



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

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CONFIRMATION OF RESPONSIBLE PERSONS

26 November 2012 No 4-31-2211

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 Nine Months Ended 30 September 2012 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 NINE MONTHS ENDED 30 SEPTEMBER 2012
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 NINE MONTHS ENDED 30 SEPTEMBER 2012
(all amounts are in LTL thousand unless otherwise stated)

Statements of financial position

	Notes	Group		Company	
		As of 30 September 2012 (pre-audited)	As of 31 December 2011 (audited)	As of 30 September 2012 (pre-audited)	As of 31 December 2011 (audited)
ASSETS					
A. Non-current assets		2,314,214	2,318,573	2,320,014	2,320,412
I. Intangible assets		2,367	3,390	2,366	3,382
II. Property, plant and equipment		2,310,517	2,315,167	2,307,131	2,307,833
II.1. Land		387	223	387	223
II.2. Buildings and structures		1,941,420	1,985,438	1,938,258	1,978,499
II.2.1. Buildings		83,318	88,411	80,156	81,472
II.2.2. Transmission networks and related installations		1,170,484	1,201,402	1,170,484	1,201,402
II.2.3. Distribution networks and related installations		664,270	671,304	664,270	671,304
II.2.4. Other buildings and structures		23,348	24,321	23,348	24,321
II.3. Machinery and equipment		242,443	254,843	242,443	254,843
II.4. Vehicles		13,564	15,605	13,499	15,528
II.5. Other equipment, tools and devices		25,908	29,546	25,790	29,294
II.6. Other property, plant and equipment		3,339	3,659	3,339	3,659
II.7. Construction in progress		83,456	25,853	83,415	25,787
III. Non-current financial assets		1,330	16	10,517	9,197
III.1. Investments into subsidiaries		-	-	9,181	9,181
III.2. Investments into joint ventures	4	1,314	-	1,320	-
III.3. Non-current accounts receivable		16	16	16	16
B. Current assets		271,338	380,058	265,784	377,725
I. Inventories and prepayments		82,693	78,792	82,684	78,765
I.1. Inventories		82,117	78,516	82,117	78,504
I.1.1. Raw materials, spare parts and other inventories		7,720	7,182	7,720	7,181
I.1.2. Goods for resale (including natural gas)		74,397	71,334	74,397	71,323
I.2. Prepayments		576	276	567	261
II. Accounts receivable		114,104	173,393	114,083	173,391
II.1. Trade receivables	6	107,189	168,847	107,183	168,848
II.2. Other receivables		6,915	4,546	6,900	4,543
III. Prepaid income tax		1,784	-	1,784	-
IV. Other current assets	8	5,436	31,989	-	30,000
V. Cash and cash equivalents		67,321	95,884	67,233	95,569
Total assets		2,585,552	2,698,631	2,585,798	2,698,137



(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 30 September 2012 (pre-audited)	As of 31 December 2011 (audited)	As of 30 September 2012 (pre-audited)	As of 31 December 2011 (audited)
EQUITY AND LIABILITIES					
C. Equity		2,041,998	2,055,340	2,042,292	2,054,297
I. Share capital		469,068	469,068	469,068	469,068
II. Reserves		1,513,844	1,491,640	1,513,229	1,489,543
II.1. Legal reserve		43,884	39,100	43,692	38,908
II.2. Other reserves		1,469,960	1,452,540	1,469,537	1,450,635
III. Retained earnings		59,086	94,632	59,995	95,686
D. Liabilities		543,554	643,291	543,506	643,840
I. Non-current liabilities		370,209	359,435	370,189	360,035
I.1. Non-current borrowings		1,072	2,144	1,072	2,144
I.2. Grants (deferred revenue)		208,436	191,053	208,436	191,053
I.3. Non-current employee benefits		9,097	9,097	9,097	9,097
I.4. Deferred tax liability		151,604	157,141	151,584	157,741
II. Current liabilities		173,345	283,856	173,317	283,805
II.1. Current portion of non-current borrowings		2,144	2,144	2,144	2,144
II.2. Trade payables	9	124,065	215,569	124,062	215,562
II.3. Prepayments received		12,860	9,445	12,858	9,445
II.4. Income tax payable		-	2,413	-	2,413
II.5. Payroll related liabilities		13,462	10,403	13,439	10,372
II.6. Other payables and current liabilities	10	20,814	43,882	20,814	43,869
Total equity and liabilities		2,585,552	2,698,631	2,585,798	2,698,137

