



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

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CONFIRMATION OF RESPONSIBLE PERSONS

31 July 2013 No 7-31-1288

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 Condensed Financial Statements for the Six Months Ended 30 June 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.

General Manager

Viktoras Valentukevičius

Deputy General Manager–
Chief Financial Officer

Giedrė Glinskienė

AB LIETUVOS DUJOS

**CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

Statements of financial position

	Notes	Company	Company	Group
		As of 30 June 2013 (pre-audited)	As of 31 December 2012 (audited)	As of 31 December 2012 (audited)
ASSETS				
A. Non-current assets		784,866	2,364,314	2,358,438
I. Intangible assets		2,341	2,623	2,624
II. Property, plant and equipment		781,997	2,351,181	2,354,535
II.1. Land		1	388	388
II.2. Buildings and structures		727,332	1,984,871	1,988,018
II.2.1. Buildings		56,730	82,851	85,998
II.2.2. Transmission networks and related installations		-	1,202,474	1,202,474
II.2.3. Distribution networks and related installations		668,555	676,000	676,000
II.2.4. Other buildings and structures		2,047	23,546	23,546
II.3. Machinery and equipment		14,473	250,785	250,785
II.4. Vehicles		8,830	15,376	15,437
II.5. Other equipment, tools and devices		18,700	29,024	29,129
II.6. Other property, plant and equipment		3,052	3,489	3,489
II.7. Construction in progress	4	9,609	67,248	67,289
III. Non-current financial assets		528	10,510	1,279
III.1. Investment into subsidiary	2	-	9,181	-
III.2. Investment into joint venture	1	524	1,320	1,270
III.3. Non-current accounts receivable		4	9	9
B. Current assets		172,541	564,249	569,745
I. Inventories and prepayments		51,349	80,651	80,653
I.1. Inventories		50,563	80,108	80,108
I.1.1. Raw materials, spare parts and other inventories		2,528	6,998	6,998
I.1.2. Goods for resale (including natural gas)	7	48,035	73,110	73,110
I.2. Prepayments		786	543	545
II. Accounts receivable		61,669	204,499	204,530
II.1. Trade receivables	8	60,481	191,352	191,352
II.2. Other receivables	9	1,188	13,147	13,178
III. Prepaid income tax		-	6,682	6,682
IV. Other current assets		-	160,000	165,423
V. Other financial assets	10	-	-	-
VI. Cash and cash equivalents		59,523	112,417	112,457
C. Discontinued operations	6	1,705,184	-	-
Total assets		2,662,591	2,928,563	2,928,183

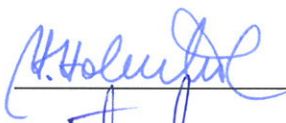
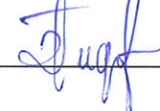
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The accompanying notes are an integral part of these financial statements.

Statements of financial position (cont'd)

	Notes	Company	Company	Group
		As of 30 June 2013 (pre-audited)	As of 31 December 2012 (audited)	As of 31 December 2012 (audited)
EQUITY AND LIABILITIES				
D. Equity		1890,272	2,058,261	2,057,846
I. Share capital		290,686	469,068	469,068
II. Reserves		357,082	1,513,229	1,513,844
II.1. Legal reserve		29,069	43,692	43,884
II.2. Other reserves		328,013	1,469,537	1,469,960
III. Retained earnings		37,983	75,964	74,934
IV. Equity of discontinued operations	6	1,204,521	-	-
E. Liabilities		772,319	870,302	870,337
I. Non-current liabilities		172,063	567,036	567,057
I.1. Non-current borrowings		-	180,000	180,000
I.2. Grants (deferred revenue)	11	132,586	230,805	230,805
I.3. Non-current employee benefits		7,952	9,097	9,097
I.4. Deferred tax liability		31,525	147,134	147,155
II. Current liabilities		99,593	303,266	303,280
II.1. Current portion of non-current borrowings		-	2,144	2,144
II.2. Trade payables	13	57,111	238,943	238,947
II.3. Prepayments received		18,946	9,738	9,739
II.4. Prepaid income tax		2,596	-	-
II.5. Payroll related liabilities		13,303	11,052	11,056
II.6. Other payables and current liabilities	14	7,637	41,389	41,394
III. Liabilities of discontinued operations	6	500,663	-	-
Total equity and liabilities		2,662,591	2,928,563	2,928,183

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

General Manager	Viktoras Valentukevičius		31 July 2013
Chief Accountant	Žydrūnas Augutis		31 July 2013

Income statements

	Company		Group		Company		Group	
	Three months period ended 30 June 2013 (pre-audited)	Three months period ended 30 June 2012 (pre-audited, restated*)	Three months period ended 30 June 2012 (pre-audited, restated*)	Three months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited, restated*)	Six months period ended 30 June 2012 (pre-audited, restated*)	Six months period ended 30 June 2012 (pre-audited, restated*)	Six months period ended 30 June 2012 (pre-audited, restated*)
I. Revenue	267,647	262,788	262,897	873,069	914,364	914,364	914,511	
I.1. Sales	266,327	261,709	261,818	870,768	912,366	912,366	912,513	
I.2. Other income	1,320	1,079	1,079	2,301	1,998	1,998	1,998	
II. Expenses	(258,344)	(248,034)	(248,681)	(830,460)	(874,891)	(874,891)	(875,781)	
II.1. Cost of natural gas	(217,800)	(208,046)	(208,046)	(750,395)	(798,063)	(798,063)	(798,063)	
II.2. Other expenses	(40,544)	(39,988)	(40,635)	(80,065)	(76,828)	(76,828)	(77,718)	
III. Financial activity	(146)	547	557	433	1,231	1,231	1,251	
III.1. Income	407	547	557	986	1,232	1,232	1,252	
III.2. Expense	(553)	-	-	(553)	(1)	(1)	(1)	
IV. Profit before tax	9,157	15,301	14,773	43,042	40,704	40,704	39,981	
V. Income tax	1,564	510	(106)	(5,059)	(5,301)	(5,301)	(5,920)	
V.1. Current period income tax	1,080	9	9	(6,232)	(6,418)	(6,418)	(6,418)	
V.2. Deferred income tax	484	501	(115)	1,173	1,117	1,117	498	
VI. Net profit from continuing operations	10,721	15,811	14,667	37,983	35,403	35,403	34,061	
VII. Net profit from discontinued operations	417	1,555	1,555	11,028	12,877	12,877	12,877	
VIII. Net profit total	11,138	17,366	16,222	49,011	48,280	48,280	46,938	
Basic and diluted earnings per share (LTL)	0.024	0.037	0.035	0.104	0.103	0.103	0.100	
Basic and diluted earnings per share (LTL) from continuing operations	0.023	0.034	0.031	0.081	0.075	0.075	0.073	

* Information has been restated by reflecting the transmission activity of the Group and the Company as discontinued operations, see Note 6 in the Notes to the financial statements.
 The accompanying notes are an integral part of these financial statements.

