



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

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CONFIRMATION OF RESPONSIBLE PERSONS

29 May 2013 No 7-31-850

Following Art. 22 of the Law on Securities of the Republic of Lithuania and the Rules for the Drawing up and the Submission of Periodic and Additional Information approved by the Securities Commission of the Republic of Lithuania, we, Viktoras Valentukevičius, General Manager and Virgilijus Motiejūnas, Head of Finance Department Acting Deputy General Manager – Chief Financial Officer of AB Lietuvos Dujos, hereby confirm that to the best of our knowledge, the attached AB Lietuvos Dujos Consolidated and Parent Company's Condensed Financial Statements for the Three Months Ended 31 March 2013 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

Head of Finance Department
Acting Deputy General Manager –
Chief Financial Officer

Virgilijus Motiejūnas

AB LIETUVOS DUJOS

**CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2013
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

Statements of financial position

	Notes	Group		Company	
		As of 31 March 2013 (pre-audited)	As of 31 December 2012 (audited)	As of 31 March 2013 (pre-audited)	As of 31 December 2012 (audited)
ASSETS					
A. Non-current assets		2,353,196	2,358,438	2,359,223	2,364,314
I. Intangible assets		3,290	2,624	3,289	2,623
II. Property, plant and equipment		2,348,748	2,354,535	2,345,424	2,351,181
II.1. Land		388	388	388	388
II.2. Buildings and structures		1,971,190	1,988,018	1,968,059	1,984,871
II.2.1. Buildings		84,920	85,998	81,789	82,851
II.2.2. Transmission networks and related installations		1,190,296	1,202,474	1,190,296	1,202,474
II.2.3. Distribution networks and related installations		672,839	676,000	672,839	676,000
II.2.4. Other buildings and structures		23,135	23,546	23,135	23,546
II.3. Machinery and equipment		246,469	250,785	246,469	250,785
II.4. Vehicles		14,271	15,437	14,214	15,376
II.5. Other equipment, tools and devices		28,101	29,129	28,006	29,024
II.6. Other property, plant and equipment		3,202	3,489	3,202	3,489
II.7. Construction in progress	4	85,127	67,289	85,086	67,248
III. Non-current financial assets		1,158	1,279	10,510	10,510
III.1. Investment into subsidiary		-	-	9,181	9,181
III.2. Investment into joint venture	5	1,149	1,270	1,320	1,320
III.3. Non-current accounts receivable		9	9	9	9
B. Current assets		627,222	569,745	621,783	564,249
I. Inventories and prepayments		80,925	80,653	80,924	80,651
I.1. Inventories		80,345	80,108	80,345	80,108
I.1.1. Raw materials, spare parts and other inventories		7,327	6,998	7,327	6,998
I.1.2. Goods for resale (including natural gas)		73,018	73,110	73,018	73,110
I.2. Prepayments		580	545	579	543
II. Accounts receivable		202,306	204,530	202,307	204,499
II.1. Trade receivables	7	163,573	191,352	163,575	191,352
II.2. Other receivables	8	38,733	13,178	38,732	13,147
III. Prepaid income tax		831	6,682	831	6,682
IV. Other financial assets	9	14,506	-	14,506	-
V. Other current assets		160,000	165,423	160,000	160,000
VI. Cash and cash equivalents		168,654	112,457	163,215	112,417
Total assets		2,980,418	2,928,183	2,981,006	2,928,563

(cont'd on the next page)



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

AB LIETUVOS DUJOS, company code 120059523, Aiguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2013
(all amounts are in LTL thousand unless otherwise stated)

Statements of financial position (cont'd)

