



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

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CONFIRMATION OF RESPONSIBLE PERSONS

27 February 2013 No 7-31-348

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 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 TWELVE MONTHS ENDED 31 DECEMBER 2012
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

Statements of financial position

	Notes	Group		Company	
		As of 31 December 2012 (pre-audited)	As of 31 December 2011 (audited)	As of 31 December 2012 (pre-audited)	As of 31 December 2011 (audited)
ASSETS					
A. Non-current assets		2,358,438	2,318,573	2,364,314	2,320,412
I. Intangible assets		2,624	3,390	2,623	3,382
II. Property, plant and equipment		2,354,535	2,315,167	2,351,181	2,307,833
II.1. Land		388	223	388	223
II.2. Buildings and structures		1,988,018	1,985,438	1,984,871	1,978,499
II.2.1. Buildings		85,998	88,411	82,851	81,472
II.2.2. Transmission networks and related installations		1,202,474	1,201,402	1,202,474	1,201,402
II.2.3. Distribution networks and related installations		676,000	671,304	676,000	671,304
II.2.4. Other buildings and structures		23,546	24,321	23,546	24,321
II.3. Machinery and equipment		250,785	254,843	250,785	254,843
II.4. Vehicles		15,437	15,605	15,376	15,528
II.5. Other equipment, tools and devices		29,129	29,546	29,021	29,294
II.6. Other property, plant and equipment		3,489	3,659	3,489	3,659
II.7. Construction in progress	4	67,289	25,853	67,248	25,787
III. Non-current financial assets		1,279	16	10,510	9,197
III.1. Investment into subsidiary		-	-	9,181	9,181
III.2. Investment into joint venture	5	1,270	-	1,320	-
III.3. Non-current accounts receivable		9	16	9	16
B. Current assets		569,745	380,058	564,249	377,725
I. Inventories and prepayments		80,653	78,792	80,651	78,765
I.1. Inventories		80,108	78,516	80,108	78,504
I.1.1. Raw materials, spare parts and other inventories		6,998	7,182	6,998	7,181
I.1.2. Goods for resale (including natural gas)		73,110	71,334	73,110	71,323
I.2. Prepayments		545	276	543	261
II. Accounts receivable		204,530	173,393	204,499	173,391
II.1. Trade receivables	7	191,352	168,847	191,352	168,848
II.2. Other receivables		13,178	4,546	13,147	4,543
III. Prepaid income tax		6,682	-	6,682	-
IV. Other current assets	9	165,423	31,989	160,000	30,000
V. Cash and cash equivalents		112,457	95,884	112,417	95,569
Total assets		2,928,183	2,698,631	2,928,563	2,698,137



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

Statements of financial position (cont'd)

	Notes	Group		Company	
		As of 31 December 2012 (pre-audited)	As of 31 December 2011 (audited)	As of 31 December 2012 (pre-audited)	As of 31 December 2011 (audited)
EQUITY AND LIABILITIES					
C. Equity		2,057,846	2,055,340	2,058,261	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		74,934	94,632	75,964	95,686
D. Liabilities		870,337	643,291	870,302	643,840
I. Non-current liabilities		567,057	359,435	567,036	360,035
I.1. Non-current borrowings	10	180,000	2,144	180,000	2,144
I.2. Grants (deferred revenue)	11	230,805	191,053	230,805	191,053
I.3. Non-current employee benefits		9,097	9,097	9,097	9,097
I.4. Deferred tax liability		147,155	157,141	147,134	157,741
II. Current liabilities		303,280	283,856	303,266	283,805
II.1. Current portion of non-current borrowings	10	2,144	2,144	2,144	2,144
II.2. Trade payables	12	238,947	215,569	238,943	215,562
II.3. Prepayments received		9,739	9,445	9,738	9,445
II.4. Income tax payable		-	2,413	-	2,413
II.5. Payroll related liabilities		11,056	10,403	11,052	10,372
II.6. Other payables and current liabilities	13	41,394	43,882	41,389	43,869
Total equity and liabilities		2,928,183	2,698,631	2,928,563	2,698,137

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

General Manager	Viktoras Valentukevičius		27 February 2013
Chief Accountant	Žydrūnas Augutis		27 February 2013