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

General Manager	Viktoras Valentukevičius		26 November 2012
Chief Accountant	Žydrūnas Augutis		26 November 2012

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
 CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012
 (all amounts are in LTL thousand unless otherwise stated)

Income statements

	€ thousands	Group		Company		Group		Company	
		Three months period ended 30 September 2012 (pre-audited)	Three months period ended 30 September 2011 (pre-audited)	Three months period ended 30 September 2012 (pre-audited)	Three months period ended 30 September 2011 (pre-audited)	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)
I. Revenue		344,032	347,485	343,894	346,877	1,343,138	1,274,689	1,342,853	1,273,817
I.1. Sales		342,478	345,969	342,346	345,361	1,338,321	1,270,404	1,338,042	1,269,547
I.2. Other income		1,554	1,516	1,548	1,516	4,817	4,285	4,811	4,270
II. Expenses		(342,379)	(335,358)	(342,231)	(334,998)	(1,287,380)	(1,163,870)	(1,286,342)	(1,162,979)
II.1. Cost of natural gas		(269,266)	(264,078)	(269,266)	(264,078)	(1,076,244)	(961,597)	(1,076,244)	(961,597)
II.2. Other expenses		(73,113)	(71,280)	(72,965)	(70,920)	(211,136)	(202,273)	(210,098)	(201,382)
III. Profit from operations		1,653	12,127	1,663	11,879	55,758	110,819	56,511	110,838
IV. Financial activity		279	497	262	484	1,532	1,621	1,495	1,583
IV.1. Income		334	577	311	564	1,705	1,884	1,662	1,846
IV.2. Expense		(55)	(80)	(49)	(80)	(173)	(263)	(167)	(263)
V. Profit before tax		1,932	12,624	1,925	12,363	57,290	112,440	58,006	112,421
VI. Income tax	7	9,788	(865)	9,790	(861)	1,368	(14,670)	1,989	(14,893)
VI.1. Current period income tax		7,571	(2,580)	7,571	(2,580)	(4,169)	(20,314)	(4,169)	(20,314)
VI.2. Deferred income tax		2,217	1,715	2,219	1,719	5,537	5,644	6,158	5,421
VII. Net profit		11,720	11,759	11,715	11,502	58,658	97,770	59,995	97,528
Basic and diluted earnings per share (LTL)	11	0.02	0.03			0.13	0.21		

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

General Manager Viktoras Valentukevičius 26 November 2012

Chief Accountant Žydrūnas Augutis 26 November 2012

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
 CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012
 (all amounts are in LTL thousand unless otherwise stated)

Statements of comprehensive income

	Group		Company		Group		Company	
	Three months period ended 30 September 2012 (pre-audited)	Three months period ended 30 September 2011 (pre-audited)	Three months period ended 30 September 2012 (pre-audited)	Three months period ended 30 September 2011 (pre-audited)	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)
I. Net profit	11,720	11,759	11,715	11,502	58,658	97,770	59,995	97,528
II. Total comprehensive income	11,720	11,759	11,715	11,502	58,658	97,770	59,995	97,528

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

General Manager Viktoras Valentukevičius 26 November 2012



Chief Accountant Žydrūnas Augutis 26 November 2012

AB LIETUVOS DUJOS, company code 120059523, Aaguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012
(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

<u>Group</u>	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 January 2011 (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		-	-	-	(120,000)	(120,000)
Total comprehensive income		-	-	-	97,770	97,770
<i>Net profit for the year</i>		-	-	-	97,770	97,770
Balance as of 30 September 2011 (pre-audited)		469,068	39,100	1,452,540	96,640	2,057,348
Balance as of 31 December 2011 (audited)		469,068	39,100	1,452,540	94,632	2,055,340
Transfer to legal reserve		-	4,784	-	(4,784)	-
Transfer to other reserves		-	-	18,902	(18,902)	-
Transfer from other reserves to cover the losses of subsidiary		-	-	(1,482)	1,482	-
Dividends declared	12	-	-	-	(72,000)	(72,000)
Total comprehensive income		-	-	-	58,658	58,658
<i>Net profit for the year</i>		-	-	-	58,658	58,658
Balance as of 30 September 2012 (pre-audited)		469,068	43,884	1,469,960	59,086	2,041,998

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



<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>26 November 2012</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>26 November 2012</u>