General Manager  Viktoras Valentukevičius 31 July 2013

Chief Accountant  Žydrūnas Augutis 31 July 2013

Statements of comprehensive income

	Company		Notes	Company		Group	Company		Group
	Three months period ended 30 June 2013 (pre-audited)	Three months period ended 30 June 2012 (pre-audited)		Three months period ended 30 June 2012 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)		Six months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)	
I. Net profit	11,138	17,366		16,222	49,011	16,222	48,280	46,938	
II. Total comprehensive income	11,138	17,366		16,222	49,011	16,222	48,280	46,938	

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

General Manager _____ Viktoras Valentukevičius



31 July 2013

Chief Accountant _____ Žydrūnas Augutis



31 July 2013

CONDENSED FINANCIAL STATEMENTS

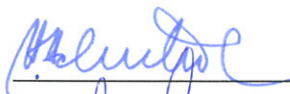
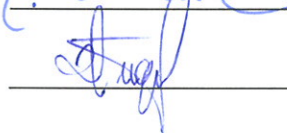
FOR THE SIX MONTHS ENDED 30 JUNE 2013

(all amounts are in LTL thousand unless otherwise stated)

Statements of changes in equity

Company	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Discontinued operations	Total
Balance as of							
1 January 2012 (audited)		469,068	38,908	1,450,635	95,686	-	2,054,297
Transfer to legal reserves		-	4,784		(4,784)	-	-
Transfer to other reserves		-	-	18,902	(18,902)	-	-
Dividends declared		-	-	-	(72,000)	-	(72,000)
Total comprehensive income		-	-	-	48,280	-	48,280
<i>Net profit for the year</i>		-	-	-	48,280	-	48,280
Balance as of							
30 June 2012 (pre-audited)		469,068	43,692	1,469,537	48,280	-	2,030,577
Balance as of							
31 December 2012 (audited)		469,068	43,692	1,469,537	75,964		2,058,261
Transfer from other reserves		-	-	(160,000)	160,000	-	-
Transfer to legal reserves		-	3,215	-	(3,215)	-	-
Transfer to other reserves		-	-	15,749	(15,749)	-	-
Dividends declared	16	-	-	-	(217,000)	-	(217,000)
Discontinued operations	6	(178,382)	(17,838)	(997,273)	(11,028)	1,204,521	-
Total comprehensive income		-	-	-	49,011	-	49,011
<i>Net profit for the year</i>		-	-	-	49,011	-	49,011
Balance as of							
30 June 2013 (pre-audited)		290,686	29,069	328,013	37,983	1,204,521	1,890,272

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

General Manager	Viktoras Valentukevičius		31 July 2013
Chief Accountant	Žydrūnas Augutis		31 July 2013

CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

(all amounts are in LTL thousand unless otherwise stated)

Statements of cash flows

	<u>Company</u> Six months period ended 30 June 2013 (pre-audited)	<u>Company</u> Six months period ended 30 June 2012 (pre-audited))	<u>Group</u> Six months period ended 30 June 2012 (pre-audited)
I. Cash flows from (to) operating activities			
I.1. Net profit	49,011	48,280	46,938
Adjustments of non-cash items and other corrections:			
I.2. Depreciation and amortisation	58,476	56,960	57,086
I.3. Loss (gain) on property, plant and equipment, doubtful trade accounts receivable and inventories write-off and disposal	(291)	(176)	130
I.4. Impairment losses (reversal of impairment) for property, plant and equipment, financial assets, allowance for doubtful trade accounts receivable and inventories	986	647	647
I.5. Income tax expenses	3,445	7,801	8,421
I.6. Interest (income)	(597)	(730)	(750)
I.7. Interest expenses	1,411	117	117
I.8. (Amortisation) of the grants (deferred revenue)	(2,552)	(2,774)	(2,774)
I.9. Elimination of other non-cash items	(137)	(7)	(7)
	109,752	110,118	109,808
Changes in working capital:			
I.10. Decrease (increase) in inventories	6,430	(7,627)	(7,616)
I.11. Decrease (increase) in trade accounts receivable	120,345	103,611	103,587
I.12. Decrease (increase) in other accounts receivable and prepayments	(36,256)	(450)	(442)
I.13. Increase (decrease) in trade accounts payable	(155,727)	(137,843)	(137,826)
I.14. Increase (decrease) in other accounts payable and other current liabilities	45,643	(31,202)	(30,406)
I.15. (Increase) decrease of other financial assets	(26,666)	-	-
I.16. Income tax (paid)	(147)	(4,397)	(4,397)
Total changes in working capital	(46,378)	(77,908)	(77,100)
Net cash flows from operating activities	63,374	32,210	32,708
II. Cash flows from (to) investing activities			
II.1. (Acquisitions) of property, plant and equipment and intangible assets	(64,349)	(37,946)	(37,953)
II.2. Proceeds from sales of property, plant and equipment	331	301	3,802
II.3. Proceeds from investment into subsidiary	5,407	-	-
II.4. Decrease (increase) in term deposits	102,264	-	(3,442)
II.5. Receipt of non-current receivables and loans granted	5	-	-
II.6. Interest received	776	1,072	1,092
II.7. Disposal (acquisitions) of other short term investments	57,736	30,000	30,000
Net cash flows (to) investing activities	102,170	(6,573)	(6,501)

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

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CONDENSED FINANCIAL STATEMENTS

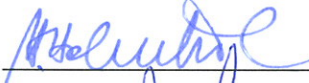
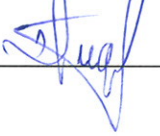
FOR THE SIX MONTHS ENDED 30 JUNE 2013

(all amounts are in LTL thousand unless otherwise stated)

Statements of cash flows (cont'd)

	<u>Company</u>	<u>Company</u>	<u>Group</u>
	Six months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)
III. Cash flows from (to) financing activities			
III.1. Dividends (paid)	(216,793)	(71,994)	(71,994)
III.2. Loans (repaid)	(1,072)	(1,072)	(1,072)
III.3. Grants received	26,233	4,150	4,150
III.4. Interest (paid)	(1,423)	(130)	(130)
Net cash flows from (to) financing activities	(193,055)	(69,046)	(69,046)
IV. Net increase (decrease) in cash and cash equivalents*	(27,511)	(43,409)	(42,839)
V. Cash and cash equivalents at the beginning of the period*	112,417	95,569	95,884
VI. Cash and cash equivalents at the end of the period*	84,906	52,160	53,045

*The reconciliation of the balance of cash and cash equivalents of the Company at the beginning and at the end of the period and change in this balance with discontinued and continuing operations is indicated in Note 6. The accompanying notes are an integral part of these financial statements.

<u>General Manager</u>	<u>Viktoras Valentukevičius</u>		<u>31 July 2013</u>
<u>Chief Accountant</u>	<u>Žydrūnas Augutis</u>		<u>31 July 2013</u>

Notes to the financial statements

1 General information

As UAB Palangos Perlas is under liquidation and its assets have been taken over, AB Lietuvos Dujos does not prepare the consolidated financial statements of the Group as of 30 June 2013 and is only submitting the condensed financial statements of the Company for the six months ended 30 June 2013. As the consolidated financial statements as of 30 June 2013 are not prepared, an investment into joint venture – UAB GET Baltic is accounted in the financial statements of the Company as of 30 June 2013 by the equity method.

The condensed financial statements of the Company, including the statements of financial position as of 30 June 2013 and the income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the six months ended 30 June 2013, and the condensed financial statements of the Group and the Company, including the statements of financial position as of 30 June 2012 and the income statements, statements of comprehensive income, statements of cash flows and statements of changes in equity for the six months ended 30 June 2012, have not been audited. The consolidated financial statements of AB Lietuvos Dujos, its subsidiary UAB Palangos Perlas, and the joint-venture UAB GET Baltic, which is jointly controlled with the Finnish natural gas company Gasum Oy, (hereinafter referred to as „the Group“) as of 31 December 2012 and the financial statements of the Company as of 31 December 2012 have been audited and have been prepared in accordance with the International Financial Reporting Standards (IFRS). In order to better understand the information set forth in these financial statements, these condensed financial statements should be read together with the consolidated and the Company's annual financial statements of 2012.

While explaining changes in the respective items of the statement of the financial position in Notes to the financial statements below, the data of these items as of 30 June 2013 is indicated together with the data of the discontinued operations.