AB LIETUVOS DUJOS, company code 120059523, Agonuų Str. 24, Vilnius, Lithuania
 CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
 FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2012
 (all amounts are in LTL thousand unless otherwise stated)

Income statements

Notes	Group		Company		Group		Company		
	Three months period ended 31 December 2012 (pre-audited)	Three months period ended 31 December 2011 (pre-audited)	Three months period ended 31 December 2012 (pre-audited)	Three months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)	
I.	Revenue	536,040	571,180	536,038	571,089	1,879,178	1,844,869	1,878,891	1,844,906
I.1.	Sales	534,393	569,608	534,390	569,517	1,872,714	1,840,012	1,872,432	1,839,064
I.2.	Other income	1,647	1,572	1,648	1,572	6,464	5,857	6,459	5,842
II.	Expenses	(522,641)	(559,863)	(522,540)	(559,597)	(1,810,021)	(1,723,733)	(1,808,882)	(1,722,576)
II.1.	Cost of natural gas	(441,569)	(474,284)	(441,569)	(474,284)	(1,517,813)	(1,435,881)	(1,517,813)	(1,435,881)
II.2.	Other expenses	(81,072)	(85,579)	(80,971)	(85,313)	(292,208)	(287,852)	(291,069)	(286,695)
III.	Profit from operations	13,399	11,317	13,498	11,492	69,157	122,136	70,009	122,330
IV.	Financial activity	11	(19,484)	33	(19,496)	1,543	(17,863)	1,528	(17,913)
IV.1.	Income	503	583	481	571	2,208	2,467	2,143	2,417
IV.2.	Expense	(492)	(20,067)	(448)	(20,067)	(665)	(20,330)	(615)	(20,330)
V.	Profit before tax	13,410	(8,167)	13,531	(8,004)	70,700	104,273	71,537	104,417
VI.	Income tax	2,438	6,159	2,438	6,162	3,806	(8,511)	4,427	(8,731)
VI.1.	Current period income tax	(2,011)	3,982	(2,011)	3,982	(6,180)	(16,332)	(6,180)	(16,332)
VI.2.	Deferred income tax	4,449	2,177	4,449	2,180	9,986	7,821	10,607	7,601
VII.	Net profit	15,848	(2,008)	15,969	(1,842)	74,506	95,762	75,964	95,686
	Basic and diluted earnings per share (LTL)	14	0.034	(0.004)	0.20	0.16	0.20		

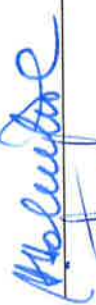

The accompanying notes are an integral part of these financial statements.

General Manager Viktoras Valentukevičius 27 February 2013
 Chief Accountant Žydrūnas Augutis 27 February 2013

Statements of comprehensive income

	Group		Company		Group		Company	
	Three months period ended 31 December 2012 (pre-audited)	Three months period ended 31 December 2011 (pre-audited)	Three months period ended 31 December 2012 (pre-audited)	Three months period ended 31 December 2011 (pre-audited)	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)
I. Net profit	15,848	(2,008)	15,969	(1,842)	74,506	95,762	75,964	95,686
II. Total comprehensive income	15,848	(2,008)	15,969	(1,842)	74,506	95,762	75,964	95,686

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



General Manager Viktoras Valentukevičius  27 February 2013
 Chief Accountant Žydrūnas Augutis  27 February 2013

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 2012
(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

Group	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		-	-	-	95,762	95,762
<i>Net profit for the year</i>		-	-	-	95,762	95,762
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	15	-	-	-	(72,000)	(72,000)
Total comprehensive income		-	-	-	74,506	74,506
<i>Net profit for the year</i>		-	-	-	74,506	74,506
Balance as of 31 December 2012 (pre-audited)		469,068	43,884	1,469,960	74,934	2,057,846



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

General Manager	Viktoras Valentukevičius		27 February 2013
Chief Accountant	Žydrūnas Augutis		27 February 2013

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		-	-	-	95,686	95,686
<i>Net profit for the year</i>		-	-	-	95,686	95,686
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	15	-	-	-	(72,000)	(72,000)
Total comprehensive income		-	-	-	75,964	75,964
<i>Net profit for the year</i>		-	-	-	75,964	75,964
Balance as of 31 December 2012 (pre-audited)		469,068	43,692	1,469,537	75,964	2,058,261

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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>27 February 2013</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>27 February 2013</u>

