



AKCINĖ BENDROVĖ „LIETUVOS DUJOS“
JOINT STOCK COMPANY LIETUVOS DUJOS

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To: The Securities Commission
of the Republic of Lithuania

2011-05-30

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 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 Three Months Ended 31 March 2011 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 and cash flows 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 THREE MONTHS ENDED 31 MARCH 2011
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

Statements of financial position

	Notes	Group		Company	
		As of 31 March 2011 (pre-audited)	As of 31 December 2010 (audited)	As of 31 March 2011 (pre-audited)	As of 31 December 2010 (audited)
ASSETS					
A. Non-current assets		2,342,776	2,368,608	2,344,430	2,370,194
I. Intangible assets		3,476	3,867	3,463	3,852
II. Property, plant and equipment		2,339,277	2,364,718	2,331,763	2,357,138
II.1. Land		183	183	183	183
II.2. Buildings and structures		2,017,739	2,034,892	2,010,691	2,027,808
II.2.1. Buildings		89,460	89,492	82,412	82,408
II.2.2. Transmission networks and related installations		1,228,030	1,239,810	1,228,030	1,239,810
II.2.3. Distribution networks and related installations		675,125	680,072	675,125	680,072
II.2.4. Other buildings and structures		25,124	25,518	25,124	25,518
II.3. Machinery and equipment		256,014	260,264	256,014	260,264
II.4. Vehicles		14,397	15,562	14,308	15,467
II.5. Other equipment, tools and devices		30,739	33,062	30,428	32,726
II.6. Other property, plant and equipment		3,368	3,519	3,368	3,519
II.7. Construction in progress		16,837	17,236	16,771	17,171
III. Non-current financial assets		23	23	9,204	9,204
III.1. Investments into subsidiaries		-	-	9,181	9,181
III.2. Non-current accounts receivable		23	23	23	23
B. Current assets		346,879	340,977	344,737	338,742
I. Inventories and prepayments		50,295	47,623	50,275	47,600
I.1. Inventories		49,943	47,307	49,933	47,294
I.1.1. Raw materials, spare parts and other inventories		6,366	5,422	6,365	5,421
I.1.2. Goods for resale (including natural gas)		43,577	41,885	43,568	41,873
I.2. Prepayments		352	316	342	306
II. Accounts receivable		136,445	174,288	136,436	174,265
II.1. Trade receivables	4	132,136	170,283	132,139	170,281
II.2. Other receivables		4,309	4,005	4,297	3,984
III. Prepaid income tax		-	2,494	-	2,494
IV. Other current assets	5	11,889	2,036	10,000	-
V. Cash and cash equivalents		148,250	114,536	148,026	114,383
Total assets		2,689,655	2,709,585	2,689,167	2,708,936



(cont'd on the next page)

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

Statements of financial position (cont'd)

	Notes	Group		Company	
		As of 31 March 2011 (pre-audited)	As of 31 December 2010 (audited)	As of 31 March 2011 (pre-audited)	As of 31 December 2010 (audited)
EQUITY AND LIABILITIES					
C. Equity		2,138,610	2,079,578	2,137,590	2,078,611
I. Share capital		469,068	469,068	469,068	469,068
II. Reserves		1,451,925	1,452,130	1,449,828	1,449,828
II.1. Legal reserve		31,114	31,114	30,922	30,922
II.2. Other reserves		1,420,811	1,421,016	1,418,906	1,418,906
III. Retained earnings		217,617	158,380	218,694	159,715
D. Liabilities		551,045	630,007	551,577	630,325
I. Non-current liabilities		353,620	356,189	354,230	356,569
I.1. Non-current borrowings		4,288	4,288	4,288	4,288
I.2. Grants (deferred revenue)		177,507	177,842	177,507	177,842
I.3. Non-current employee benefits		9,097	9,097	9,097	9,097
I.4. Deferred tax liability		162,728	164,962	163,338	165,342
II. Current liabilities		197,425	273,818	197,347	273,756
II.1. Current portion of non-current borrowings		2,144	2,144	2,144	2,144
II.2. Trade payables	6	132,915	206,006	132,884	205,992
II.3. Prepayments received		12,812	12,203	12,811	12,199
II.4. Income tax payable		10,021	-	10,021	-
II.5. Payroll related liabilities		13,203	10,227	13,157	10,193
II.6. Other payables and current liabilities	7	26,330	43,238	26,330	43,228
Total equity and liabilities		2,689,655	2,709,585	2,689,167	2,708,936