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

2 Other material information

In accordance with the Law on Natural Gas and the Law on the Implementation to the Law on Natural Gas, which are transposing the provisions of the 3rd Energy Package of the European Union to national law and other associated subordinate legal acts, the Company is implementing the unbundling of the natural gas transmission activity. The actions related to the spin-off of the natural gas transmission activity, which have been completed by the Company, are described in detail in the annual Consolidated and Parent Company's financial statements 2012. On 11 June 2013, the extraordinary general meeting of the AB Lietuvos Dujos shareholders adopted the AB Lietuvos Dujos Unbundling Terms (hereinafter – Terms) and decided, according to the conditions provided for in the aforementioned Terms to unbundle from AB Lietuvos Dujos, which continues its activity, its portion (the natural gas transmission activity of AB Lietuvos Dujos) and to establish the new company Amber Grid on the bases of assets, rights, and obligations attributable to this portion. On 25 June 2013, the reduction of the AB Lietuvos Dujos authorized capital and the authorized capital of the AB Amber Grid were registered with the Register of Legal Entities. Prior to the unbundling, all the authorized capital is attributed to the Company so that the final unbundling statement of financial position of the Company, which will be completed on 31 July 2013, would reflect the transferred assets and equity, attributed to the portion that is unbundled as accurately as possible.

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

3 Accounting principles

The Company's condensed financial statements as of 30 June 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. 03-294 "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. 03-275 "On Amending the National Control Commission for Prices and Energy Resolution No. 03-106 on the Natural Gas Transmission and Distribution Price Cap Calculation

CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

(all amounts are in LTL thousand unless otherwise stated)

3 Accounting principles (cont'd)

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 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 Company act only as intermediariy 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 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 Company's revenue and are accounted for as a gas transmission activity item.

Other accounting principles adopted in preparing the condensed financial statements for the six months period ended 30 June 2013 were the same as these used for preparing the financial statements for 2012 according to the IFRS, as adopted in the European Union.

4 Construction in progress

Major objects of construction in progress of the Company and the Group as of 30 June 2013 and 31 December 2012 were as follows:

Object	Company	Company	Group
	30 June 2013 (pre-audited)	31 December 2012 (audited)	31 December 2012 (audited)
Continuing operations	9,609	3,027	3,068
Discontinued operations			
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>	93,374	55,758	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>	52,581	33,340	33,340
The works of installation of intelligent pig launcher and the pig receiver chambers in the Pabrade–Visaginas transmission pipeline	40,793	22,418	22,418
Acquisition of container-type GDS	1,129	720	720
Other	3,984	3,780	3,780
	3,368	3,963	3,963
	101,855	64,221	64,221
	111,464	67,248	67,289

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 Company.

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 (discontinued operations). The transmission activity also includes transit of natural gas to the district of Kaliningrad of the Russian Federation. On 30 June 2013, the segment of the transmission activity complies with the criteria of the discontinued operations indicated by the IFRS. Information regarding the discontinued operations is presented in Note 6.
- 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.

5 Segment information (cont'd)

The Company's segment information for the periods ended 30 June 2013 and 30 June 2012 is presented below:

Six months period ended 30 June 2013 (pre-audited)	Transmission (discontinued operations)	Distribution	Supply	Other activity	Total
Sales	81,630	93,045	776,859	864	952,398
Profit before tax	9,415	12,120	30,552	370	52,457

Six months period ended 31 June 2012 (pre-audited)	Transmission (discontinued operations)	Distribution	Supply	Other activity	Total
Sales	83,330	98,434	813,251	681	995,696
Profit before tax	15,377	22,649	17,639	416	56,081

In the six months of 2013 and in the six months of 2012 the Company earned over 98 % of its revenue from Lithuanian customers.

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

6 Discontinued operations

Upon adopting the AB Lietuvos Dujos Unbundling Terms at the general meeting of AB Lietuvos Dujos shareholders in accordance with the provisions of the 3rd Energy Package of the European Union regarding the spin-off of the transmission activity, the transmission activity complies with the criteria applied to discontinued operations in accordance with the IFRS requirements.

The assets, rights and obligations of the transmission activity related to the portion of the activity which is unbundled from AB Lietuvos Dujos will be transferred to the new company AB Amber Grid established during the spin-off as on 31 July 2013.

The total equity (net asset) of the transmission activity of the Company:

	As of 30 June 2013 (pre-audited)
Non-current intangible assets	1,284
Property, plant and equipment	1,574,324
Investment into joint venture	494
Inventories and prepayments	23,219
Raw materials, spare parts and other inventories	5,801
Goods for resale (including natural gas)	17,224
Prepayments	194
Current accounts receivable	53,814
Trade receivables	9,526
Other receivables	44,288
Current other financial assets	26,666
Cash and cash equivalents	25,383
Total assets from discontinued operations	1,705,184
Equity of discontinued operations	1,204,521
Non-current liabilities	180,000
Grants (deferred revenue)	119,477
Non-current employee benefits	1,146
Deferred income tax liability	113,016
Current portion of non-current borrowings	1,072
Trade payables	23,038
Current payroll related liabilities	2,407
Other current payables and liabilities	60,507
Total liabilities from discontinued operations	500,663
Total equity	1,705,184

AB LIETUVOS DUJOS, company code 120059523, Aaguonų Str. 24, Vilnius, Lithuania
CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013
(all amounts are in LTL thousand unless otherwise stated)

6 Discontinued operations (cont'd)

The results of the transmission activity of the Company:

	Six months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited, restated)
Sales	81,630	83,330
Other income	1,707	1,265
Expenses	(72,565)	(69,220)
Profit from operations	10,772	15,375
Financial activity	(1,357)	2
Profit from discontinued operations before tax	9,415	15,377
Income tax	1,613	(2,500)
Current period income tax	172	(5,322)
Deferred income tax	1,441	2,822
Net profit from discontinued operations	11,028	12,877

The reconciliation of the total net cash flows of the Company with the cash flows from (to) the discontinued operations and the continuing operations:

	Six months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)
Discontinued operations		
Net cash flows from operating activities	46,877	51,354
Net cash flows (to) investing activities	(43,556)	(20,491)
Net cash flows from (to) financial activities	1,150	(30,863)
Net increase in cash and cash equivalents	4,470	-
Cash and cash equivalents at the beginning of the period	20,913	-
Cash and cash equivalents at the end of the period	25,383	-
Continuing operations		
Net (decrease) in cash and cash equivalents from continuing operations	(31,981)	(43,409)
Cash and cash equivalents at the beginning of the period	91,504	95,569
Cash and cash equivalents at the end of the period	59,523	52,160
Total net (decrease) in cash and cash equivalents of the Company	(27,511)	(43,409)
Cash and cash equivalents at the beginning of the period	112,417	95,569
Cash and cash equivalents at the end of the period	84,906	52,160

Earnings per share

	Six months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)
Net profit attributable to the shareholders (in LTL thousand)	11,028	12,877
Weighted average number of shares in thousand	469,068	469,068
Basic earnings per share from discontinued operations (in LTL)	0.024	0.028

7 Goods for resale (including natural gas)

As of 30 June 2013, the accounting value of the natural gas stocks of the Company amounted to LTL 65,259 thousand, among them: the value of natural gas attributed to the discontinued operations amounted to LTL 17,224 thousand (as of 31 December 2012, the accounting value of natural gas stocks of the Company amounted to LTL 73,110 thousand). As of 30 June 2013, the balance of natural gas decreased mainly due to reduction in the volume of natural gas stored in pipelines and in the Latvian underground gas storage facility.

8 Trade receivables

As of 30 June 2013 the Company's trade receivables amounted to LTL 70,007 thousand, among them LTL 9,526 thousand was attributed to the discontinued operations (as of 31 December 2012 the Company's trade receivables amounted to LTL 191,351 thousand). The Company's trade receivables for natural gas, Transmission and Distribution of natural gas from non-household customers as of 30 June 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.

9 Other receivables

As of 30 June 2013 the Company's other receivables amounted to LTL 45,476 thousand, among them LTL 44,288 thousand was attributed to the discontinued operations (as of 31 December 2012 the Company's other receivables amounted to LTL 13,147 thousand). The other receivables as of 30 June 2013 increased significantly (up to LTL 35,415 thousand) due to the LNGT-funds receivable (administered by the Company).

10 Other financial assets

The Company's Other financial assets as of 30 June 2013 consisted of the amounts payable to the LNGT beneficiaries (LTL 26,666 thousand) that were kept in a separate LNGT-fund bank account that was selected and opened in compliance with respective legal provisions.