	Notes	Group		Company	
		As of 31 March 2013 (pre-audited)	As of 31 December 2012 (audited)	As of 31 March 2013 (pre-audited)	As of 31 December 2012 (audited)
EQUITY AND LIABILITIES					
C. Equity		2,095,509	2,057,846	2,096,134	2,058,261
I. Share capital		469,068	469,068	469,068	469,068
II. Reserves		1,513,229	1,513,844	1,513,229	1,513,229
II.1. Legal reserve		43,692	43,884	43,692	43,692
II.2. Other reserves		1,469,537	1,469,960	1,469,537	1,469,537
III. Retained earnings		113,212	74,934	113,837	75,964
D. Liabilities		884,909	870,337	884,872	870,302
I. Non-current liabilities		580,428	567,057	580,407	567,036
I.1. Non-current borrowings		180,000	180,000	180,000	180,000
I.2. Grants (deferred revenue)		243,270	230,805	243,270	230,805
I.3. Non-current employee benefits		9,097	9,097	9,097	9,097
I.4. Deferred tax liability		148,061	147,155	148,040	147,134
II. Current liabilities		304,481	303,280	304,465	303,266
II.1. Current portion of non-current borrowings		2,144	2,144	2,144	2,144
II.2. Trade payables	11	190,780	238,947	190,779	238,943
II.3. Prepayments received		8,434	9,739	8,434	9,738
II.4. Payroll related liabilities		16,663	11,056	16,652	11,052
II.5. Other payables and current liabilities	12	86,460	41,394	86,456	41,389
Total equity and liabilities		2,980,418	2,928,183	2,981,006	2,928,563

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

General Manager	Viktoras Valentukevičius		29 May 2013
Chief Accountant	Žydrūnas Augutis		29 May 2013

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Income statements

	Notes	Group		Company	
		Three months period ended	Three months period ended	Three months period ended	Three months period ended
		31 March	31 March	31 March	31 March
		2013	2012	2013	2012
		(pre-audited)	(pre-audited)	(pre-audited)	(pre-audited)
I. Revenue		653,415	700,772	653,419	700,734
I.1. Sales		651,651	699,224	651,655	699,186
I.2. Other income		1,764	1,548	1,764	1,548
II. Expenses		(608,801)	(662,756)	(608,708)	(662,513)
II.1. Cost of natural gas		(538,853)	(596,109)	(538,853)	(596,109)
II.2. Other expenses		(69,948)	(66,647)	(69,855)	(66,404)
III. Profit from operations		44,614	38,016	44,711	38,221
IV. Financial activity		(195)	635	(81)	625
IV.1. Income		637	703	630	693
IV.2. Expense		(832)	(68)	(711)	(68)
V. Profit before tax		44,419	38,651	44,630	38,846
VI. Income tax	10	(6,756)	(7,935)	(6,757)	(7,932)
VI.1. Current period income tax		(5,851)	(9,977)	(5,852)	(9,977)
VI.2. Deferred income tax		(905)	2,042	(905)	2,045
VII. Net profit		37,663	30,716	37,873	30,914



Basic and diluted earnings per share (LTL)

13

0.080

0.065



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

General Manager	Viktoras Valentukevičius		29 May 2013
Chief Accountant	Žydrūnas Augutis		29 May 2013

Statements of comprehensive income

	Group		Company	
	Three months period ended 31 March 2013 (pre-audited)	Three months period ended 31 March 2012 (pre-audited)	Three months period ended 31 March 2013 (pre-audited)	Three months period ended 31 March 2012 (pre-audited)
I. Net profit	37,663	30,716	37,873	30,914
II. Total comprehensive income	37,663	30,716	37,873	30,914



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

General Manager	Viktoras Valentukevičius		29 May 2013
Chief Accountant	Žydrūnas Augutis		29 May 2013

Statements of changes in equity

<u>Group</u>	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 January 2012 (audited)		469,068	39,100	1,452,540	94,632	2,055,340
Transfer from other reserves to cover the losses of subsidiary		-	-	(1,482)	1,482	-
Total comprehensive income		-	-	-	30,716	30,716
<i>Net profit for the year</i>		-	-	-	30,716	30,716
Balance as of 31 March 2012 (pre-audited)		469,068	39,100	1,451,058	126,830	2,086,056
Balance as of 31 December 2012 (audited)		469,068	43,884	1,469,960	74,934	2,057,846
Transfer from other reserves to cover the losses of subsidiary		-	(192)	(423)	615	-
Total comprehensive income		-	-	-	37,663	37,663
<i>Net profit for the year</i>		-	-	-	37,663	37,663
Balance as of 31 March 2013 (pre-audited)		469,068	43,692	1,469,537	113,212	2,095,509



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

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>29 May 2013</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>29 May 2013</u>

Statements of changes in equity (cont'd)