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

General Manager	Viktoras Valentukevičius		30 May 2011
Chief Accountant	Žydrūnas Augutis		30 May 2011

Income statements

	Notes	Group		Company	
		Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)
I. Revenue		566,728	686,950	566,676	686,886
I.1. Sales		565,333	684,918	565,281	684,854
I.2. Other income		1,395	2,032	1,395	2,032
II. Expenses		(497,020)	(603,437)	(496,778)	(603,212)
II.1. Cost of natural gas		(434,292)	(546,467)	(434,292)	(546,467)
II.2. Other expenses		(62,728)	(56,970)	(62,486)	(56,745)
III. Profit from operations		69,708	83,513	69,898	83,674
IV. Financial activity		463	1,680	451	1,619
IV.1. Income		559	1,393	547	1,358
IV.2. Expenses		(96)	287	(96)	261
V. Profit before tax		70,171	85,193	70,349	85,293
VI. Income tax		(11,139)	(13,582)	(11,370)	(13,580)
VI.1. Current period income tax		(13,374)	(15,634)	(13,374)	(15,634)
VI.2. Deferred income tax		2,235	2,052	2,004	2,054
VII. Net profit		59,032	71,611	58,979	71,713



Basic and diluted earnings per share (LTL)

8

0.13

0.15



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

General Manager	Viktoras Valentukevičius		30 May 2011
Chief Accountant	Žydrūnas Augutis		30 May 2011

Statements of comprehensive income

	Group		Company	
	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)
I. Net profit	59,032	71,611	58,979	71,713
II. Total comprehensive income	59,032	71,611	58,979	71,713

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



General Manager	Viktoras Valentukevičius		30 May 2011
Chief Accountant	Žydrūnas Augutis		30 May 2011

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(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

<u>Group</u>	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as of 1 January 2010 (audited)	469,068	26,372	1,342,998	152,746	1,991,184
Total comprehensive income	-	-	-	71,611	71,611
Balance as of 31 March 2010 (pre-audited)	469,068	26,372	1,342,998	224,357	2,062,795
Balance as of 31 December 2010 (audited)	469,068	31,114	1,421,016	158,380	2,079,578
A transfer from other reserves to cover the losses of the subsidiary	-	-	(205)	205	-
Total comprehensive income	-	-	-	59,032	59,032
Balance as of 31 March 2011 (pre-audited)	469,068	31,114	1,420,811	217,617	2,138,610



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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>30 May 2011</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>30 May 2011</u>

Statements of changes in equity (cont'd)

<u>Company</u>	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as of 1 January 2010 (audited)	469,068	26,180	1,340,797	153,951	1,989,996
Total comprehensive income	-	-	-	71,713	71,713
Balance as of 31 March 2010 (pre-audited)	469,068	26,180	1,340,797	225,664	2,061,709
Balance as of 31 December 2010 (audited)	469,068	30,922	1,418,906	159,715	2,078,611
Total comprehensive income	-	-	-	58,979	58,979
Balance as of 31 March 2011 (pre-audited)	469,068	30,922	1,418,906	218,694	2,137,590

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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>30 May 2011</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>30 May 2011</u>

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Statements of cash flows

	Group		Company	
	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)
I. Cash flows from (to) operating activities				
I.1. Net profit	59,032	71,611	58,979	71,713
Adjustments of non-cash items and other corrections:				
I.2. Depreciation and amortisation	27,942	24,631	27,872	24,570
I.3. (Gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(26)	(22)	(26)	(22)
I.4. Impairment losses for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	575	(489)	575	(463)
I.5. Income tax expenses	11,139	13,582	11,370	13,580
I.6. Interest (income)	(253)	(1,039)	(240)	(1,004)
I.7. Interest expenses	96	132	96	132
I.8. Loss (profit) on foreign currency exchange	5	(1)	5	(1)
I.9. (Amortisation) of the grants, deferred revenue	(1,116)	(1,000)	(1,116)	(1,000)
	97,389	107,406	97,510	107,506
Changes in working capital:				
I.10. (Increase) decrease in inventories	(2,686)	10,424	(2,689)	10,424
I.11. Decrease (increase) in trade accounts receivable	37,503	(1,876)	37,498	(1,897)
I.12. (Increase) decrease in other accounts receivable and prepayments	(127)	533	(136)	262
I.13. (Decrease) in trade accounts payable	(54,686)	(2,527)	(54,703)	(2,020)
I.14. (Decrease) increase in other accounts payable and other current liabilities	(10,167)	2,678	(10,167)	2,679
I.15. Income tax (paid)	(3,346)	(4,756)	(3,346)	(4,756)
Total changes in working capital	(33,509)	4,476	(33,543)	4,692
Net cash flows from operating activities	63,880	111,882	63,967	112,198
II. Cash flows from (to) investing activities				
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(20,647)	(34,581)	(20,646)	(34,510)
II.2. Proceeds from sales of property, plant and equipment	45	22	45	22
II.3. Disposal (acquisition) of investment units held for trade	307	(15,500)	-	(15,500)
II.4. Receipt of non-current receivables and loans granted	-	9	-	9
II.5. (Increase) decrease in term deposits	(160)	364	-	-
II.6. Interest received	231	181	219	146
II.7. Other (decreases) of cash flows to investing activities	(10,000)	-	(10,000)	-
Net cash flows (to) investing activities	(30,224)	(49,505)	(30,382)	(49,333)



