



**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>

CONFIRMATION OF RESPONSIBLE PERSONS

29 February 2012 No *7-31-400*

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 Twelve months Ended 31 December 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 TWELVE MONTHS ENDED 31 DECEMBER 2011
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

Statements of financial position

	Notes	Group		Company	
		As of 31 December 2011 (pre-audited)	As of 31 December 2010 (audited)	As of 31 December 2011 (pre-audited)	As of 31 December 2010 (audited)
ASSETS					
A. Non-current assets		2,318,573	2,368,608	2,320,412	2,370,194
I. Intangible assets		3,390	3,867	3,382	3,852
II. Property, plant and equipment		2,315,167	2,364,718	2,307,833	2,357,138
II.1. Land		223	183	223	183
II.2. Buildings and structures		1,985,438	2,034,892	1,978,499	2,027,808
II.2.1. Buildings		88,411	89,492	81,472	82,408
II.2.2. Transmission networks and related installations		1,201,402	1,239,810	1,201,402	1,239,810
II.2.3. Distribution networks and related installations		671,304	680,072	671,304	680,072
II.2.4. Other buildings and structures		24,321	25,518	24,321	25,518
II.3. Machinery and equipment		254,843	260,264	254,843	260,264
II.4. Vehicles		15,605	15,562	15,528	15,467
II.5. Other equipment, tools and devices		29,546	33,062	29,294	32,726
II.6. Other property, plant and equipment		3,659	3,519	3,659	3,519
II.7. Construction in progress		25,853	17,236	25,787	17,171
III. Non-current financial assets		16	23	9,197	9,204
III.1. Investments into subsidiaries		-	-	9,181	9,181
III.2. Non-current accounts receivable		16	23	16	23
B. Current assets		380,058	340,977	377,725	338,742
I. Inventories and prepayments		78,792	47,623	78,765	47,600
I.1. Inventories	5	78,516	47,307	78,504	47,294
I.1.1. Raw materials, spare parts and other inventories		7,182	5,422	7,181	5,421
I.1.2. Goods for resale (including natural gas)		71,334	41,885	71,323	41,873
I.2. Prepayments		276	316	261	306
II. Accounts receivable		173,393	174,288	173,391	174,265
II.1. Trade receivables		168,847	170,283	168,848	170,281
II.2. Other receivables		4,546	4,005	4,543	3,984
III. Prepaid income tax		-	2,494	-	2,494
IV. Other current assets	6	31,989	2,036	30,000	-
V. Cash and cash equivalents		95,884	114,536	95,569	114,383
Total assets		2,698,631	2,709,585	2,698,137	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 December 2011 (pre-audited)	As of 31 December 2010 (audited)	As of 31 December 2011 (pre-audited)	As of 31 December 2010 (audited)
EQUITY AND LIABILITIES					
C. Equity		2,055,340	2,079,578	2,054,297	2,078,611
I. Share capital		469,068	469,068	469,068	469,068
II. Reserves		1,491,640	1,452,130	1,489,543	1,449,828
II.1. Legal reserve		39,100	31,114	38,908	30,922
II.2. Other reserves		1,452,540	1,421,016	1,450,635	1,418,906
III. Retained earnings		94,632	158,380	95,686	159,715
D. Liabilities		643,291	630,007	643,840	630,325
I. Non-current liabilities		359,435	356,189	360,035	356,569
I.1. Non-current borrowings		2,144	4,288	2,144	4,288
I.2. Grants (deferred revenue)	7	191,053	177,842	191,053	177,842
I.3. Non-current employee benefits		9,097	9,097	9,097	9,097
I.4. Deferred tax liability		157,141	164,962	157,741	165,342
II. Current liabilities		283,856	273,818	283,805	273,756
II.1. Current portion of non-current borrowings		2,144	2,144	2,144	2,144
II.2. Trade payables	8	215,569	206,006	215,562	205,992
II.3. Prepayments received		9,445	12,203	9,445	12,199
II.4. Income tax payable	9	2,413	-	2,413	-
II.5. Payroll related liabilities		10,403	10,227	10,372	10,193
II.6. Other payables and current liabilities		43,882	43,238	43,869	43,228
Total equity and liabilities		2,698,631	2,709,585	2,698,137	2,708,936