11 Grants (deferred revenue)

As of 30 June 2013 the Company's grants (deferred revenue) amounted to LTL 252,063 thousand, among them LTL 119,477 thousand was attributed to the discontinued operations (as of 31 December 2012, the Company's subsidies (deferred revenue) amounted to LTL 230,805 thousand). Increase in grants (deferred revenue) was influenced by received and receivable EU structural funds to implement the project Construction of Gas Transmission Pipeline Jurbarkas – Klaipėda.

12 Income tax

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

13 Trade payables

As of 30 June 2013, the Company's trade payables amounted to LTL 80,149 thousand, among them LTL 23,038 thousand were attributed to the discontinued operations (as of 31 December 2012, the Company's trade payables amounted to LTL 238,943 thousand). As of 30 June 2013 the Company's trade payables decreased mainly due to the lower volumes of natural gas bought.

14 Other payables and current liabilities

As of 30 June 2013 the Company's other payables and current liabilities amounted to LTL 68,144 thousand, among them LTL 60,507 thousand were attributed to the discontinued operations. As of 31 December 2012 the Company's other payables and current liabilities amounted to LTL 41,389 thousand respectively. The other payables and current liabilities as of 30 June 2013 saw a significant increase, which mainly came as a result of the payable LNGT-funds and accrued LNGT-funds administered by the Company, which amounted to LTL 59,777 thousand.

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 Company.

15 Earnings per share

Basic earnings per share reflect the Company's and 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:

	Company	Company	Group
	Six months period ended 30 June 2013 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)	Six months period ended 30 June 2012 (pre-audited)
Net profit attributable to the shareholders (in LTL thousand)	49,011	48,280	46,938
Weighted average number of shares in thousand	469,068	469,068	469,068
Basic earnings per share (in LTL)	0.104	0.103	0.100

16 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.

17 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. 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.

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 included as 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 operator, 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. 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).

18 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 Company, transaction amounts and debts as of 30 June 2013 and 30 June 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, the legal status "under liquidation" had been registered on 4 March 2013);
- UAB GET Baltic (joint venture where the Company has an interest);
- AS Latvijas Gaze (the same shareholders);
- OAO Beltransgaz (same ultimate 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 30 June 2013 and 30 June 2012.

As of 30 June 2013 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	751,407	17,497	2,446	45,997
UAB Palangos Perlas	-	4	-	-
AS Latvijas Gaze	786	-	-	-
UAB GET Baltic	1	587	313	-
	752,194	18,088	2,759	45,997

As of 30 June 2012 (pre-audited)	Purchases	Sales	Accounts receivable	Accounts payable
OAO Gazprom	813,423	18,002	2,535	57,261
OAO Beltransgaz	16	-	-	-
UAB Palangos Perlas	40	40	1	3
AS Latvijas Gaze	767	-	-	-
UAB Kaunas Heat and Power Plant	-	7,806	683	-
	814,246	25,848	3,219	57,264

There were no receivables from related parties and payables to them, for which the guarantees would be provided for or received. As at 30 June 2013 the Company has not accounted for any allowance for receivables from related parties.



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

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CONFIRMATION OF RESPONSIBLE PERSONS

30 August 2013 No 7-11-1418

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 AB Lietuvos Dujos Interim Report for the First Half of 2013 presents a true and fair review of the business development and business activities.

General Manager

Viktoras Valentukevičius

Deputy General Manager–
Chief Financial Officer

Giedrė Glinskienė



INTERIM REPORT FOR THE FIRST HALF OF 2013

(PREPARED ACCORDING TO THE RULES ON PREPARATION AND
SUBMISSION OF PERIODIC AND SUPPLEMENTARY INFORMATION AS
ADOPTED BY THE BANK OF LITHUANIA)

Vilnius
2013

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Reporting period for which the report was prepared

The first half of 2013.

Main data about the Company

Name of the issuer	AB Lietuvos Dujos (hereinafter referred as “the Company” or “LD”)
Legal form	public company
Date and place of registration	23 November 1990, Register of legal Entities
Identification number of the legal entity	120059523
Registrar of the Register of Legal Entities	PC Centre of Registers
Authorized capital	LTL 290,685,740
Address of the registered office	Aguonu St. 24, LT-03212 Vilnius, Lithuania
Tel.	+370 5 236 0210
Fax	+370 5 236 0200
E-mail address	ld@lietuvosdujos.lt
Website	www.dujos.lt

Major developments of the reporting period

- On 1 January, new natural gas transmission and distribution service tariffs as well as the natural gas tariffs for household customers set by Company’s Board of Directors decision No. 9 of 9 November 2012 and approved by the National Control Commission for Prices and Energy (hereinafter referred to as “the NCCPE”) on 21 November 2012 came into effect. The NCCPE also enacted that, in accordance with the requirements of the Law on the Liquefied Natural Gas Terminal and respective subordinate legal acts, in 2013 will collect from the transmission system users the assets for the liquefied natural gas terminal (hereinafter referred to as “LNGT”) by applying the LNGT component established by the Commission.

- On 30 January, the AB Lietuvos Dujos Board of Directors adopted the Terms and Conditions of the Spin-off of the Company. The members of the Company’s Board of Directors V. Golubev and K. Seleznev voted „for“ the approval of the Terms and Conditions of the Spin-off with a reservation clause.

- On 30 January, the AB Lietuvos Dujos Board of Directors adopted the decision to liquidate the subsidiary UAB Palangos Perlas from 28 February 2013. This decision was adopted with due consideration of the fact that, after the sale of the core object of the subsidiary UAB Palangos Perlas – a hotel in Palanga, the scope of the activity of UAB Palangos Perlas dramatically reduced.

- On 28 February, the NCCPE approved the Terms and Conditions of the Spin-off of AB Lietuvos Dujos.

- On 7 March, the Terms and Conditions of the Spin-off of AB Lietuvos Dujos was published publicly.

- On 25 April, the Company’s shareholders approved the results of the activity of 2012 at the General Meeting of the Company’s Shareholders and decided to pay out dividends amounting to LTL 217 million, or 46.3 Lithuanian cents per share.

- On 25 April, given that the election period of the Board of Directors elected at the General Meeting of Shareholders held on 23 April 2010 has expired, the Company's shareholders recalled the Board of Directors of AB Lietuvos Dujos: Dr Valery Golubev, Uwe Fip, Dr Achim Saul, Kirill Seleznev, and Kęstutis Žilėnas, and elected the following members of the new Board of Directors: Dr Valery Golubev, Uwe Fip, Dr Achim Saul, Kirill Seleznev, and Valdas Lastauskas. Dr Valery Golubev was elected as the Chairman of the Board of Directors, and Dr Achim Saul – as the Deputy Chairman of the Board of Directors. Viktoras Valentukevičius was assigned as the General Manager.

- On 24 May, the NCCPE approved the natural gas tariffs for household customer adopted by the Board of Directors of AB Lietuvos Dujos on 25 April 2013 and effective from 1 July 2013. Natural gas tariffs for household customers were not subjected to any change, and the validity of the tariffs applied in Half 1 of 2013 was prolonged.

- On 11 June, the shareholders of AB Lietuvos Dujos approved the Terms and Conditions of the Spin-off of the Company, adopted amendments to the Bylaws of AB Lietuvos Dujos, decided that the organizational management structure of AB Lietuvos Dujos, which continues the activity, is not subject to any change and is the same: the General Meeting of Shareholders, the Board of Directors, and the CEO of AB Lietuvos Dujos, decided that the members of the Board of Directors of AB Lietuvos Dujos: Dr Valery Golubev, Uwe Fip, Dr Achim Saul, Kirill Seleznev, Valdas Lastauskas, and the General Manager Viktoras Valentukevičius will continue to hold their positions, and adopted the Bylaws of AB Amber Grid to be established after the spin-off. The members of the Company's Board of Directors V. Golubev and K. Seleznev voted „for“ the approval of the Terms and Conditions of the Spin-off with a reservation clause.