<u>Company</u>	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 January 2012 (audited)		469,068	38,908	1,450,635	95,686	2,054,297
Total comprehensive income		-		-	30,914	30,914
<i>Net profit for the year</i>		-		-	30,914	30,914
Balance as of 31 March 2012 (pre-audited)		469,068	38,908	1,450,635	126,600	2,085,211
Balance as of 31 December 2012 (audited)		469,068	43,692	1,469,537	75,964	2,058,261
Total comprehensive income		-		-	37,873	37,873
<i>Net profit for the year</i>		-		-	37,873	37,873
Balance as of 31 March 2013 (pre-audited)		469,068	43,692	1,469,537	113,837	2,096,134

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

General Manager	Viktoras Valentukevičius		29 May 2013
Chief Accountant	Žydrūnas Augutis		29 May 2013

Statements of cash flows

	Group		Company	
	Three months period ended 31 March 2013 (pre-audited)	Three months period ended 31 March 2012 (pre-audited)	Three months period ended 31 March 2013 (pre-audited)	Three months period ended 31 March 2012 (pre-audited)
I. Cash flows from (to) operating activities				
I.1. Net profit	37,663	30,716	37,873	30,914
Adjustments of non-cash items and other corrections:				
I.2. Depreciation and amortisation	29,163	28,518	29,133	28,455
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(2)	(22)	(2)	(22)
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	239	(79)	239	(79)
I.5. Income tax expenses	6,756	7,935	6,756	7,932
I.6. Interest (income)	(382)	(465)	(374)	(455)
I.7. Interest expenses	710	67	710	67
I.8. (Amortisation) of the grants (deferred revenue)	(1,608)	(1,376)	(1,608)	(1,376)
I.9. Elimination of the other investing activity results	121	-	-	-
I.10. Elimination of other non-cash items	-	(7)	-	(7)
	72,660	65,287	72,727	65,429
Changes in working capital:				
I.11. Decrease (increase) in inventories	(223)	(1,413)	(223)	(1,415)
I.12. Decrease (increase) in trade accounts receivable	27,470	17,507	27,468	17,510
I.13. Decrease (increase) in other accounts receivable and prepayments	(25,537)	(69)	(25,569)	(57)
I.14. Increase (decrease) in trade accounts payable	(35,692)	(48,384)	(35,689)	(48,397)
I.15. Increase (decrease) in other accounts payable and other current liabilities	50,981	(413)	50,976	(425)
I.16. (Increase) decrease of other financial assets	(14,506)	-	(14,506)	-
I.17. Income tax (paid)	(1)	(679)	(1)	(679)
Total changes in working capital	2,492	(33,451)	2,456	(33,463)
Net cash flows from operating activities	75,152	31,836	75,183	31,966
II. Cash flows from (to) investing activities				
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(36,517)	(20,318)	(36,517)	(20,316)
II.2. Proceeds from sales of property, plant and equipment	5	35	5	35
II.3. Decrease (increase) in term deposits	5,423	63	-	-
II.4. Interest received	130	511	123	501
II.5. Disposal (acquisitions) of other short term investments	-	10,000	-	10,000
Net cash flows (to) investing activities	(30,959)	(9,709)	(36,389)	(9,780)



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

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Statements of cash flows (cont'd)

	Group		Company	
	Three months period ended 31 March 2013 (pre-audited)	Three months period ended 31 March 2012 (pre-audited)	Three months period ended 31 March 2013 (pre-audited)	Three months ended 31 March 2012 (pre-audited)
III. Cash flows from (to) financing activities				
III.1. Dividends (paid)	(36)	(4)	(36)	(4)
III.2. Grants received	12,721	207	12,721	207
III.3. Interest (paid)	(681)	(7)	(681)	(7)
Net cash flows from (to) financing activities	12,004	196	12,004	196
IV. Net increase (decrease) in cash and cash equivalents	56,197	22,323	50,798	22,382
V. Cash and cash equivalents at the beginning of the period	112,457	95,884	112,417	95,569
VI. Cash and cash equivalents at the end of the period	168,654	118,207	163,215	117,951

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

General Manager	Viktoras Valentukevičius		29 May 2013
Chief Accountant	Žydrūnas Augutis		29 May 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 March 2013, income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the three months ended 31 March 2013 and 31 March 2012 are not audited. The consolidated and the Company's financial statements for the year ended 31 December 2012 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 2012.