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

General Manager	Viktoras Valentukevičius		29 February 2012
Chief Accountant	Žydrūnas Augutis		29 February 2012

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
 CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
 FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011
 (all amounts are in LTL thousand unless otherwise stated)

Income statements

Notes	Group		Company		Group		Company		
	Three months period ended 31 December 2011 (pre-audited)	Three months period ended 31 December 2010 (pre-audited)	Three months period ended 31 December 2011 (pre-audited)	Three months period ended 31 December 2010 (pre-audited)	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)	
I.	Revenue	571,180	529,677	571,089	529,613	1,845,869	1,751,629	1,844,906	1,750,831
I.1.	Sales	569,608	529,709	569,517	529,644	1,840,012	1,746,758	1,839,064	1,745,959
I.2.	Other income	1,572	(32)	1,572	(31)	5,857	4,871	5,842	4,872
II.	Expenses	(559,863)	(487,691)	(559,597)	(485,835)	(1,723,733)	(1,605,432)	(1,722,576)	(1,602,746)
II.1.	Cost of natural gas	(474,284)	(411,866)	(474,284)	(411,866)	(1,435,881)	(1,343,124)	(1,435,881)	(1,343,124)
II.2.	Other expenses	(85,579)	(75,825)	(85,313)	(73,969)	(287,852)	(262,308)	(286,695)	(259,622)
III.	Profit from operations	11,317	41,986	11,492	43,778	122,136	146,197	122,330	148,085
IV.	Financial activity	(19,484)	(115)	(19,496)	(1,689)	(17,863)	2,733	(17,913)	1,059
IV.1.	Income	583	397	571	379	2,467	3,180	2,417	3,088
IV.2.	Expense	(20,067)	(512)	(20,067)	(2,068)	(20,330)	(447)	(20,330)	(2,029)
V.	Profit before tax	(8,167)	41,871	(8,004)	42,089	104,273	148,930	104,417	149,144
VI.	Income tax	6,159	25,315	6,162	25,316	(8,511)	10,564	(8,731)	10,571
VI.1.	Current period income tax	3,982	22,864	3,982	22,864	(16,332)	2,535	(16,332)	2,535
VI.2.	Deferred income tax	2,177	2,451	2,180	2,452	7,821	8,029	7,601	8,036
VII.	Net profit	(2,008)	67,186	(1,842)	67,405	95,762	159,494	95,686	159,715
	Basic and diluted earnings per share (LTL)	10	-	0.14		0.20	0.34		

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

General Manager Viktoras Valentukevičius 29 February 2012

Chief Accountant Žydrūnas Augutis 29 February 2012

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
 CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
 FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011
 (all amounts are in L TL thousand unless otherwise stated)

Statements of comprehensive income

	Group		Company		Group		Company	
	Three months period ended 31 December 2011 (pre-audited)	Three months period ended 31 December 2010 (pre-audited)	Three months period ended 31 December 2011 (pre-audited)	Three months period ended 31 December 2010 (pre-audited)	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)
I. Net profit	(2,008)	67,186	(1,842)	67,405	95,762	159,494	95,686	159,715
II. Total comprehensive income	(2,008)	67,186	(1,842)	67,405	95,762	159,494	95,686	159,715