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 2012
(all amounts are in LTL thousand unless otherwise stated)

Statements of cash flows

	Group		Company	
	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)
I. Cash flows from (to) operating activities				
I.1. Net profit	74,506	95,762	75,964	95,686
Adjustments of non-cash items and other corrections:				
I.2. Depreciation and amortisation	114,331	111,803	114,144	111,535
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	175	(116)	(127)	(116)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	534	717	533	716
I.5. Income tax expenses	(3,806)	8,511	(4,427)	8,731
I.6. Interest (income)	(1,246)	(1,310)	(1,181)	(1,261)
I.7. Interest expenses	614	320	614	320
I.8. Loss (gain) on foreign currency exchange	1	2	1	2
I.9. (Amortisation) of the grants (deferred revenue)	(5,665)	(4,654)	(5,665)	(4,654)
I.10. Elimination of the other investing activity results	50	19,999		20,000
I.11. Elimination of other non-cash items	(9)	(1,094)	(9)	(1,094)
	179,485	229,940	179,847	229,865
Changes in working capital:				
I.12. Decrease (increase) in inventories	(1,561)	(31,176)	(1,572)	(31,177)
I.13. Decrease (increase) in trade accounts receivable	(23,169)	364	(23,167)	361
I.14. Decrease (increase) in other accounts receivable and prepayments	(317)	472	(301)	459
I.15. Increase (decrease) in trade accounts payable	10,526	14,103	10,529	14,125
I.16. Increase (decrease) in other accounts payable and other current liabilities	3,967	7,254	4,001	7,258
I.17. Income tax (paid)	(13,598)	(7,362)	(13,598)	(7,362)
Total changes in working capital	(24,152)	(16,345)	(24,108)	(16,336)
Net cash flows from operating activities	155,333	213,595	155,739	213,529
II. Cash flows from (to) investing activities				
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(142,499)	(66,873)	(142,491)	(66,858)
II.2. Proceeds from sales of property, plant and equipment	3,871	673	364	659
II.3. (Acquisition) of investment in joint venture	(1,320)	-	(1,320)	-
II.4. Sale of investment units held for trade	-	307	-	-
II.5. Receipt of non-current receivables and loans granted	7	7	7	7
II.6. Decrease (increase) in term deposits	(105,697)	(259)	(102,264)	-
II.7. Interest received	1,420	965	1,355	916
II.8. Disposal (acquisitions) of other short term investments	(27,736)	(50,002)	(27,736)	(50,002)
Net cash flows (to) investing activities	(271,954)	(115,182)	(272,085)	(115,278)


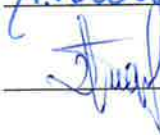
The accompanying notes are an integral part of these financial statements.

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Statements of cash flows (cont'd)

	Group		Company	
	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)	Twelve months period ended 31 December 2012 (pre-audited)	Twelve months period ended 31 December 2011 (audited)
III. Cash flows from (to) financing activities				
III.1. Dividends (paid)	(72,093)	(119,875)	(72,093)	(119,875)
III.2. Loans received	180,000	-	180,000	-
III.3. Loans (repaid)	(2,144)	(2,144)	(2,144)	(2,144)
III.4. Grants received	28,069	5,297	28,069	5,297
III.5. Interest (paid)	(638)	(343)	(638)	(343)
Net cash flows from (to) financing activities	133,194	(117,065)	133,194	(117,065)
IV. Net increase (decrease) in cash and cash equivalents	16,573	(18,652)	16,848	(18,814)
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	112,457	95,884	112,417	95,569

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

General Manager	Viktoras Valentukevičius		27 February 2013
Chief Accountant	Žydrūnas Augutis		27 February 2013

Notes to the financial statements

1 General information

The present condensed financial statements of AB Lietuvos Dujos (hereinafter referred to as the "Company") and the consolidated condensed financial statements of AB Lietuvos Dujos, its subsidiary UAB Palangos Perlas and UAB GET Baltic (a joint venture controlled jointly with the Finnish natural gas company Gasum Oy) (hereinafter referred to as "the Group"), which comprise the statements of financial position as of 31 December 2012, income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the twelve months ended 31 December 2012 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

Pursuant to the Law on Natural Gas and the Law on the Implementation of the Law on Natural Gas transposing into national law the applicable provisions of the third energy package of the EU, in 2011, the Government of the Republic of Lithuania adopted respective decisions providing for the Company's actions related to its restructuring: Resolution No. 1239 "On 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" as of 28 October 2011 and Resolution No. 1417 "On the Approval of the Description of Procedures for 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" as of 7 December 2011.