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

2 Other material information

The Company, acting in compliance with the Law on Natural Gas and the Law on the Implementation of the Law on Natural Gas (transposing into the national law the EU third energy package) and acting in compliance with the related laws accompanying the aforesaid legislation, is currently in the process of the unbundling of its transmission activity. For a detailed report on the transmission activity unbundling-related actions undertaken by the Company see the Consolidated and Parent Company's annual financial statements 2012.

On 30 January 2013, the Board of Directors of AB Lietuvos Dujos adopted a decision on the liquidation the subsidiary company UAB Palangos Perlas. On May 2013, virtually all the assets of the subsidiary company UAB Palangos Perlas were transferred to the Company: the non-current assets totalling LTL 3,398 thousand and the cash totalling LTL 5,407 thousand.

3 Accounting principles

The Group's and the Company's condensed financial statements as of 31 March 2013 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

On 12 June 2012, the Seimas of the Republic of Lithuania passed the Law on the Liquefied Natural Gas Terminal (hereinafter referred to as "the LNGT"), setting forth that the installation and operation of the LNGT, including the infrastructure and the connector, may be co-financed with a mark-up imposed on the natural gas transmission tariff. Accordingly, on 9 October 2012, the National Control Commission for Prices and Energy (hereinafter referred to as "the NCCPE") adopted Resolution No. O3-294 "On the Adoption of Procedure for the Administration of Funds to Finance in Part or in Full the Costs Related to the Installation and Operation of the Liquefied Natural Gas Terminal, Including Infrastructure and Connector thereof", setting forth a procedure for the administration of the aforesaid funds. On 28 September 2012, the NCCPE by its Resolution No. O3-275 "On Amending the National Control Commission for Prices and Energy Resolution No. O3-106 on the Natural Gas Transmission and Distribution Price Cap Calculation Methodology as of 8 August 2008" set forth that funds required to compensate in full or in part for the costs incurred in relation to the installation of the LNGT, including the infrastructure and connector thereof, by a special NCCPE decision to that effect may be imposed as a complementary and integral component of the natural gas transmission price cap – an LNGT mark-up. By its Resolution No. O3-330 as of 26 October 2012 the NCCPE set the LNGT mark-up amount for the year 2013: LTL 37.53 per thousand cubic meters.

Since 1 January 2013, the Group and the Company, in implementation of the aforesaid legal provisions, have been collecting and administering the aforesaid LNGT funds. In the collection and administration of the LNGT funds, the Group and the Company act only as intermediaries that are performing this function for and on behalf of the State and this activity does not generate any revenue / profit in the process of the ordinary activities of the Company. The LNGT funds, which are collected from the payers and transferred to the beneficiaries (to the company that is implementing the LNGT project or the LNGT operator) are not considered to be either the Group's or the Company's revenue / expense items, and are accounted for as other receivables / other payables. The LNGT funds amount allocated to cover the LNGT fund administration costs are considered to be the Group's revenue and are accounted for as a gas transmission activity item.

Other accounting principles adopted in preparing the condensed financial statements for the three months period ended 31 March 2013 were the same as these used for preparing the financial statements for 2012 according to the IFRS, as adopted in the European Union.

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4 Construction in progress

Major objects of construction in progress of the Group and the Company as of 31 March 2013 and 31 December 2012 were as follows:

Object	Group		Company	
	31 March 2013 (pre-audited)	31 December 2012 (audited)	31 March 2013 (pre-audited)	31 December 2012 (audited)
Construction of the Jurbarkas – Klaipėda gas transmission pipeline:				
<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>	74,977	55,758	74,977	55,758
<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>	42,824	33,340	42,824	33,340
Acquisition of container-type GDS	3,780	3,780	3,780	3,780
Other (including UAB Palangos Perlas)	6,370	7,751	6,329	7,710
	85,127	67,289	85,086	67,248

5 Investment into joint venture

In the three months 2013 the results of the activities of the joint venture were immaterial.

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 March 2013 and 31 March 2012 is presented below:

Three months period ended 31 March 2013 (pre-audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	47,213	64,549	539,377	512	651,651
Profit before tax	10,744	10,008	23,587	80	44,419
Three months period ended 31 March 2012 (pre-audited)	Transmission	Distribution	Supply	Other activity	Total
Sales	48,529	67,573	582,726	396	699,224
Profit before tax	13,443	10,851	14,403	(46)	38,651

In the three months of 2013 and in the three months of 2012 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.