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

General Manager _____ Viktoras Valentukevičius _____ 29 February 2012

Chief Accountant _____ Žydrūnas Augutis _____ 29 February 2012

Statements of changes in equity

<u>Group</u>	<u>Notes</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
Transfer to legal reserve		-	4,742	-	(4,742)	-
Transfer to other reserves		-	-	78,109	(78,109)	-
Transfer from other reserves to cover the losses of subsidiary		-	-	(91)	91	-
Dividends declared		-	-	-	(71,100)	(71,100)
Total comprehensive income		-	-	-	159,494	159,494
<i>Net profit for the year</i>					159,494	159,494
Balance as of 31 December 2010 (audited)		469,068	31,114	1,421,016	158,380	2,079,578
Transfer to legal reserve		-	7,986	-	(7,986)	-
Transfer to other reserves		-	-	31,729	(31,729)	-
Transfer from other reserves to cover the losses of subsidiary		-	-	(205)	205	-
Dividends declared	11				(120,000)	(120,000)
Total comprehensive income		-	-	-	95,762	95,762
<i>Net profit for the year</i>					95,762	95,762
Balance as of 31 December 2011 (pre-audited)		469,068	39,100	1,452,540	94,632	2,055,340

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



General Manager	Viktoras Valentukevičius		29 February 2012
Chief Accountant	Žydrūnas Augutis		29 February 2012

AB LIETUVOS DUJOS, company code 120059523, Abugonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011
(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity (cont'd)

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 January 2010 (audited)		469,068	26,180	1,340,797	153,951	1,989,996
Transfer to legal reserve		-	4,742	-	(4,742)	-
Transfer to other reserves		-	-	78,109	(78,109)	-
Dividends declared		-	-	-	(71,100)	(71,100)
Total comprehensive income		-	-	-	159,715	159,715
<i>Net profit for the year</i>					159,715	159,715
Balance as of 31 December 2010 (audited)		469,068	30,922	1,418,906	159,715	2,078,611
Transfer to legal reserve		-	7,986	-	(7,986)	-
Transfer to other reserves		-	-	31,729	(31,729)	-
Dividends declared	11	-	-	-	(120,000)	(120,000)
Total comprehensive income		-	-	-	95,686	95,686
<i>Net profit for the year</i>					95,686	95,686
Balance as of 31 December 2011 (pre-audited)		469,068	38,908	1,450,635	95,686	2,054,297

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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>29 February 2012</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>29 February 2012</u>

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2011
(all amounts are in LTL thousand unless otherwise stated)

Statements of cash flows

	Group		Company	
	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)
I. Cash flows from (to) operating activities				
I.1. Net profit	95,762	159,494	95,686	159,715
Adjustments of non-cash items and other corrections:				
I.2. Depreciation and amortisation	111,803	98,988	111,535	98,712
I.3. (Gain) loss on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(116)	118	(116)	113
I.4. Impairment losses for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	717	1,957	716	1,984
I.5. Income tax expenses (benefit)	8,511	(10,564)	8,731	(10,571)
I.6. Interest (income)	(1,310)	(992)	(1,261)	(906)
I.7. Interest expenses	320	447	320	447
I.8. Loss on foreign currency exchange	2	5	2	5
I.9. (Income) from change of value of investment units	(1)	(868)	-	(862)
I.10. (Amortisation) of the grants (deferred revenue)	(4,654)	(4,076)	(4,654)	(4,076)
I.11. Elimination of other investing activity results	20,000	-	20,000	-
I.12. Elimination of other non-cash items	(1,094)	(4,226)	(1,094)	(4,227)
	229,940	240,283	229,865	240,334
Changes in working capital:				
I.13. (Increase) in inventories	(31,176)	(3,149)	(31,177)	(3,147)
I.14. Decrease (increase) in trade accounts receivable	364	(38,023)	361	(38,051)
I.15. Decrease (increase) in other accounts receivable and prepayments	472	75	459	(221)
I.16. Increase in trade accounts payable	14,103	53,215	14,125	53,721
I.17. Increase in other accounts payable and other current liabilities	7,254	28,006	7,258	28,010
I.18. Income tax (paid)	(7,362)	(14,810)	(7,362)	(14,810)
Total changes in working capital	(16,345)	25,314	(16,336)	25,502
Net cash flows from operating activities	213,595	265,597	213,529	265,836
II. Cash flows from (to) investing activities				
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(66,873)	(170,806)	(66,858)	(170,502)
II.2. Proceeds from sales of property, plant and equipment	673	151	659	151
II.3. Disposal of financial assets held for trade	307	22,041	-	22,341
II.4. Receipt of non-current receivables and loans granted	7	25	7	25
II.5. (Increase) decrease in term deposits	(259)	212	-	-
II.6. Interest received	965	969	916	883
II.7. (Acquisitions) of other short term investments	(50,002)	-	(50,002)	-
Net cash flows (to) investing activities	(115,182)	(147,408)	(115,278)	(147,102)