Pursuant to the provisions of the aforesaid legal acts, the Company must by 31 October 2014 implement the unbundling of the 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.

Pursuant to the aforesaid legal acts, 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 Members of the Board of Directors of the Company Valery Golubev and Kirill Seleznev voted on the approval of the Description "for with reservation". The Description stipulates 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 duly submitted the Description to the National Control Commission for Prices and Energy (hereinafter referred to as the NCCPE) by the statutory deadline, i.e. by 31 May 2012.

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.

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CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2012
(all amounts are in LTL thousand unless otherwise stated)

2 Other material information (cont'd)

Pursuant to the Resolution of the General Meeting of Shareholders of the Company as of 28 May 2012 and the Decision of the NCCPE as of 15 June 2012 and pursuant to Article 71 of the Law on Companies of the Republic of Lithuania, the Company's Board of Directors drafted and on 30 January 2013 adopted The Terms and Conditions of the Spin-off of AB Lietuvos Dujos (hereinafter referred to as the "Terms and Conditions of the Spin-off"). The Members of the Board of Directors of the Company Valery Golubev and Kirill Seleznev voted on the approval of the Terms and Conditions of the Spin-off "for with reservation". Pursuant to the Law on the Implementation of the Law on Natural Gas of the Republic of Lithuania and its implementing legislation, on 30 January 2013, the Company submitted the Terms and Conditions of the Spin-off to the NCCPE for review and approval.

In order to comply with the applicable legislative provisions and implement the spin-off of the activities of the Transmission System Operator, a respective decision regarding the Company's spin-off has to be adopted by the General Meeting of Shareholders of the Company. The spin-off of the Transmission System Operator's activities will be implemented on the basis of the data of the Transmission Activity segment.

The implementation of the provision of the above mentioned laws will have a substantial effect on the activities of the Group and the Company, as the implementation of the unbundling of the transmission activity will significantly change the activity range of the Group and the Company and the captions of their assets, liabilities, equity, revenue and expenses.

On 30 January 2013, the Board of Directors of AB Lietuvos Dujos adopted a decision to liquidate the subsidiary UAB Palangos Perlas.

3 Accounting principles

The Group's and the Company's condensed financial statements as of 31 December 2012 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The Company has an interest in a joint venture, which is together with the Finish natural gas company Gasum Oy 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 twelve months period ended 31 December 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 Construction in progress

Major objects of construction in progress of the Group and the Company as of 31 December 2012 were as follows:

Object	Group	Company
Construction of the Jurbarkas – Klaipėda gas transmission pipeline:	55,758	55,758
<i>Construction of gas transmission pipeline from the branch to gas distribution station (hereinafter – GDS) in Tauragė to the branch to GDS in Šilutė</i>	33,340	33,340
<i>Construction of gas transmission pipeline from the branch to GDS in Šilutė to the branch to GDS-2 in Klaipėda, the branch to GDS-2 in Klaipėda and GDS-2 in Klaipėda</i>	22,418	22,418
Acquisition of container-type GDS	3,780	3,780
Other (including UAB Palangos Perlas)	7,751	7,710
Net book value as of 31 December 2012	67,289	67,248

As of 31 December 2011 the Group's and the Company's construction in progress comprised LTL 25,853 thousand and LTL 25,787 thousand respectively.

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5 Investment into joint venture

On 13 September 2012, AB Lietuvos Dujos and Gasum Oy set up a joint venture. On 9 November 2012, the NCCPE issued to the joint venture UAB GET Baltic a market operator's licence, and by Resolutions as of 21 December 2012 No. O3-425 and No. O3-426 approved the Rules of Trading on the Natural Gas Exchange of UAB GET Baltic and the service tariffs thereof, and in January 2013 the trading at the natural gas exchange took off.

Company	Address of the registered office of UAB GET Baltic	The stake held by the Group in UAB GET Baltic as of 31 December 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 %	-	Licensed natural gas market operator's activities – organizing natural gas trade at the Natural Gas Exchange

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

6 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.