7 Trade receivables

	Group		Company	
	31 March 2013 (pre-audited)	31 December 2012 (audited)	31 March 2013 (pre-audited)	31 December 2012 (audited)
Receivables for natural gas, Transmission and distribution of natural gas from non-household customers	150,624	180,794	150,626	180,796
Receivables for natural gas, Transmission and distribution of natural gas from household customers	21,410	18,648	21,410	18,648
Other trade receivables	349	516	349	514
Less: allowance for trade receivables	(8,810)	(8,606)	(8,810)	(8,606)
	163,573	191,352	163,575	191,352

The Groups' and the Company's trade receivables for natural gas, Transmission and Distribution of natural gas from non-household customers as of 31 March 2013 decreased due to the lower volumes of natural gas consumed and due to the consumers' past due debt repaid at the beginning of the January 2013.

8 Other receivables

	Group		Company	
	31 March 2013 (pre-audited)	31 December 2012 (audited)	31 March 2013 (pre-audited)	31 December 2012 (audited)
LNGT funds receivable (administered by the Company)	25,589	-	25,589	-
Other receivables	13,160	13,190	13,159	13,159
Less: allowance for other receivables	(16)	(12)	(16)	(12)
	38,733	13,178	38,732	13,147

The Group's and the Company's Other receivables as of 31 March 2013 saw a significant increase due to the LNGT funds receivable (administered by the Company).

9 Other financial assets

The Group's and the Company's Other financial assets as of 31 March 2013 consisted of the cash payable to the LNGT beneficiaries that is kept in a separate LNGT funds bank account that was selected and opened in compliance with respective legal provisions.

10 Income tax

Income tax rate of 15 % is used for the profit of the year 2013 and 2012.

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11 Trade payables

	Group		Company	
	31 March 2013 (pre-audited)	31 December 2012 (audited)	31 March 2013 (pre-audited)	31 December 2012 (audited)
Suppliers of natural gas	172,673	189,851	172,673	189,851
Other	18,107	49,096	18,106	49,092
	190,780	238,947	190,779	238,943

As of 31 March 2013 the Group's and the Company's payables to the suppliers of natural gas decreased due to the lower volumes of natural gas bought.

As of 31 March 2013 the Group's and the Company's other trade payables decreased significantly mostly due to the decrease of the payables for construction and reconstruction works.

12 Other payables and current liabilities

	Group		Company	
	31 March 2013 (pre-audited)	31 December 2012 (audited)	31 March 2013 (pre-audited)	31 December 2012 (audited)
LNGT funds payable administered by the Company	14,506	-	14,506	-
Accrued LNGT funds administered by the Company *	23,740	-	23,740	-
VAT payable	43,445	36,853	43,445	36,853
Other payables	4,769	4,541	4,765	4,536
	86,460	41,394	86,456	41,389

The Group's and the Company's Other payables and current liabilities as of 31 March 2013 saw a significant increase, which mainly came as a result of the LNGT funds payable administered by the Company, accrued LNGT funds administered by the Company and the increase in the VAT payable.

* The accrued LNGT funds administered by the Company are attributed to the LNGT funds payable account only when natural gas transmission system users pay them to the Group and the Company.

13 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)	37,663	30,716
Weighted average number of shares in thousand	469,068	469,068
Basic earnings per share (in LTL)	0.08	0.07

14 Dividends

During the regular general shareholders' meeting on 25 April 2013, when approving the Company's 2012 profit and loss appropriation, the decision was made to pay to shareholders dividends in the amount of LTL 217 million (LTL 0.463 per ordinary registered share with the par value of LTL 1 per share) taking into account the redistribution of reserves formed in the previous year.

15 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 Lithuania. The Court of Appeal of Lithuania upheld the ruling of the Vilnius Regional Court. On 29 April 2013, the Company lodged a cassation appeal with the Lithuanian Supreme Court requesting reversal on appeal of the judgment of the Lithuanian Court of Appeal as of 21 February 2013 and requesting that the action brought by the plaintiff be either left unconsidered or dismissed altogether. The outcome of the case is uncertain and can not be reasonably estimated.