AB LIETUVOS DUJOS, company code 120059523, Agonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012
(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity (cont'd)

<u>Company</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 2011 (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		-	-	-	(120,000)	(120,000)
Total comprehensive income		-	-	-	97,528	97,528
<i>Net profit for the year</i>		-	-	-	97,528	97,528
Balance as of 30 September 2011 (pre-audited)		469,068	38,908	1,450,635	97,528	2,056,139
Balance as of 31 December 2011 (audited)		469,068	38,908	1,450,635	95,686	2,054,297
Transfer to legal reserve		-	4,784	-	(4,784)	-
Transfer to other reserves		-	-	18,902	(18,902)	-
Dividends declared	12	-	-	-	(72,000)	(72,000)
Total comprehensive income		-	-	-	59,995	59,995
<i>Net profit for the year</i>		-	-	-	59,995	59,995
Balance as of 30 September 2012 (pre-audited)		469,068	43,692	1,469,537	59,995	2,042,292

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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>26 November 2012</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>26 November 2012</u>

AB LIETUVOS DUJOS, company code 120059523, Agonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012
(all amounts are in LTL thousand unless otherwise stated)

Statements of cash flows

	Group		Company	
	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)
I. Cash flows from (to) operating activities				
I.1. Net profit	58,658	97,770	59,995	97,528
Adjustments of non-cash items and other corrections:				
I.2. Depreciation and amortisation	85,660	83,718	85,503	83,515
I.3. (Gain) loss on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	110	(265)	(191)	(249)
I.4. Impairment losses for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	1,208	787	1,202	787
I.5. Income tax expenses	(1,368)	14,670	(1,989)	14,893
I.6. Interest (income)	(922)	(912)	(879)	(876)
I.7. Interest expenses	165	254	165	254
I.8. Loss on foreign currency exchange	1	2	1	2
I.9. (Amortisation) of the grants (deferred revenue)	(4,177)	(3,398)	(4,177)	(3,398)
I.10. Elimination of other non-cash items	(9)	(4)	(9)	(4)
	139,326	192,622	139,621	192,452
Changes in working capital:				
I.11. (Increase) in inventories	(3,620)	(23,942)	(3,631)	(23,945)
I.12. Decrease in trade accounts receivable	60,374	65,976	60,381	65,992
I.13. (Increase) in other accounts receivable and prepayments	(295)	(380)	(288)	(402)
I.14. (Decrease) in trade accounts payable	(96,628)	(62,014)	(96,624)	(62,015)
I.15. (Decrease) in other accounts payable and other current liabilities	(17,126)	(4,408)	(17,107)	(4,428)
I.16. Income tax (paid)	(4,406)	(3,586)	(4,406)	(3,586)
Total changes in working capital	(61,701)	(28,354)	(61,675)	(28,384)
Net cash flows from operating activities	77,625	164,268	77,946	164,068
II. Cash flows from (to) investing activities				
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(77,184)	(41,897)	(77,176)	(41,883)
II.2. Proceeds from sales of property, plant and equipment	3,842	660	337	645
II.3. (Acquisitions) of investments in joint ventures	(1,320)	-	(1,320)	-
II.4. Disposal of investment units held for trade	-	307	-	-
II.5. (Increase) in term deposits	(3,447)	(410)	-	-
II.6. Interest received	1,270	751	1,226	714
II.7. Disposal (acquisitions) of other short term investments	30,000	(30,000)	30,000	(30,000)
II.8. Other decreases of cash flows from investing activities	-	(2)	-	(2)
Net cash flows (to) investing activities	(46,839)	(70,591)	(46,933)	(70,526)



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

Statements of cash flows (cont'd)

	Group		Company	
	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)	Nine months period ended 30 September 2012 (pre-audited)	Nine months period ended 30 September 2011 (pre-audited)
III. Cash flows from (to) financing activities				
III.1. Dividends (paid)	(72,045)	(119,847)	(72,045)	(119,847)
III.2. Loans (repaid)	(1,072)	(1,072)	(1,072)	(1,072)
III.3. Grants received	13,900	5,369	13,900	5,369
III.4. Interest (paid)	(132)	(191)	(132)	(191)
Net cash flows (to) financing activities	(59,349)	(115,741)	(59,349)	(115,741)
IV. Net decrease in cash and cash equivalents	(28,563)	(22,064)	(28,336)	(22,199)
V. Cash and cash equivalents at the beginning of the period	95,884	114,536	95,569	114,383
VI. Cash and cash equivalents at the end of the period	67,321	92,472	67,233	92,184

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

General Manager	Viktoras Valentukevičius		26 November 2012
Chief Accountant	Žydrūnas Augutis		26 November 2012

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 30 September 2012, income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the nine months ended 30 September 2012 and 30 September 2011 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2011 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 2011.