(cont'd on the next page)

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

Statements of cash flows (cont'd)

	Group		Company	
	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)	Twelve months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2010 (audited)
III. Cash flows from (to) financing activities				
III.1. Dividends (paid)	(119,875)	(71,062)	(119,875)	(71,062)
III.2. Loans (repaid)	(2,144)	(2,144)	(2,144)	(2,144)
III.3. Grants received	5,297	4,777	5,297	4,777
III.4. Interest (paid)	(343)	(471)	(343)	(471)
III.5. Other increases of cash flows from financing activities	-	419	-	393
Net cash flows (to) financing activities	(117,065)	(68,481)	(117,065)	(68,507)
IV. Net (decrease) increase in cash and cash equivalents	(18,652)	49,708	(18,814)	50,227
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	95,884	114,536	95,569	114,383

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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>29 February 2012</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>29 February 2012</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 statements of financial position as of 31 December 2011, income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the twelve months ended 31 December 2011 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 Other material information

On 30 June 2011, the Seimas of the Republic of Lithuania adopted a new Law on Natural Gas transposing into the national law of Lithuania provisions of Directive 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas (the so-called "third energy package of the EU"). Of the three models of the unbundling of the natural gas transmission and supply activities provided for by the third energy package of the EU, the Seimas of the Republic of Lithuania opted for the most radical one, i.e. the unbundling of the natural gas transmission and supply activities through Ownership Unbundling. Together with the new Law on Natural Gas, the Seimas also passed the Law on Implementation of the Law on Natural Gas providing for the methods and terms of the unbundling of activities. The aforesaid laws came into effect on 1 August 2011.

On 28 October 2011 the Government of the Republic of Lithuania passed a Resolution No. 1239 Concerning the Approval of the Plan for the Execution of Unbundling Activities and Control of Natural Gas Companies That Do Not Comply with the Requirements of the Law on Natural Gas of the Republic of Lithuania, which set forth that the natural gas companies that do not comply with the requirements of the Law on Natural Gas of the Republic of Lithuania not later than by 31 July 2013 shall legally, functionally and organisationally unbundle their natural gas operations, and by 31 October 2014 they shall perform unbundling of their transmission and supply operations on the basis of ownership.

3 Accounting principles

The Group's and the Company's condensed financial statements as of 31 December 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 twelve months period ended 31 December 2011 were the same as these used for preparing the financial statements for 2010 according to the IFRS, as adopted in the European Union.

4 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.

AB LIETUVOS DUJOS, company code 120059523, Agonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 December 2011
(all amounts are in LTL thousand unless otherwise stated)

4 Segment information (cont'd)

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

Group

2011 (pre-audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	175,530	171,069	1,490,822	2,591	1,840,012
Profit before tax	38,684	21,941	42,667	981	104,273

2010 (audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	153,579	194,161	1,396,450	2,568	1,746,758
Profit before tax	43,534	45,642	60,819	(1,065)	148,930

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

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.