- On 11 June, the first General Meeting of Shareholders of AB Amber Grid, the transmission system operator which is unbundled from the Company, was held. This meeting adopted the decision to elect as the members of the Board of Directors the following persons: Dr Aleksandr Frolov, Dr Rainer Link, Mario Nullmeier, Dr Aleksandras Spruogis, and Nikolay Vasilyev. The Board of Directors of AB Amber Grid elected Dr Rainer Link as the Chairman of the Board of Directors and Aleksandr Frolov – as the Deputy Chairman of the Board of Directors of AB Amber Grid, both for the two-year period, and designated Saulius Bilys to the position of the General Manager by concluding with him a fixed term employment contract effective from 12 June 2013, for the election period of the Board of Directors.

- On 20 June, the Company announced that the project on the upgrade of capacities of the Latvian-Lithuanian gas pipeline interconnection was completed 7 months ahead of a schedule. The core target of this project was to upgrade the capacities of the Latvian-Lithuanian gas pipeline interconnection so that gas supply safety in the region would be secured and the integration of gas systems of the Baltic States would be promoted. The total value of the project amounted to EUR 29.6 million, of which EUR 5.4 million was invested in Lithuania (works were performed by AB Lietuvos Dujos) and EUR 24.2 million was invested in Latvia (by AS Latvijas Gaze). Up to 50% of the value of the project was financed at expense of EC European Energy Program for Recovery of Economic.

- On 25 June, the new wording of the Bylaws of AB Lietuvos Dujos, the new company AB Amber Grid which was established after the implementation of the spin-off of AB Lietuvos Dujos, and its Bylaws were registered with the Register of Legal Entities of the Republic of Lithuania.

- On 27 June, the NCCPE adopted the decision regarding the validity of the natural gas transmission cap price set by AB Lietuvos Dujos, a supplementary and integral component to the natural gas transmission cap price (the LNGT component), and specific prices for natural gas transmission services for AB Amber Grid, which is taking over the performance of the natural gas transmission activity from AB Lietuvos Dujos. The natural gas transmission cap price and specific prices for natural gas transmission services will be effective for AB Amber Grid from the date of issuance to AB Amber Grid of the temporary licence for the natural gas transmission activity by

the NCCPE in accordance with the procedure prescribed by legal acts and for the period which expires on 31 December 2013.

Major developments after the reporting period

- On 18 July, the NCCPE adopted the decision to revoke the validity of licence No. L2-GDP-01 on the natural gas transmission issued to AB Lietuvos Dujos by decision No. 134 of the Commission of 17 December 2011 (as supplemented and partially amended by decision No. O3-51 of the Commission of 25 April 2008) from 1 August 2013 and to issue to AB Amber Grid the temporary licence on natural gas transmission from August 1 2013.

- On 1 August, the Transfer Deed by which AB Amber Grid took over the assets, rights, and obligations of AB Lietuvos Dujos attributed to the natural gas transmission activity was signed.

- On 20 August, AB Lietuvos Dujos and AB Amber Grid signed the Final Spin-off Balance Sheet as of 31 July 2013.

Natural gas business environment

Implementation of the Third Energy Package. In accordance with the Law on Natural Gas and the Law on the Implementation of the Law on Natural Gas, which are transposing the provisions of the EU Third Energy Package to national law, the Government of the Republic of Lithuania (hereinafter referred to as "the GRL") in the fourth calendar quarter of 2011 adopted the following resolutions setting forth the Company's actions for the transformation of the Company: Resolution No. 1239 of 28 October 2011 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 and Resolution No. 1417 of 7 December 2011 on the Adoption of the Description of the Procedure 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.

In accordance with the requirements of legal acts of the Republic of Lithuania, on 31 January 2013, the Company submitted to the NCCPE the Terms and Condition of the Spin-off of the Company, which were adopted by the Board of Directors of AB Lietuvos Dujos on January 30 2013 and which were prepared in accordance with the decision adopted by the Extraordinary General Meeting of Shareholders of 28 May 2012 and Decision No. O3-145 of the NCCPE of 15 June 2012.

On 28 February 2013, the NCCPE approved the Terms and Conditions of the Spin-off of the Company, which were published on 7 March 2013.

On 11 June 2013, the Extraordinary General Meeting of Shareholders of AB Lietuvos Dujos adopted the Terms and Conditions of the Spin-off of AB Lietuvos Dujos and decided, according to the provisions of the aforementioned Terms and Conditions of the Spin-off, to unbundle from AB Lietuvos Dujos, which is continuing its activities, some portion (the natural gas transmission activity of AB Lietuvos Dujos) and to establish the new company AB Amber Grid on the basis of the assets, rights, and obligations charged to this portion.

In accordance with the decision of the Extraordinary General Meeting of Shareholders of AB Lietuvos Dujos of 11 June 2013 and the adopted Terms and Conditions of the Spin-off of AB Lietuvos Dujos, Transfer Deed on the basis of which AB Amber Grid took over the assets, rights, and obligations of AB Lietuvos Dujos attributed to the natural gas transmission activity was signed on 1 August 2013.

On 20 August 2013, AB Lietuvos Dujos and AB Amber Grid signed the Final Spin-off Balance Sheet as of 31 July 2013. As the Terms and Conditions of the Spin-off of AB Lietuvos Dujos were drawn up on the basis of the financial statements as at 31 October 2012, the aforementioned

Balance Sheet adjusts the amounts of assets, equity, and liabilities transferred to AB Amber Grid reflecting the changes impacted by AB Lietuvos Dujos economic activities, which occurred prior to the date of their actual transfer to AB Amber Grid, which is prior to 31 July 2013.

Law on the Liquefied Natural Gas Terminal. On 12 June 2012, the Parliament of the Republic of Lithuania adopted the Law on the Liquefied Natural Gas Terminal, which is regulating the principal procedures for the installation, operation and maintenance of the liquefied natural gas (hereinafter referred to as „LNG“) terminal. Though the LNG terminal was developed as the commercial project of a state-controlled company, the provisions of the Law form the possibility to cover the costs of the installation and operation of the LNG terminal with the funds of all transmission system users irrespective of whether they will use the services of the LNG terminal or not.

On 27 June 2013, the Parliament of the Republic of Lithuania adopted the Law on Amendments to Art. 5, 10, and 11 of the Law on the Liquefied Natural Gas Terminal, which is enacting that all constant operational expenses of the LNG terminal required to maintain the activity of the LNG terminal are to be covered with the funds of all transmission system users. Though this Law eliminated mandatory obligation for gas supply companies importing gas to Lithuania via gas pipelines to procure gas from this LNG terminal, a new obligation was introduced for regulated electricity and/or heat energy producers to whom subsidized electricity production volumes are allocated and/or whose price for the energy produced are regulated by the state – the obligation, in the first instance, procure natural gas volumes imported through the LNG terminal matching the mandatory volume of the LNG terminal. Electricity and heat energy producers are obliged to enter into sales contracts with the designated supplier at least for a 5-year period. These provisions of the Law undoubtedly are limiting the competition in the gas sector and conflict with the goals of the EU energy policy aimed to the formation of the competitive and open internal market. The freedom to buy and sell gas is enacted by Directive No. 2009/73 concerning the common rules for the internal market in natural gas. Freedoms that are guaranteed to the EU residents by the Agreement, *inter alia*, the free movement of commodities, the freedom of establishment, and the freedom to render services, are feasible only under the conditions of an absolutely open market when all customers are provided with an option to freely choose their suppliers, while all suppliers are provided with an option to freely procure their customers. The provisions of the Directive expressly ban the discrimination of individual market players and secure free trade in natural gas.