The Group's segment information for the periods ended 31 December 2012 and 31 December 2011 is presented below:

Twelve months period ended 31 December 2012 (pre-audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	169,291	174,778	1,526,577	2,068	1,872,714
Profit before tax	21,060	11,206	38,212	222	70,700
Twelve months period ended 31 December 2011 (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

In the twelve months of 2012 and in the twelve 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.

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7 Trade receivables

	Group		Company	
	31 December 2012 (pre-audited)	31 December 2011 (audited)	31 December 2012 (pre-audited)	31 December 2011 (audited)
Receivables for natural gas, Transmission and distribution of natural gas from non-household customers	180,794	159,792	180,796	159,803
Receivables for natural gas, Transmission and distribution of natural gas from household customers	18,648	16,949	18,648	16,949
Other trade receivables	516	529	514	514
Less: allowance for trade receivables	(8,606)	(8,423)	(8,606)	(8,418)
	<u>191,352</u>	<u>168,847</u>	<u>191,352</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 31 December 2012 increased due to the increase in consumers' past due debt. The main part of the consumers' past due debt was repaid at the beginning of the January 2013.

8 Income tax

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

During the twelve 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 11,270 thousand also the deferred tax asset of LTL 3,057 thousand was formed for the residual amount of the incentive for the investments (during 2011 the Group and the Company fully used the income tax incentive for investments and deducted from its income tax expenses a total amount of LTL 9,972 thousand).

9 Other current assets

	Group		Company	
	31 December 2012 (pre-audited)	31 December 2011 (audited)	31 December 2012 (pre-audited)	31 December 2011 (audited)
Debt securities	57,736	30,000	57,736	30,000
Short-term deposits with maturity 3-12 months	107,687	1,989	102,264	-
	<u>165,423</u>	<u>31,989</u>	<u>160,000</u>	<u>30,000</u>

As of 31 December 2012, the significant increase in the other current assets owned by the Group and the Company was due to the debt securities bought and the deposit agreements signed in 2012.

The maturity of short term investments is 3-12 months period. As of 31 December 2012 weighted average annual interest rate of the short term investments of the Group was 0.67 % (2.24 % as of 31 December 2011).

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10 Borrowings

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. As of 31 December 2012, the amount of the loan granted by Swedbank, AB to the Company made up LTL 180 million (EUR 52.1 million).

	Group		Company	
	31 December 2012 (pre-audited)	31 December 2011 (audited)	31 December 2012 (pre-audited)	31 December 2011 (audited)
Non-current borrowings				
Bank borrowings	180,000	2,144	180,000	2,144
Current borrowings				
Bank borrowings	2,144	2,144	2,144	2,144
	182,144	4,288	182,144	4,288

The terms of repayment of non-current borrowings are as follows:

	31 December 2012 (pre-audited)	31 December 2011 (audited)	31 December 2012 (pre-audited)	31 December 2011 (audited)
	Fixed rate borrowings	Fixed rate borrowings	Floating rate borrowings	Floating rate borrowings
2012 m.	-	2,144	-	-
2013 m.	2,144	2,144	-	-
2014 m.	-	-	45,000	-
2015 m.	-	-	45,000	-
2016 m.	-	-	45,000	-
2017 m.	-	-	45,000	-
	2,144	4,288	180,000	-

Actual interest rates are equal to effective interest rates. As of 31 December 2012 the weighted average annual interest rate of the Group's and the Company's borrowings outstanding was 1.54 % (5.65 % as of 31 December 2011).

Fixed exchange rate of Lietuvos bankas of LTL 3.4528 per EUR 1 is used in the calculations.

As of 31 December 2012 borrowings were denominated in the following currencies (expressed in LTL):

	Group		Company	
	31 December 2012 (pre-audited)	31 December 2011 (audited)	31 December 2012 (pre-audited)	31 December 2011 (audited)
Borrowings denominated in:				
EUR	182,144	4,288	182,144	4,288
	182,144	4,288	182,144	4,288

None of the Company's loans are secured by pledging assets owned by the Company or by third parties guarantees.

As of 31 December 2012 the Group and the Company in addition had available LTL 2,900 thousand (LTL 2,900 thousand as of 31 December 2011) of unutilized credit limit facility in respect of which all conditions precedent have been met.