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 of Lithuania. The Supreme Administrative Court of Lithuania established that the procedure for the imposition of the fine against the Company could not have been initiated, and by its judgement issued on 22 May 2013 dismissed the appeal of the NCCPE and upheld the Vilnius Regional Administrative Court ruling of 17 December 2012 as well as upheld the decision to withdraw the fine that had been imposed on the Company. The judgment is final and conclusive.

Pursuant to the Law on the LNGT of the Republic of Lithuania and resolutions adopted by the NCCPE, all natural gas system users that transport natural gas through the transmission system, when they pay for gas transmission services are also charged an additional mark-up which is an integral part of the natural gas transmission price, the so-called LNGT-mark-up (funds). In implementation of the legislation, since 1 January 2013, the Company has been collecting the LNGT-funds from all the natural gas system users through the application of the LNGT-mark-up. In view of the fact that Achema, which is a transmission system user, has been systematically failing to pay the LNGT-mark-up, on 12 April 2013, the Company, being the administrator of the LNGT-funds, lodged a complaint with the Kaunas District Court regarding the payment of the LNGT-mark-up, default interest and the obligation to perform the contract. AB Achema has requested the Court to extend the deadline for the submission of a response to the claim lodged by AB Lietuvos Dujos. The outcome of the case will have no financial impact on the Company, because if the Court grants AB Lietuvos Dujos claim, the amount awarded will be afterwards transferred to the beneficiary of the LNGT-mark-up (funds).

AB LIETUVOS DUJOS, company code 120059523, Aguonų Str. 24, Vilnius, Lithuania
CONSOLIDATED AND PARENT COMPANY'S CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2013
(all amounts are in LTL thousand unless otherwise stated)

16 Related party transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions.

The related parties of the Group and the Company, transaction amounts and debts as of 31 March 2013 and 31 March 2012 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, related party previous to 14 March 2013 (same ultimate shareholder)

The tables below present the Company's balances and transactions with related parties as of 31 March 2013 and 31 March 2012. The Group's balances and transactions with related parties as of 31 March 2013 and 31 March 2012 are the same as those of the Company, except the transactions and outstanding balances with UAB Palangos Perlas which are not included.

As of 31 March 2013 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	538,761	10,514	3,638	172,673
UAB Palangos Perlas	-	4	2	-
AS Latvijas Gaze	108	-	-	88
UAB GET Baltic	-	76	1	-
	538,869	10,594	3,641	172,761

As of 31 March 2012 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	597,253	10,846	3,510	146,461
UAB Palangos Perlas	6	31	9	-
AS Latvijas Gaze	763	-	-	739
UAB Kaunas Heat and Power Plant	-	4,313	795	-
	598,022	15,190	4,314	147,200

There were no receivables from related parties and payables to them, for which the guarantees would be provided for or received. As at 31 March 2013 the Group and the Company has not accounted for any allowance for receivables from related parties.



Consolidated pre-audit results of AB Lietuvos Dujos for Quarter 1 of 2013

AB Lietuvos Dujos consolidated pre-audit sales of Quarter 1 of 2013, decreased by 7% year-on-year, and amounted to LTL 651.7 million (Q 1 of 2012: LTL 699.2 million). The decrease in sales came as a result of the decline in the Company's natural gas sales and transportation volumes.

AB Lietuvos Dujos consolidated pre-audit profit before tax of Quarter 1 of this year amounted to LTL 44.4 million (Q 1 of 2012: LTL 38.7 million), and net profit for the period amounted to LTL 37.7 million (Q 1 of 2012: LTL 30.7 million). The increase in the profit was mainly determined by the recovery of part of compensation for the loss incurred by the Company back in Quarter 1 of 2012, which was then caused by the gap between the gas import price included as input data into the tariff calculation for household customers and the actual gas import price that the Company was charged when procuring its natural gas supplies. Due to the seasonal nature of natural gas business, the Company's financial results of the first quarter of the year are as a rule always the best, compared to all other quarters of year. In the cold season the Company's natural gas transportation and sales volumes are at their peak, whereas the expenses, including the repairs expenses, etc. tend to be mostly incurred in later quarters of the year.

EBITDA of Quarter 1 of 2013 also showed a rise – in comparison with the respective period of previous year, EBITDA increased by LTL 7.2 million or by 11%, and amounted to LTL 73.7 million.