Upon adopting the Law on the LNG Terminal on 12 June 2013, the NCCPE amended the Natural Gas Transmission and Distribution Price Cap Calculation Methodology, establishing the principles for the calculation of the so-called LNG terminal funds, i.e., the LNGT surcharge on the natural gas transmission price caps, and adopted the Procedure for the Administration of the Funds to cover the Costs or part Thereof Related to Installation and Operations of the LNG Terminal, its Infrastructure and Connector, and obliged the Company as a licensed natural gas transmission system operator to collect, administer, and transfer the LNGT funds to the LNG funds beneficiary. By its decision as of 19 October 2012 the NCCPE adopted the new additional and integral component of the transmission price for 2013 – the liquefied natural gas terminal component amounting to LTL 37.53/thousand m³, VAT excluded.

In accordance with the Law on the LNG Terminal and decisions of the NCCPE, the Company has been performing the functions of the LNGT funds administrator since 1 January 2013 and has been collecting from the system users the LNGT funds by applying the LNGT surcharge, adopted by the NCCPE, which will be transferred to the LNGT funds beneficiary upon the adoption of respective decisions of the NCCPE. The duty to administer these LNGT funds has been taken over by AB Amber Grid since 1 August 2013.

Licensing. The Law on Natural Gas stipulates that the activities of natural gas transmission (until 31 July 2013), distribution and supply carried out by the Company are subject to licensing. Licences are issued and the supervision of the licensed activities is executed by the NCCPE. By the natural gas distribution licence the Company is granted the right to engage in the gas distribution activities in the territory of 41 municipalities (out of 60). The natural gas supply licence

grants the Company the right to engage in the natural gas supply business in the territory of the Republic of Lithuania

LD has been granted a licence to engage in the natural gas transmission activities in all the administrative units of Lithuania. Upon the adoption of the Terms and Conditions of the Spin-off, on 31 January 2013, in accordance with the provisions of the Law on Natural Gas of the Republic of Lithuania, the Company notified to the NCCPE the intention to terminate licensed natural gas transmission activity on 31 July 2013.

On 1 July 2013 the Company submitted to the NCCPE the request to revoke natural gas transmission licence from 31 July 2013, 24:00 a.m. On the same date, the newly established company AB Amber Grid submitted to the NCCPE the request to issue the temporary licence on the natural gas transmission activity.

On 18 July 2013, the NCCPE adopted the decision to revoke natural gas transmission licence No. L2-GDP-01 issued to the AB Lietuvos Dujos by decision No. 134 of the NCCPE of 17 December 2011 (as supplemented and amended by decision No. O3-51 of the NCCPE of 25 April 2008) from 1 August 2013 and grant to AB Amber Grid the fix-term natural gas transmission licence, which will enter into the force on 1 August 2013.

Pricing system and natural gas tariffs. Natural gas transmission and distribution service tariffs applicable to all customers are subject to regulation. Price caps of the regulated service tariffs are set for a five-year regulation period and by the NCCPE decision may be adjusted. However, they may be adjusted not more often than once a year and in cases provided for by the Law on Natural Gas. The activity of natural gas supply is not subject to regulation

Specific natural gas transmission and distribution services tariffs are set by the Company on an annual basis. Natural gas tariffs for household customers are set once in every six months. The tariffs are submitted to the NCCPE for approval.

On 1 January 2013, new natural gas transmission and distribution service tariffs and the natural gas tariffs for household customers that were set by the Board of Directors of the Company and approved by the NCCPE, came into effect. Compared to the tariffs effective in Half 2 of 2012, the variable component of the tariff is reduced by LTL cent 8/m³ for all household customers. The fixed component of the tariff stays unchanged. Decrease of the variable component of the natural gas tariff for household customers could be even more significant and amount to LTL cent 12/m³ due to reduced natural gas import prices resulting from positive changes in the global oil and currency markets. However, in consequence of resolutions adopted by national authorities, from 1 January 2013, the tariff was increased by LTL cent 4.5/m³ in order to finance works for the construction of the liquefied natural gas terminal.

As regards natural gas prices for the non-household customers, these prices are subject to monthly recalculations and depend on the changes in the gas imports prices. Natural gas import price, in turn, depends on oil and gasoil prices in international market, the USD and EUR ratio set by the European Central Bank and the actual calorific value of natural gas. In 2013, prices for energy resources in the international markets stabilised. Therefore, even with due consideration of decline in the value of EUR against USD, natural gas prices for the non-household customers were gradually reducing in Half 1 of 2013.

With due consideration of the imported natural gas prices in Half 1 of 2013 and the global tendencies in oil and currency markets, on 25 April 2013, the Board of Directors of AB Lietuvos Dujos decided not to change applicable natural gas tariffs for household customers, i.e., from 1 July 2013 to apply the same tariffs which were in effect in Half 1 of 2013. On 24 May 2013, these tariffs were approved by the NCCPE.

For more detailed information on the LD natural gas service tariffs and gas tariffs for household customers see the Company website www.dujos.lt.

Market. In Half 1 of 2013, there were five companies importing natural gas into Lithuania: LD, AB Achema, UAB Dujotekana, UAB Kauno Termofikacijos Elektrinė and UAB Haupas. In Half 1 of 2013, the total volume of natural gas imported to Lithuania via system operated by LD amounted to 1.7 billion m³.

Natural gas to Lithuanian household and non-household customers was supplied by the following companies: LD, UAB Fortum Heat Lietuva, UAB Druskininkų Dujos, AB Agro Firm Josvainiai, and UAB Intergas. UAB Dujotekana and UAB Haupas supplied gas only to non-household customers.

AB Achema and UAB Kauno Termofikacijos Elektrinė imported natural gas for their own needs only.

Risk management

The Company has implemented a Risk Management System which is a constituent part of LD activities. The Risk Management process is carried out according to a Methodology that has been prepared by the Company. The Risk management working group has been set up by the Company to coordinate, monitor and supervise the risk management process. The risk management activities aim at maintaining an adequate business process control level, at minimizing the probability of occurrence of events that may cause risks and minimizing their possible negative effects, at ensuring that risks would not exceed the levels acceptable to LD and at implementing the Company's objectives.

The LD Risk Management Process comprises the following steps:

- Risk identification;
- Risk analysis, assessment and establishing the risk control measures;
- Developing the Risk Management Action Plan and implementation of measures of the Risk Management Action Plan;
- Monitoring and supervision of the Risk Management Process.

Main risks having the greatest impact on the Company's activities as follows:

- Organizational structure-related risk;
- Regulation-related risk;
- Competition-related risk;
- Natural gas import price fluctuation risk;
- Credit risk;
- Technical-related risk;
- Macroeconomic factors-related risk.

Financial performance

Key performance indicators

	30 June 2013	30 June 2012	31 Dec 2012
Performance indicators			
Volume of transmitted (discontinued operations) natural gas, M m ³	1,595.0	1,705.8	3,266.9
Volume of natural gas transit (discontinued operations), M m ³	1,082.5	1,101.4	2,167.4
Volume of distributed natural gas, M m ³	520.7	557.2	982.1
Volume of natural gas sales, M m ³	573.8	611.9	1,125.6
Number of customers that have concluded natural gas supply agreements as of the end of the period, thousand			
Household customers	550.8	549.0	550.3
Non-household customers	6.3	6.0	6.2
Length of gas pipelines operated, thousand km			

Transmission pipelines (discontinued operations)	1.9	1.9	1.9
Distribution pipelines	8.2	8.1	8.2
Employees			
Average number of employees	1,690	1,687	1,685