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

Statements of cash flows (cont'd)

	Group		Company	
	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)	Three months period ended 31 March 2011 (pre-audited)	Three months period ended 31 March 2010 (pre-audited)
III. Cash flows from (to) financing activities				
III.1. Dividends (paid)	(1)	(3)	(1)	(3)
III.2. Grants received	65	62	65	62
III.3. Interest (paid)	(6)	(13)	(6)	(13)
III.4. Other increases of cash flows from financing activities	-	419	-	394
Net cash flows from financing activities	58	465	58	440
IV. Net increase in cash and cash equivalents	33,714	62,842	33,643	63,305
V. Cash and cash equivalents at the beginning of the period	114,536	64,828	114,383	64,156
VI. Cash and cash equivalents at the end of the period	148,250	127,670	148,026	127,461

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

General Manager	Viktoras Valentukevičius		30 May 2011
Chief Accountant	Žydrūnas Augutis		30 May 2011

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 statements of financial position as of 31 March 2011, income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the three months ended 31 March 2011 and 31 March 2010 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2010 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 2010.

The Company's shares are traded on the NASDAQ OMX Vilnius stock exchange on the Main trade list.

2 Accounting principles

The Group's and the Company's condensed financial statements as of 31 March 2011 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

Accounting principles adopted in preparing the condensed financial statements for the three months period ended 31 March 2011 were the same as these used for preparing the financial statements for 2010 according to the IFRS, as adopted in the European Union.

3 Segment information

The Company's business activities are organised based on the legal requirements for regulated activities. These activities are used to identify operating segments. The accounting principles used for in the segment accounting are the same as for the financial accounting of the Group and the Company.

The Group and the Company have three main operating segments: natural gas transmission, distribution and supply, as well as segment of other activity:

- Transmission of natural gas comprises the transportation of natural gas through the transmission pipelines. The transmission activity also includes transit of natural gas to the district of Kaliningrad of the Russian Federation;
- Distribution of natural gas comprises the transportation of natural gas through the distribution gas pipelines;
- Supply of natural gas comprises the natural gas sales to end users;
- Other activity comprises other activity not related to main business.

Segment information for the periods ended 31 March 2011 and 31 March 2010 is presented below:

<u>Group</u>					
Three months period ended 31 March 2011 (pre-audited)	Transmission	Distribution	Supply	Other activities	Total
Sales	49,022	68,710	447,198	403	565,333
Profit before tax	20,776	26,018	23,360	17	70,171
Three months period ended 31 March 2010 (pre-audited)	Transmission	Distribution	Supply	Other activities	Total
Sales	46,943	76,252	561,376	347	684,918
Profit before tax	22,791	33,977	27,618	807	85,193

In the three months of 2011 the Group and the Company earned over 98 % of its revenue from Lithuanian customers (in the three months of 2010 - over 99 % of its revenue).

All the assets of the Group and the Company are allocated in the territory of Lithuania where the Group and the Company are operating, except for a part of natural gas accounted for in inventories.

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(all amounts are in LTL thousand unless otherwise stated)

4 Trade receivables

	Group		Company	
	31 March 2011 (pre-audited)	31 December 2010 (audited)	31 March 2011 (pre-audited)	31 December 2010 (audited)
Receivables for natural gas, Transmission and Distribution of natural gas from non-household customers	120,822	161,092	120,831	161,103
Receivables for natural gas, Transmission and Distribution of natural gas from household customers	17,929	15,142	17,929	15,142
Other trade receivables	1,703	1,874	1,697	1,856
Less: allowance for trade receivables	(8,318)	(7,825)	(8,318)	(7,820)
	132,136	170,283	132,139	170,281

The Group's and the Company's trade receivables for natural gas, Transmission and Distribution of natural gas from non-household customers in the three months of 2011 decreased significantly due to lower volumes of the natural gas consumed.