In Quarter 1 of 2013, the Company's investments totalled LTL 24.1 million (Q1 of 2012: LTL 6.8 million). The largest share of the investments of Quarter 1 of 2013 constituted investments into *The Šakiai–Klaipėda Gas Transmission Pipeline Project*. The year 2012 saw the completion of the construction of one of the sections of this gas transmission pipeline, i.e. the section from Jurbarkas to Tauragė, and this year will see the continuation of works for the construction of the remaining part of this gas transmission pipeline from Tauragė to Klaipėda and the Klaipėda M&R Station. In Quarter 1 of 2013, investments into the construction of this section of the gas transmission pipeline totalled LTL 19.2 million. Total cost of the construction of the gas transmission pipeline section from Jurbarkas to Klaipėda will amount to LTL 160 million. The implementation of this project is in part co-financed with the European Union Structural Fund grants. The construction of the gas pipeline section from Tauragė to Klaipėda and the Klaipėda M&R Station is scheduled for completion by the end of the year 2013.

In implementation of an international gas interconnection project, on 8 March 2013, AB Lietuvos Dujos, together with the Polish Gas Transmission System Operator GAZ-SYSTEM S.A., submitted to the European Commission their application request seeking financial assistance for the Environmental Impact Assessment procedures of the Polish-Lithuania Gas Interconnection Project.

Recently we saw a successful completion of another major international project which was also co-financed with the EU fund grants – *The Enhancement of the Throughput Capacity of the Lithuanian-Latvian Gas Interconnector*. It was a cross-border project carried out on both Lithuanian and Latvian soil, as a result of which, the bidirectional technological facilities ensuring throughput capacity of the gas interconnector in both Latvia and Lithuania were enhanced to over 6 MCM/day.

Recently was successfully completed another cross-border project which was also co-financed by the EU funds – The Enhancement of the Capacity of the Lithuanian-Latvian Gas Interconnection. The project was carried out both in the Lithuanian and Latvian territories, and as a result, the bi-directional technical capacity of the gas interconnection was enhanced to over 6 MCM/day.

In Quarter 1 of 2013, natural gas transportation volumes to customers of Lithuania via the natural gas transmission system of AB Lietuvos Dujos amounted to 1,020.7 MCM, which represents a drop of 6% year-on-year (Q 1 of 2012: 1,087.4 MCM). In implementation of the EU legislation regarding Third Party Access to gas networks, the Company transported for third parties 622.1 MCM of natural gas, which accounts for 61% of the Company's total gas transmission volumes. Both the tariffs and the terms of gas transportation services are subject to strict state regulation.

In Quarter 1 of 2013, the Company's natural gas distribution volumes totalled 377.3 MCM, which represents a drop of 5% year-on-year.

In Quarter 1 of 2013, the Company's natural gas volume sales totalled 398.6 MCM, a decrease of 10% year-on-year (Q 1 of 2012: 444.8 MCM). Of the aforesaid total, volumes sold to the household customers amounted to 64.0 MCM, a decrease of 7% year-on-year, and volumes sold to the non-household customers amounted to 334.6 MCM, a decrease of 11% year-on-year.

In Quarter 1 of 2013, AB Lietuvos Dujos transit to the Kaliningrad Region of the Russian Federation amounted to 649.3 MCM of natural gas, which represents a drop of 4% year-on-year.

"The decrease in gas supply and transportation volumes mainly came as a result of the decline in gas consumption by heat and electricity companies, which in turn was caused by the authorities decision to reduce the electricity production quotas and opt for the increased reliance on electricity imports rather than on local electricity production. Where energy consumers had several fuel options, it was not always that they chose specifically natural gas. This proves once again that natural gas is experiencing fierce competition", this was how Dr Joachim Martin Hockertz, Deputy General Manager - Director of Commerce of AB Lietuvos Dujos, commented on the decline in sales in Q 1 of 2013.

AB Lietuvos Dujos sells natural gas to 557 thousand both household and non-household consumers, and supplies with natural gas almost 100% of the Lithuanian natural gas household consumers.

AB Lietuvos Dujos shares are listed on the Main List of the Stock Exchange NASDAQ OMX Vilnius.

*LTL 3.45=EUR 1