Key financial indicators of AB Lietuvos Dujos

	30 June 2013 continued operations	30 June 2013 discontinued (transmission) operations*	30 June 2012 AB Lietuvos Dujos**	31 Dec 2012 AB Lietuvos Dujos**
Financial results				
Sales, M LTL	870.8	81.6	995.7	1,872.4
Earnings before interest, taxes, depreciation and amortization (EBITDA), M LTL	62.3	48.8	111.8	184.2
Profit from operations, M LTL	42.6	10.8	54.8	70.0
Profit before tax, M LTL	43.0	9.4	56.1	71.5
Net profit, M LTL	38.0	11.0	48.3	76.0
Net cash flows from operating activities, M LTL	16.5	46.9	32.2	155.7
Investments, M LTL	15.8	45.5	36.6	158.3
Assets at the end of the year, M LTL	957.4	1,705.2	2,511.1	2,928.6
Equity at the end of the year, M LTL	685.8	1,204.5	2,030.6	2,058.3
Net financial debt, M LTL	-59.5	155.7	-48.9	-90.3
Profitability ratios				
EBITDA margin, %	7.1	58.6	11.2	9.8
Profit from operations margin, %	4.9	12.9	5.5	3.7
Profit before tax margin, %	4.9	11.3	5.6	3.8
Net profit margin, %	4.4	13.2	4.8	4.0
Average return-on-assets ratio (ROA), %	3.4	0.7	1.9	2.7
Average return-on-equity ratio (ROE), %	5.0	0.9	2.4	3.7
Return on capital employed (ROCE), %	6.1	0.8	2.7	3.1
Liquidity ratios				
Overall liquidity	1.7	2.7	1.8	1.9
Quick ratio	1.2	1.8	1.1	1.6
Leverage ratios				
Equity to asset ratio, %	71.6	73.3	80.9	70.3
Financial debt to equity ratio, %	0.0	15.0	0.2	8.9
Net financial debt to equity ratio, %	-8.7	12.9	-2.4	-4.4
Market value ratios				
Price-earnings ratio (P/E)***		20.75	19.16	12.06
Basic earnings per share, LTL	0.08	0.02	0.10	0.16
Dividend payment ratio, %	-	-	-	285.7
Dividends per share for the current year, LTL	-	-	-	0.46

* Since 1 January 2013 the Company as a transmission system operator, in accordance with the requirements of legal acts, acting as an agent on behalf of the State, has been collecting and administering the funds of Liquefied Natural Gas Terminal (LNGT). Therefore, balance of LNGT funds and related accounts receivables and accounts payables, including VAT, are eliminated in calculation of the financial ratios.

** The Company's ratios of H1 of 2012 and of 2012 are presented according to the Company's financial statements of those periods, which cover both continued operations and discontinued operations.

*** Ratio for 30 June 2013 (covers both continued and discontinued operations) was calculated by applying 18 June 2013 last AB Lietuvos Dujos shares trade price and 18 June 2013 registered authorized capital.

In accordance with the provisions of the Third Energy Package of the European Union regarding the spin-off of the transmission activity and upon adopting the Terms and Conditions of the Spin-off of AB Lietuvos Dujos at the General Meeting of Shareholders of AB Lietuvos Dujos, the transmission activity complies with the criteria applied to discontinued operations in accordance with the IFRS requirements. Therefore the data of discontinued operations of transmission activity is disclosed in the financial statements of Half I of 2013 as well.

As the subsidiary UAB Palangos Perlas is under liquidation and its assets have been taken over, AB Lietuvos Dujos did not draw up the financial statements of the Group of 30 June 2013 and is only submitting the financial statements of the Company for six months of 2013. The overview of the Company's financial results is presented below.

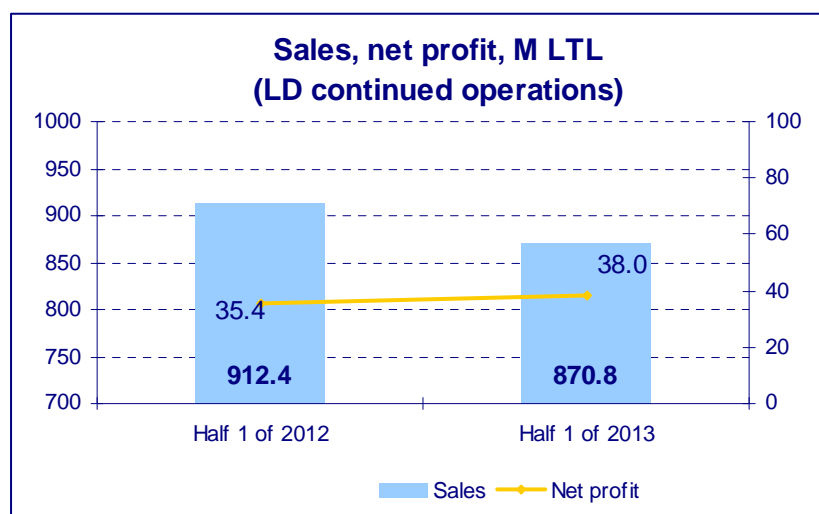
The sales from the operations continued by the Company in Half 1 of 2013, compared with the respective period of previous year, decreased by 5% and amounted to LTL 870.5 million (in H1 of 2012: LTL 912.4 million respectively). The sales from discontinued operations amounted to LTL 81.6 million (last year: LTL 83.3 million respectively). Decrease in sales was caused by reduction in gas sales and transportation volumes and lower gas sales prices for non-household customers.

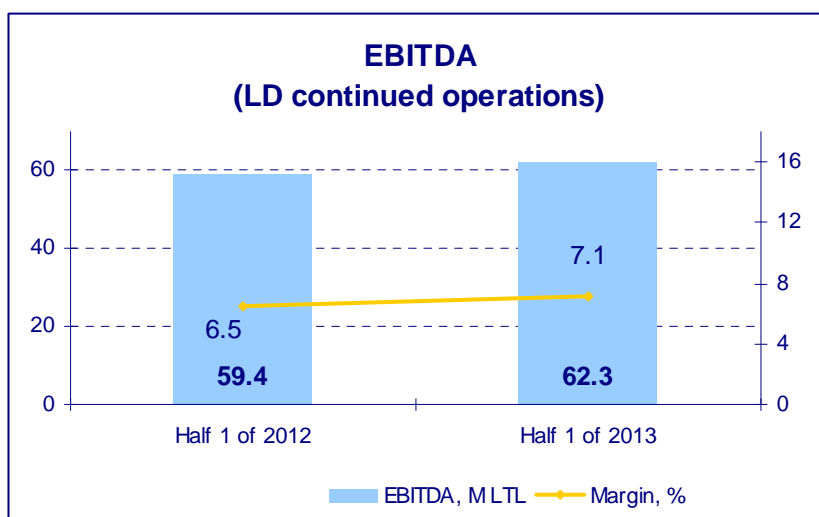
The expenses of the operations continued by the Company of H1 of 2013 decreased by 5% and amounted to LTL 830.5 million (for the same period of the previous year: LTL 874.9 million). The expenses of discontinued operations amounted to LTL 72.6 million (last year: LTL 69.2 million respectively). Decrease in the expenses of the operations continued was caused by reduction of natural gas purchase expenses by 6% (from LTL 798.1 million to LTL 750.4 million) due to decrease in the gas sales volume and a cut in the gas import price.

The profit before taxes of the operations continued by AB Lietuvos Dujos of Half 1 of 2013 amounted to LTL 43.0 million, while the profit before taxes of discontinued operations was LTL 9.4 million (the profit before taxes of the operations continued of Half 1 of 2012 was LTL 40.7 million, while the profit before taxes of discontinued operations of the same period was LTL 15.4 million).