5 Other current assets

	Group		Company	
	31 March 2011 (pre-audited)	31 December 2010 (audited)	31 March 2011 (pre-audited)	31 December 2010 (audited)
Investment units	-	306	-	-
Debt securities	10,000	-	10,000	-
Short-term deposits with maturity 3-12 months	1,889	1,730	-	-
	11,889	2,036	10,000	-

As of 31 March 2011, the increase in the other current assets owned by the Group and the Company was due to the debt securities bought in the 1st quarter 2011.

The maturity of short term investments is 3-12 months period. As of 31 March 2011 weighted average annual interest rate of the short term investments of the Group was 2.34 % (3.41 % as of 31 December 2010).

6 Trade payables

	Group		Company	
	31 March 2011 (pre-audited)	31 December 2010 (audited)	31 March 2011 (pre-audited)	31 December 2010 (audited)
Suppliers of natural gas	129,228	180,025	129,228	180,025
Other	3,687	25,981	3,656	25,967
	132,915	206,006	132,884	205,992

As of 31 March 2011 the Group's and the Company's trade payables to the gas suppliers significantly decreased due to the lower volumes of the import of natural gas.

As of 31 March 2011 the Group's and the Company's other trade payables significantly decreased due to decreased payables for construction works.

7 Other payables and current liabilities

Other payables and current liabilities mainly consist of VAT payable. The other payables and current liabilities of the Group and the Company decreased due to the decrease of VAT payable. The VAT payable was equal to LTL 24,702 thousand as of 31 March 2011 (LTL 39,619 thousand as of 31 December 2010).

8 Earnings per share

Basic earnings per share reflect the Group'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:

	<u>Group</u>	
	<u>31 March</u> <u>2011</u> <u>(pre-audited)</u>	<u>31 March</u> <u>2010</u> <u>(pre-audited)</u>
Net profit attributable to the shareholders (in LTL thousand)	59,032	71,611
Weighted average number of shares in thousand	469,068	469,068
Basic earnings per share (in LTL)	<u>0.13</u>	<u>0.15</u>

9 Dividends

During the regular general shareholders' meeting on 20 April 2011, when approving the Company's 2010 profit and loss appropriation, the decision was made to pay to shareholders dividends for the year 2010 in the amount of LTL 120.0 million (LTL 0.256 per ordinary registered share with the par value of LTL 1 per share).

10 Commitments and contingencies

Legal disputes

On 25 March 2011, the Ministry of Energy of the Republic of Lithuania (which holds in trust 17.7% of the Company's shares) lodged a claim with the Vilnius Regional Court Regarding an investigation into the activities of the legal entity, specifying as defendants AB Lietuvos Dujos, the members of the Board of Directors of AB Lietuvos Dujos delegated by OAO Gazprom, and the General Manager of the Company. In the claim, the claimant requires commencement of an investigation into the activities of AB Lietuvos Dujos and, should it be established that the activities of AB Lietuvos Dujos and/or the aforesaid members of the Board of Directors and/or the General Manager of the Company are inappropriate, application of respective requirements as specified in the claim.

On 4 May 2011, AB Lietuvos Dujos submitted to the court its Statement of Defence.

11 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 31 March 2011 and 31 March 2010 were as follows:

- E.ON Ruhrgas International GmbH (one of the major shareholders of the Company);
- OAO Gazprom (one of the major shareholders of the Company);
- Ministry of Energy of the Republic of Lithuania (one of the major shareholders of the Company);
- UAB Palangos Perlas (subsidiary of the Company);
- AS Latvijas Gaze (the same shareholders);
- OAO Beltransgaz (same ultimate shareholder).

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11 Related party transactions (cont'd)

As of 31 March 2011 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OA0 Gazprom	435,988	8,587	2,894	129,228
OA0 Beltransgaz	3	-	-	
UAB Palangos Perlas	-	25	9	-
AS Latvijas Gaze	39	-	-	9
	<u>436,030</u>	<u>8,612</u>	<u>2,903</u>	<u>129,237</u>
As of 31 March 2010 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OA0 Gazprom	535,645	5,003	1,643	128,369
UAB Palangos Perlas	4	23	8	-
AS Latvijas Gaze	351	-	-	9
	<u>536,000</u>	<u>5,026</u>	<u>1,651</u>	<u>128,378</u>