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11 Grants (deferred revenue)

Group and Company	2012 m.			2011 m.		
	Deferred revenue	Grants	Total	Deferred revenue	Grants	Total
Balance at the beginning of the period	120,747	70,306	191,053	115,066	62,776	177,842
Additions per year	7,175	29,418	36,593	7,966	9,478	17,444
Change in grant receivable	-	8,833	8,833	-	560	560
Amortization per year	(2,439)	(3,189)	(5,628)	(2,285)	(2,291)	(4,576)
Grants used for compensation of expenses	-	(46)	(46)	-	(217)	(217)
Balance at the end of the period	125,483	105,322	230,805	120,747	70,306	191,053

In 2012, the increase in the amount of grants (deferred revenue) came as a result of the capital grants that were received, of which LTL 33,860 thousand came from the EU Structural Funds to finance the project "Construction of the Jurbarkas-Klaipėda Gas Transmission Pipeline". 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.

The grants receivables are accounted under caption other receivables in the statement of financial position.

12 Trade payables

	Group		Company	
	31 December 2012 (pre-audited)	31 December 2011 (audited)	31 December 2012 (pre-audited)	31 December 2011 (audited)
Suppliers of natural gas	189,851	192,122	189,851	192,122
Other	49,096	23,447	49,092	23,440
	238,947	215,569	238,943	215,562

As of 31 December 2012 the Group's and the Company's other trade payables increased significantly mostly due to the increase of the payables for construction and reconstruction works.

13 Other payables and current liabilities

Other payables and current liabilities mainly consist of VAT payable, which was equal to LTL 36,853 thousand as of 31 December 2012 (LTL 39,362 thousand as of 31 December 2011).

14 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 2012 (pre-audited)	31 December 2011 (audited)
Net profit attributable to the shareholders (in LTL thousand)	74,506	95,762
Weighted average number of shares in thousand	469,068	469,068
Basic earnings per share (in LTL)	0.16	0.20

15 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).

16 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. The Court of Appeal of the Republic of Lithuania upheld the ruling of the Vilnius Regional Court. The Company is currently considering the possibility of appealing in cassation to the Supreme Court of Lithuania against the ruling of 21 February 2013 of the Court of Appeal of Lithuania. The outcome of the case is uncertain and can not 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 NCCPE 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.

Given that the procedure for the imposition of a fine with respect to the Company was began based on aforementioned resolution No. O3-283 of the NCCPE of 30 September 2011, though the Company, within the time limits established by legal acts, eliminated all the violations indicated in the aforementioned resolution of the NCCPE and fulfilled all its obligations, on 28 November 2011 AB Lietuvos Dujos applied to the Vilnius Regional Administrative Court with a complaint and requested the annulment of the Resolution of the NCCPE No. O3-347 of 27 October 2011 Regarding the Violation of Regulated Activities of AB Lietuvos Dujos, based on which AB Lietuvos Dujos was imposed to LTL 350 thousand fine. The Vilnius Regional Administrative Court, with due consideration of the circumstance that the Company promptly eliminated the violations committed and, due to this, a loss was avoided, by its decision of 17 December 2012 satisfied the appeal of AB Lietuvos Dujos and decided to annul Resolution No. O3-347 of 27 October 2011 Regarding the Violation of Regulated Activities of AB Lietuvos Dujos. Disagreeing with the foregoing decision of the Vilnius Regional Administrative Court, the NCCPE, on 31 December 2012, lodged an appeal with the Supreme Administrative Court. The case is currently under consideration in the aforementioned appeal institution.

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17 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 2012 and 31 December 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).

The tables below present the Company's balances and transactions with related parties in 2012 and 2011. The Group's balances and transactions with related parties of 2012 and 2011 are the same as those of the Company, as they do not cover the transactions and balances with UAB Palangos Perlas.

As of 31 December 2012 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	1,519,603	40,967	9,388	189,851
OAO Beltransgaz	16	-	-	-
UAB Palangos Perlas	69	41	2	-
AS Latvijas Gaze	1,518	-	-	11
UAB Kaunas Heat and Power Plant	-	14,353	388	-
UAB GET Baltic	-	4	2	-
	1,521,206	55,365	9,780	189,862

As of 31 December 2011 (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

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 2012 the Group and the Company has not accounted for any allowance for receivables from related parties.