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 passed a new Law on Natural Gas of the Republic of Lithuania transferring the 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 EU Third Energy Package) to the national law. Out of three alternative models for unbundling natural gas activities provided for by the Third Energy Package, the Seimas selected the unbundling of natural gas transmission and supply activities on the basis of ownership. Together with the Law on Natural Gas, the Law on the Implementation of the Law on Natural Gas was adopted. It set forth the methods and terms for the unbundling of activities. These laws came into force on 1 August 2011.

On 28 October 2011, the Government of the Republic of Lithuania passed Resolution No. 1239 Regarding the Approval of the Plan on Performing the Unbundling of Activities and Control of Natural Gas Companies that do not Conform to the Requirements of the Law on Natural Gas of the Republic of Lithuania (amended by Resolution No. 257 of the Government of the Republic of Lithuania of 7 March 2012). In accordance with the above mentioned legal acts the Company by 31 October 2014 shall implement the unbundling of transmission activity and control and legally, functionally and organisationally unbundle its natural gas distribution activity in order to achieve compliance with Paragraph 8 of the Law on Natural Gas.

In accordance with the aforementioned legal acts and with due consideration of the Company's request, the National Control Commission for Prices and Energy (hereinafter referred to as "the NCCPE"), by its Resolution No. O3-70 of 20 March 2012, enacted that AB Lietuvos Dujos should select the method for unbundling the natural gas transmission activity and control and the method for legal, functional and organizational unbundling the natural gas distribution activity and submit to the NCCPE a comprehensive description of the methods selected together with the plan of actions to be performed by 31 May 2012.

The General Meeting of Shareholders of AB Lietuvos Dujos of 28 May 2012 adopted the following resolutions:

1. To perform the unbundling of the transmission activity of AB Lietuvos Dujos following the method provided for by Article 4 of the Law on Implementation of the Law on Natural Gas of the Republic of Lithuania and Paragraph 8 of the plan approved by the Resolution No. 1239 of the Government of the Republic of Lithuania of 28 October 2011 "On Approval of the Plan on Performing the Unbundling of Activities and Control of Natural Gas Companies that do not Conform to the Requirements of the Law on Natural Gas of the Republic of Lithuania" in accordance with the terms provided for by the legal acts by spinning off a part (i.e. the activity of natural gas transmission of the Company) from the Company which continues its activity and establishing a new company on the basis of the assets, rights and obligations attributed to the activity of natural gas transmission of the Company as provided for by Article 71 of the Law on Companies of the Republic of Lithuania.
2. To perform the unbundling of the distribution activity of AB Lietuvos Dujos by establishing a subsidiary of the Company and by transferring the natural gas distribution activity (complex of assets) to the subsidiary together with the assets, rights and obligations attributed to the activity as contribution in kind for the newly issued shares of the subsidiary in accordance with the terms provided for by the legal acts.

On 28 May 2012, the Board of Directors of AB Lietuvos Dujos approved the Description of the methods for the unbundling of the Company's gas transmission activity and control and gas distribution activity together with the unbundling action plans (hereinafter referred to as "the Description"). The Description foresees that the Company's natural gas transmission activity will be legally, functionally, and organizationally unbundled by establishing a new transmission system operator company by 31 July 2013 and that unbundling of control over the transmission activity will be implemented and the Company's natural gas distribution activity will be legally, functionally, and organizationally unbundled by establishing a distribution system operator subsidiary by 31 October 2014. In accordance with the requirements of legal acts of the Republic of Lithuania, the Company submitted the Description to the NCCPE within the time limits established, i.e. by 31 May 2012.

2 Other material information (cont'd)

The NCCPE by its Resolution No. O3-145 of 15 June 2012 "On AB Lietuvos Dujos Transmission and Distribution Activities and Control Unbundling Action Plans" instructed the Company to proceed with the unbundling of the activities and control according to the methods and deadlines as specified in the Description submitted by the Company.

The implementation of the provisions of these laws will have a substantial effect on the activities of the Company.