5 Inventories

	Group		Company	
	31 December 2011 (pre-audited)	31 December 2010 (audited)	31 December 2011 (pre-audited)	31 December 2010 (audited)
Raw materials, spare parts and other inventories	7,321	5,594	7,320	5,593
Goods for resale (including natural gas)	71,334	41,885	71,323	41,873
Inventories, gross	78,655	47,479	78,643	47,466
Less: allowance for inventories	(139)	(172)	(139)	(172)
	<u>78,516</u>	<u>47,307</u>	<u>78,504</u>	<u>47,294</u>

As of 31 December 2011, the Group's and the Company's balances of goods for resale increased significantly due to the increase in the natural gas import price and larger quantities of natural gas stored at the gas store facilities in Latvia (as of 31 December 2011 - for LTL 52,080 thousand; as of December 2010 - for LTL 27,627 thousand).

The cost of inventories accounted for at net realizable value amounted to LTL 1,642 thousand as of 31 December 2011 (LTL 1,667 thousand as of 31 December 2010). Changes in the allowance for inventories in the year 2011 and 2010 were included into Other expenses.

6 Other current assets

	Group		Company	
	31 December 2011 (pre-audited)	31 December 2010 (audited)	31 December 2011 (pre-audited)	31 December 2010 (audited)
Investment units	-	306	-	-
Debt securities	30,000	-	30,000	-
Short-term deposits with maturity 3-12 months	1,989	1,730	-	-
	<u>31,989</u>	<u>2,036</u>	<u>30,000</u>	<u>-</u>

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

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 2011
(all amounts are in LTL thousand unless otherwise stated)

6 Other current assets (cont'd)

The maturity of short term investments is 3-12 months period. As of 31 December 2011 weighted average annual interest rate of the short term investments of the Group was 2.24 % (3.41 % as of 31 December 2010).

On 20 October 2011 the Company entered into a deposit certificate agreement with AB Bankas Snoras, according to which LTL 20 million was invested into this instrument. By the decision of 7 December 2011 Vilnius County Court commenced a bankruptcy lawsuit against AB Bankas Snoras. In accordance with the bankruptcy procedure provided for in the Law on Banks of the Republic of Lithuania, the claims of the Group and the Company as the creditor will be satisfied in fourth rank; therefore, it is likely that due to shortage of assets of the bankrupt bank the Company will not recover the lost deposit certificate amount. As of 31 December 2011 the Group and the Company accounted for the full impairment of the deposit certificate amount and recorded it as financial activities expenses.

7 Grants (deferred revenue)

Group and Company	2011 m. (pre-audited)			2010 m. (audited)		
	Deferred revenue	Grants	Total	Deferred revenue	Grants	Total
Balance at the beginning of the period	115,066	62,776	177,842	110,922	60,949	171,871
Additions per year	7,966	9,478	17,444	6,299	339	6,638
Change in grant receivable	-	560	560	-	3,409	3,409
Amortization per year	(2,285)	(2,291)	(4,576)	(2,155)	(1,879)	(4,034)
Grants used for compensation of expenses	-	(217)	(217)	-	(42)	(42)
Balance at the end of the period	120,747	70,306	191,053	115,066	62,776	177,842

Increase in grants (deferred revenue) in 2011 and 2010 is influenced by the payments received for new connections of customers to the Group's and the Company's natural gas system and received capital grants. Grants also include the corresponding fair value of property, plant and equipment received free of charge and charged to the income statement in portions on a straight-line basis over the assets' estimated useful life.

8 Trade payables

	Group		Company	
	31 December 2011 (pre-audited)	31 December 2010 (audited)	31 December 2011 (pre-audited)	31 December 2010 (audited)
Suppliers of natural gas	192,122	180,025	192,122	180,025
Other	23,447	25,981	23,440	25,967
	<u>215,569</u>	<u>206,006</u>	<u>215,562</u>	<u>205,992</u>

9 Income tax

The income tax rate applied on the profit for the year 2011 and 2010 is 15 % according to the Law on Corporate Income tax of the Republic of Lithuania (hereinafter – the Law).

