	800	376	607	38
100%	44%	21%	33%	2%
Average number of employees in Half 1 of 2009	Of this total, educational background:			
	High	Higher	Secondary	Unfinished secondary
1,806	798	384	590	34
100%	44%	21%	33%	2%

Average monthly salary by employee groups (of the Group), in LTL

Employees	Average number of employees on the roll in 2008	Average monthly salary, LTL
Managing staff and specialists	1,104	3,469
Workers	717	2,243
Total:	1,821	2,986
Employees	Average number of employees on the roll in Half 1 of 2009	Average monthly salary, LTL
Managing staff and specialists	1,123	3,366
Workers	683	2,232
Total:	1,806	2,936

With a view to raising the Company's resource management efficiency, in 2009, the management structure of the Company's branches is being optimized once again. As a result, by the end of the year 2009, the staff size of the Company will decrease by 4%.

On 6 December 2006 a new Collective Bargaining Agreement of the Company was concluded (with further amendments) for the term until 28 May 2010.

Neither the labour contracts, nor the Collective Bargaining Agreement provide for any extraordinary Issuer's employees rights or duties. The rights and duties usually applied in general practice have been established.

With the aim of raising the efficiency of the implementation of the Company strategy and its main goals, the employee motivation and improving the career planning, a Human Resource Management System has been implemented at the Company. The Company updated its Human Resources Management Policies description aimed at establishing a uniform human resources management system and uniform human resources management principles throughout the entire Company.

The Company devotes special attention to the creation of adequate working conditions for the personnel and to ensuring remuneration and social guarantees conforming to the market situation.

Great attention is devoted to the training of the Company employees and improvement of their qualifications.

12. Membership in associated structures

The Company is a member of the following organisations:

- The Lithuanian Gas Association. Website: www.dua.lt.
- The Association "Eurogas". Website: www.eurogas.org
- The association of transmission pipeline companies of the Baltic Sea Region "Baltic Gas". Website: www.balticgas.org.
- The Chamber of Commerce of Germany and the Baltic countries ("AHK") in Estonia, Latvia and Lithuania. Website: www.ahk-balt.org.
- The association of the largest and most active investors in the economy of Lithuania "Investors' Forum". Website: www.investorsforum.lt.

The Company does not participate in the capital of any of the aforesaid associated structures.

The member of the associations "Eurogas", "Baltic Gas" and The Chamber of Commerce of Germany and the Baltic countries ("AHK") E.ON Ruhrgas International AG and the member of the association "Baltic Gas" OAO Gazprom each hold over 5 percent of shares of the Company.