On 22 October 2012, AB Lietuvos Dujos and the bank Swedbank, AB concluded a long-term credit facility agreement for the amount of up to EUR 72 million. The credit facility is intended to finance financial liabilities and operations of the AB Lietuvos Dujos natural gas transmission activity, which pursuant to legal provisions will be unbundled from AB Lietuvos Dujos through the establishment of a new Transmission System Operator company.

3 Accounting principles

The Group's and the Company's condensed financial statements as of 30 September 2012 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The Group has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group accounts for its interest in the joint venture using the equity method. Under the equity method, the investment is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. The income statement reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. Impairment assessment of the investment is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

Investment in joint venture in the Company's stand-alone financial statements is carried at cost, less impairment, if any.

Other accounting principles adopted in preparing the condensed financial statements for the nine months period ended 30 September 2012 were the same as these used for preparing the financial statements for 2011 according to the IFRS, as adopted in the European Union.

4 Investment into joint venture

On 13 September 2012, AB Lietuvos Dujos and Gasum OY established a joint venture, UAB Etrade Gas. On 20 September 2012, according to a decision of its shareholders, UAB Etrade Gas was renamed into UAB GET Baltic. On 8 November 2012, the NCCPE issued in respect of UAB GET Baltic a Market Operator's license.

Company	Address of the registered office of UAB GET Baltic	The stake held by the Group in UAB GET Baltic as of 30 September 2012	The stake held by the Group in UAB GET Baltic as of 31 December 2011	Core activity
UAB GET Baltic	Aguonų g. 24, Vilnius, Lithuania	66 percent	-	Licensed natural gas market operator's activities – organizing natural gas trade at the Natural Gas Exchange

In the nine months of 2012, the results of the activities of the joint venture were insignificant.

5 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.

AB LIETUVOS DUJOS, company code 120059523, Abugonų Str. 24, Vilnius, Lithuania
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5 Segment information (cont'd)

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 30 September 2012 and 30 September 2011 is presented below:

Group

Nine months period ended 30 September 2012 (pre-audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	120,935	124,323	1,091,718	1,345	1,338,321
Profit before tax	16,063	18,309	23,057	(139)	57,290

Nine months period ended 30 September 2011 (pre-audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	123,933	124,923	1,019,596	1,952	1,270,404
Profit before tax	31,580	28,666	51,379	815	112,440

In the nine months of 2012 and in the nine months of 2011 the Group and the Company earned over 98 % of its revenue from Lithuanian customers.

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 and stored in Latvia gas storage.

6 Trade receivables

	Group		Company	
	30 September 2012 (pre-audited)	31 December 2011 (audited)	30 September 2012 (pre-audited)	31 December 2011 (audited)
Receivables for natural gas, Transmission and distribution of natural gas from non-household customers	106,971	159,792	106,971	159,803
Receivables for natural gas, Transmission and distribution of natural gas from household customers	9,320	16,949	9,320	16,949
Other trade receivables	332	523	326	513
Less: allowance for trade receivables	(9,434)	(8,417)	(9,434)	(8,417)
	<u>107,189</u>	<u>168,847</u>	<u>107,183</u>	<u>168,848</u>

The Groups' and the Company's trade receivables for natural gas, Transmission and Distribution of natural gas from customers as of 30 September 2012 decreased significantly due to lower volumes of the natural gas consumed.

7 Income tax

Income tax rate of 15 % is used for the profit of the year 2012 and 2011.

During the nine months of 2012 the Group and the Company used the benefit of the tax incentive for the investments and reduced income tax expenses by LTL 8,548 thousand, the deferred tax asset of LTL 684 thousand was formed for the residual amount of the incentive for the investments (during the nine months of 2011 the Group and the Company did not apply the benefit of the incentive for the investments as the amount was insignificant).

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8 Other current assets

	Group		Company	
	30 September 2012 (pre-audited)	31 December 2011 (audited)	30 September 2012 (pre-audited)	31 December 2011 (audited)
Debt securities	-	30,000	-	30,000
Short-term deposits with maturity 3-12 months	5,436	1,989	-	-
	<u>5,436</u>	<u>31,989</u>	<u>-</u>	<u>30,000</u>

As of 30 September 2012, the significant decrease in the other current assets owned by the Group and the Company was due to the debt securities sold in 2012.

The maturity of short term investments is 3-12 months period. As of 30 September 2012 weighted average annual interest rate of the short term investments of the Group was 1.66 % (2.24 % as of 31 December 2011).