According to the Law which came into effect starting 1 January 2009, the income tax incentive may be used for investments into qualifying property, plant and equipment if the non-current assets qualifying for tax incentive are used in the Group's and the Company's activities for at least three years. The Group and the Company used the benefit of the abovementioned incentive and reduced income tax expenses in the year 2011 by a total amount of LTL 9,972 thousand.

AB LIETUVOS DUJOS, company code 120059523, Abugonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 December 2011
(all amounts are in LTL thousand unless otherwise stated)

10 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:

	Group	
	31 December 2011 (pre-audited)	31 December 2010 (audited)
Net profit attributable to the shareholders (in LTL thousand)	95,762	159,494
Weighted average number of shares in thousand	469,068	469,068
Basic earnings per share (in LTL)	<u>0.20</u>	<u>0.34</u>

11 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).

12 Commitments and contingencies

Legal disputes

On 25 March 2011 the Ministry of Energy of the Republic of Lithuania, which holds 17.7 percent of the Company's shares by the right of trust, applied to Vilnius Regional Court with an action for an investigation of activities of a legal person and indicated AB Lietuvos Dujos, the Company's board members delegated by OAO Gazprom and the general manager as defendants. This action requests initiation of an investigation of AB Lietuvos Dujos activities and satisfaction of the respective claims specified in the action, provided that the activities of the company AB Lietuvos Dujos and/or the above board members and/or the general manager are found inadequate.

On 28 October 2011 AB Lietuvos Dujos applied to Vilnius Regional Administrative Court with a request to partially annul the Resolution of the National Control Commission for Prices and Energy No. O3-283 of 30 September 2011 Regarding a Planned Target Inspection of AB Lietuvos Dujos, where violations of licensed activities of AB Lietuvos Dujos were identified and obligations were imposed for the Company. On 20 February 2012 Vilnius Regional Administrative Court rejected the Company's claim. The Company did not agree with the decision of the first instance court and intends to appeal against it to the Supreme Administrative Court.

On 28 November 2011 AB Lietuvos Dujos applied to Vilnius Regional Administrative Court with a complaint and requested annulment of the Resolution of the National Control Commission for Prices and Energy No. O3-347 of 27 October 2011 Regarding Violation of Regulated Activities of AB Lietuvos Dujos, based on which AB Lietuvos Dujos was imposed a fine of LTL 350 thousand.

The aforesaid cases are subject to hearing either in the first and/or appellate process order. The outcome of above mentioned claims is uncertain and can not be estimated with reasonable efforts.

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 2011
(all amounts are in LTL thousand unless otherwise stated)

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, transaction amounts and debts as of 31 December 2011 and 31 December 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);
- UAB Kaunas Heat and Power Plant (same ultimate shareholder);
- OAO Beltransgaz (same ultimate shareholder);
- E.ON IS GmbH (same ultimate shareholder);
- Open Grid Europe GmbH (same ultimate shareholder);

2011 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	1,465,335	38,135	10,676	192,122
OAO Beltransgaz	30	-	-	-
UAB Palangos Perlas	33	57	11	-
AS Latvijas Gaze	1,615	-	-	8
UAB Kaunas Heat and Power Plant	-	15,918	862	-
Open Grid Europe GmbH	239	-	-	-
	1,467,252	54,110	11,549	192,130

2010 (audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	1,345,446	15,306	1,991	180,025
OAO Beltransgaz	86	-	-	-
UAB Palangos Perlas	90	56	11	-
AS Latvijas Gaze	1,584	-	-	14
UAB Kaunas Heat and Power Plant	-	15,684	1,294	-
E. ON IS GmbH	5	-	-	-
	1,347,211	31,046	3,296	180,039

There were no receivables from related parties and payables to them, for which the guarantees would be provided for or received. As at 31 December 2011 the Group and the Company has not accounted for any allowance for receivables from related parties.