9 Trade payables

	Group		Company	
	30 September 2012 (pre-audited)	31 December 2011 (audited)	30 September 2012 (pre-audited)	31 December 2011 (audited)
Suppliers of natural gas	84,031	192,122	84,031	192,122
Other	40,034	23,447	40,031	23,440
	<u>124,065</u>	<u>215,569</u>	<u>124,062</u>	<u>215,562</u>

As of 30 September 2012 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 30 September 2012 the Group's and the Company's other trade payables increased significantly mostly due to the increase of the payables for construction works.

10 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. VAT payable was equal to LTL 17,050 thousand as of 30 September 2012 (LTL 39,362 thousand as of 31 December 2011).

11 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	
	30 September 2012 (pre-audited)	30 September 2011 (pre-audited)
Net profit attributable to the shareholders (in LTL thousand)	58,658	97,770
Weighted average number of shares in thousand	<u>469,068</u>	<u>469,068</u>
Basic earnings per share (in LTL)	<u>0.13</u>	<u>0.21</u>

12 Dividends

During the regular general shareholders' meeting on 23 April 2012, when approving the Company's 2011 profit and loss appropriation, the decision was made to pay to shareholders dividends for the year 2011 in the amount of LTL 72.0 million (LTL 0.153 per ordinary registered share with the par value of LTL 1 per share).

13 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. Following the investigation of the action regarding the initiation an investigation of activities of a legal person lodged by the claimant, the Ministry of Energy of the Republic of Lithuania, the Vilnius Regional Court by its ruling as of 3 September 2012 granted the claim and decided to start investigation of the AB Lietuvos Dujos activities. The Company lodged an appeal against the ruling of the Court of First Instance with the Court of Appeal of the Republic of Lithuania.

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 abovementioned legal cases are under ruling in the first instance and / or appealing stage. The outcome of these legal cases is not known and cannot be reliably estimated.

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 AB Lietuvos Dujos licensed activities' regulations were identified and requirements applicable for providing the data for adjusting the upper price margin of transmission and distribution for 2012, for determination of the property, plant and equipment depreciation expenses as well as for the other obligations were imposed for the Company. On 20 February 2012 Vilnius Regional Administrative Court rejected the Company's claim. The Company lodged an appeal against the ruling of the Court of First Instance with the Supreme Administrative Court of Lithuania. By the Supreme Administrative Court ruling as of 10 September 2012 the appeal was rejected and the Vilnius Regional Administrative Court ruling as of 20 February 2012 was upheld. The court ruling is final and not subject to appeal.

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14 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 September 2012 and 30 September 2011 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);
- UAB GET Baltic (joint venture where the Company has an interest);
- AS Latvijas Gaze (the same shareholders);
- UAB Kaunas Heat and Power Plant (same ultimate shareholder);
- OAO Beltransgaz (same ultimate shareholder);
- Open Grid Europe GmbH, related party previous to 23 July 2012 (same ultimate shareholder).

As of 30 September 2012 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	1,079,320	25,571	2,369	84,031
OAO Beltransgaz	16	-	-	-
UAB Palangos Perlas	59	40	-	8
AS Latvijas Gaze	1,500	-	-	732
UAB Kaunas Heat and Power Plant	-	10,986	667	-
	1,080,895	36,597	3,036	84,771

As of 30 September 2011 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	983,760	21,640	2,197	117,331
OAO Beltransgaz	30	-	-	26
UAB Palangos Perlas	31	41	3	2
AS Latvijas Gaze	1,597	-	-	736
UAB Kaunas Heat and Power Plant	-	12,265	777	-
Open Grid Europe GmbH	239	-	-	239
	985,657	33,946	2,977	118,334

There were no receivables from related parties and payables to them, for which the guarantees would be provided for or received. As at 30 September 2012 the Group and the Company has not accounted for any allowance for receivables from related parties.

Consolidated pre-audited results of AB Lietuvos Dujos for the nine months of 2012

AB Lietuvos Dujos consolidated pre-audited sales of the nine months of 2012, compared with the respective period of the previous year, increased by 5% and amounted to LTL 1,338.3 million* (in the nine months of 2011: LTL 1,270.4 million).

The consolidated pre-audited profit before tax of the nine months of 2012 of AB Lietuvos Dujos amounted to LTL 57.3 million (in the nine months of 2011: LTL 112.4 million), and net profit of the period amounted to LTL 58.7 million (in the nine months of 2011: LTL 97.8 million). In the financial statements of the nine months of 2012 the Company reflected the income tax exemption on investments in the amount of LTL 9.2 million as provided for by the Law on Income Tax (the financial statements of AB Lietuvos Dujos of the nine months of 2011 did not reflect the income tax exemption on investments as the amount was insignificant).

The change in the result was mainly determined by the poorer results of both the regulated gas transportation activity and the supply activity. In the activity of gas supply to the household customers, a considerable loss was incurred, which came as a result of the negative difference between the actual gas imports price and the gas imports price included into the household customers tariffs.

The EBITDA (earnings before interest, taxes, depreciation and amortization) also decreased accordingly. In comparison with the respective period of 2011, the EBITDA decreased by LTL 50.4 million, or by 26%, and amounted to LTL 144.1 million.

In the nine months of 2012, natural gas transportation volumes to customers of Lithuania via the natural gas transmission system of AB Lietuvos Dujos amounted to 2,379.1 MCM, which represents a drop of 4% y/y. In the nine months of 2012, the Company's transmission in transit to the Kaliningrad Region of the Russian Federation totalled 1,554.0 MCM of natural gas, which represents a rise of 7% y/y.

The Company's natural gas distribution volumes totalled 682.8 MCM, which represents a drop of 11% y/y.

The Company's nine-month sales volumes totalled 806.7 MCM (a decrease of 16% y/y), of which volumes sold to the non-household customers amounted to 683.1 MCM (a drop of 17% y/y), and volumes sold to the household customers amounted to 123.6 MCM (a drop of 8% y/y).

The Company imported 34% of total natural gas volumes consumed in Lithuania. The remaining 66% of natural gas volumes were transported for third parties, thus granting free Third Party Access as provided for by the EU legislation.

As of 30 September 2012, the Company was supplying natural gas to over 555 thousand customers. AB Lietuvos Dujos customers include energy companies, industrial companies, other enterprises, organizations as well as households.

In the nine months of 2012, the investments amounted to LTL 85.2 million (in the nine months of 2011: LTL 28.5 million), of which in the construction of new gas systems LTL 56.3 million (in the nine months of 2011: LTL 7.1 million).

“In 2012 AB Lietuvos Dujos started implementing Stage 2 of a large-scope investment project, The *Sakiai-Klaipeda Gas Transmission Pipeline Project*. Stage 2 covers the construction of the Jurbarkas-Klaipeda Gas Transmission Pipeline and the Klaipeda M&R Station. The Project implementation is co-financed with the European Union Structural Fund grants. One part of the gas transmission pipeline, the section from Jurbarkas to Taurage (approx. 35 km), is scheduled for completion in the current year, whereas the remaining part of the gas pipeline to the city of Klaipeda (approx. 103 km) will be constructed by end 2013,” said Dr Joachim Hockertz, Deputy General Manager – Director of Commerce.

The first section of the Sakiai-Klaipeda Gas Transmission Pipeline (from Sakiai to Jurbarkas) was constructed back in 2007, and it is fully operational. Back in 2006-2007 AB Lietuvos Dujos invested in the aforesaid project LTL 30 million of the Company’s own funds, and constructed 28.4 km of the gas transmission pipeline (including two river crossings over the Nemunas) and a M&R Station.

In the short run, AB Lietuvos Dujos, in co-operation with its counterpart in Latvia, AS Latvijas Gaze is planning to complete the works for the enhancement of the throughput capacity of the Lithuania-Latvia Gas Interconnector.

Back in 2011, in co-operation with the Polish gas transmission system operator GAZ-SYSTEM S.A., a business case analysis study of the Polish-Lithuanian Gas Interconnector was prepared. The Study presented comprehensive information about the gas markets of Poland and the Baltic States. On 29 June 2012, a contract was concluded with ILF Consulting Engineers Polska Sp. z.o.o regarding the preparation of the Polish-Lithuanian Gas Interconnector Feasibility Study. The Feasibility Study is scheduled for completion in Quarter 1 of 2013. The results of the Feasibility Study will constitute a basis for further steps with regard to the implementation of the Polish-Lithuanian Gas Interconnector Project and securing for this Project financial assistance of the EU funds.

AB Lietuvos Dujos shares are quoted on the Main List of the stock exchange NASDAQ OMX Vilnius.

* LTL 3.45 = EUR 1