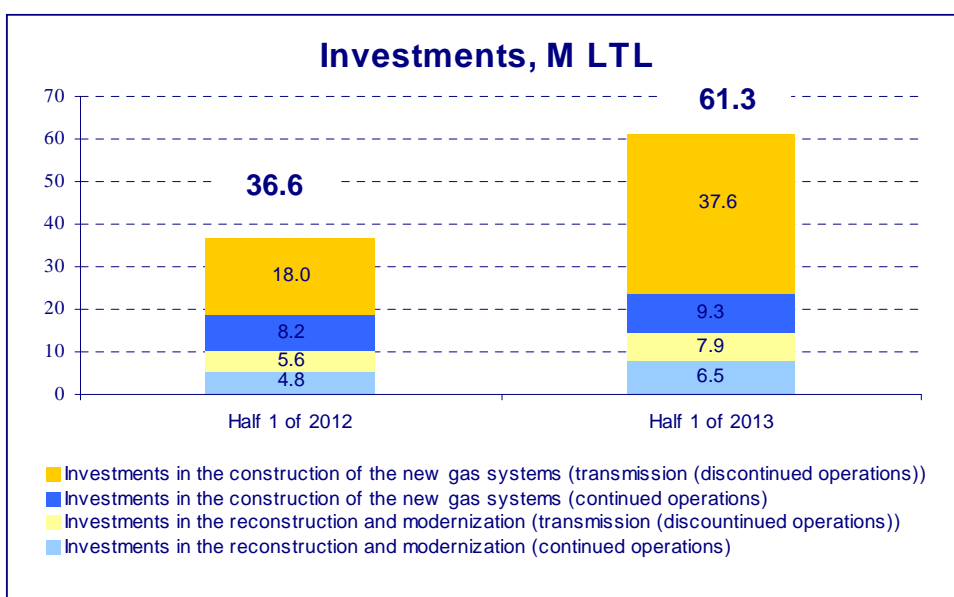
The net profit of the period in total amounted to LTL 48.0 million (for the same period of the previous year: LTL 48.3 million), of which the net profit of the operations continued: LTL 38.0 million (last year: LTL 35.4 million), the net profit of discontinued operations: LTL 11.0 million (last year: LTL 12.9 million).

EBITBA of the operations continued of Half 1 of 2013, compared to the same period of 2012, increased by LTL 2.9 million and amounted to LTL 62.3 million (last year: LTL 59.4 million), EBITDA of discontinued operations amounted to LTL 48.8 million (last year: LTL 52.4 million).





Investments. In Half 1 of 2013, the Company invested LTL 61.3 million (the major portion of which amounting to LTL 45.5 million was invested in the transmission activity (discontinued operations) and was transferred to AB Amber Grid as of 31 July 2013 in accordance with the Terms and Conditions of the Spin-off of AB Lietuvos Dujos adopted by the General Meeting of Shareholders), last year: LTL 36.6 million respectively. Investments in the project of the National Energy Strategy – the construction of the section of the Šakiai–Klaipėda transmission pipeline from Tauragė to Klaipėda formed the major share of investments of Half 1 of 2013.



For more information on the financial results of the Company see the condensed financial statements of the Company for six months ended 30 June 2013.

Research and development activities

Due to the nature and specificity of the Company's business activity, a lot of attention was devoted to the research into the diagnostics of natural gas pipelines, technical condition of gas facilities, environment protection, market development, and other activities in which LD is engaged.

In co-operation with the Polish gas transmission system operator GAZ-SYSTEM S.A. the possibilities of the gas transmission systems of both countries are being explored, the feasibility

study of the Poland-Lithuanian Gas Interconnector was completed. The European Commission's support was allocated to the performance of the feasibility study.

Business plans and forecasts

Upon unbundling the transmission activity, a fair share of attention will be dedicated to the proper and timely implementation of the provisions of the Law on Natural Gas, the Law on the Implementation of the Law on Natural Gas, and other legal acts regarding the transformation of the Company during the course of unbundling the supply and distribution activities.

The investment projects of the transmission system will be continued by AB Amber Grid, which is carrying out the natural gas transmission activity from 1 August 2013.

AB Lietuvos Dujos is going to continue the development of the distribution system with due consideration of needs of customers and safeguarding the reliability of the distribution system. The Company's plans foresee that about 2 thousand new customers will be connected in the course of the development of the distribution system in 2013.

To upgrade the safety of the gas distribution system of the city of Vilnius and the region of Vilnius and to enhance gas supply, the high pressure distribution gas pipeline interconnecting the Vilnius M&R-station and the Rudamina M&R-station is under construction. To safeguard the reliability of the distribution system of the city of Klaipėda, the high pressure gas pipeline interconnecting the newly constructed Klaipėda M&R-station-2 and the existing Klaipėda gas distribution system is constructed.

The Company will continue to implement the launched projects destined to increase the efficiency of the activity and to optimize the costs.

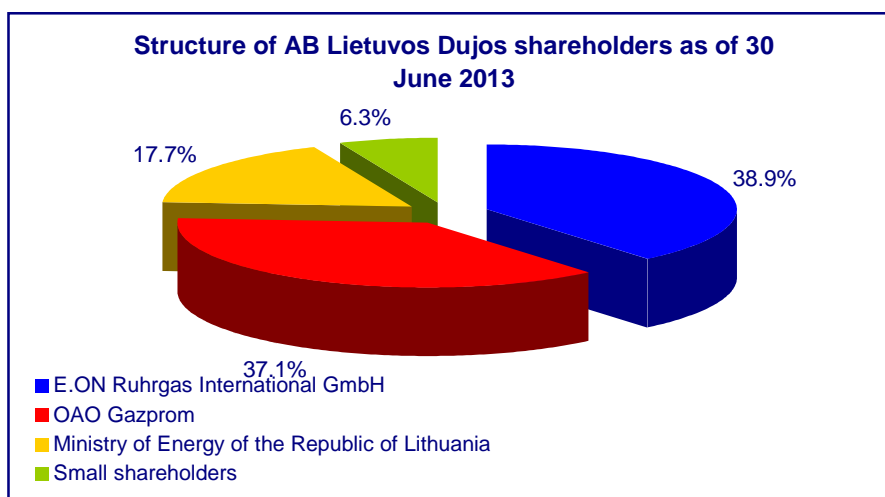
Management of the Company

Information on the observance of the Code of Governance. The Company has the disclosed information regarding the observance of provisions of the Code of Governance. All the information is available on the Company website www.dujos.lt and on the website of the Central Database of Regulated Information www.crib.lt.

Shareholders and shares. The Company's authorized capital amounts to LTL 290,685,740.00 and consists of 290,685,740 fully paid ordinary registered shares with the par value of LTL 1 each. In Half 1 of 2013, the amount of the authorized capital decreased in consequence of the spin-off of the transmission activity. On 25 June 2013, the reduction of the Company's authorized capital and AB Amber Grid authorized capital were registered with the Register of Legal Entities. However, in the financial statements of AB Lietuvos Dujos of 30 June 2013, the total authorized capital (LTL 469,068,254) is attributed to the Company so that the Company's final spin-off balance sheet of 31 July 2013 would reflect the assets transferred to the transmission activity and the equity of the transmission activity as accurate as possible. The par value per share and the structure of shareholders maintained the same.

AB Lietuvos Dujos shares entitle to equal property and non-property rights.

As of 30 June 2013, the total number of shareholders was 2,828.



The shareholders of the Company: E.ON Ruhrgas International GmbH, OAO Gazprom, and the Republic of Lithuania, whose shares are held in trust by the Ministry of Energy of the Republic of Lithuania, together control 93.7 % of the stock of AB Lietuvos Dujos and have the casting vote when taking decisions at the General Meeting of Shareholders. The aforesaid major shareholders have concluded a shareholders' agreement setting out the shareholders' common aims related to the Company's activities. The agreement is confidential.

The Company's shareholders: E.ON Ruhrgas International GmbH, OAO Gazprom, and the Republic of Lithuania, whose shares are held in trust by the Ministry of Energy of the Republic of Lithuania, are not subject to any securities disposal restrictions except the ones provided for in the share purchase-sale (privatization) agreements.

To the best of the Company's knowledge, there exist no shareholders arrangements that might serve as grounds for the securities disposal restrictions and/or the voting right restrictions except the arrangements provided for by the share purchase-sale (privatization) agreements and the shareholder' agreements.

There exists important agreement in which the Company is involved as a party and that would be changed or discontinued should there occur a change in the Company's control. This agreement is confidential.

The Company has not acquired its own shares and, in Half 1 of 2013, did not make any transactions related either to the acquisition or disposal of its own shares.

Data about trading in the Company's securities on the regulated markets

The Company's shares are traded on the regulated market; they are quoted on the Main List of the Stock Exchange NASDAQ OMX Vilnius.

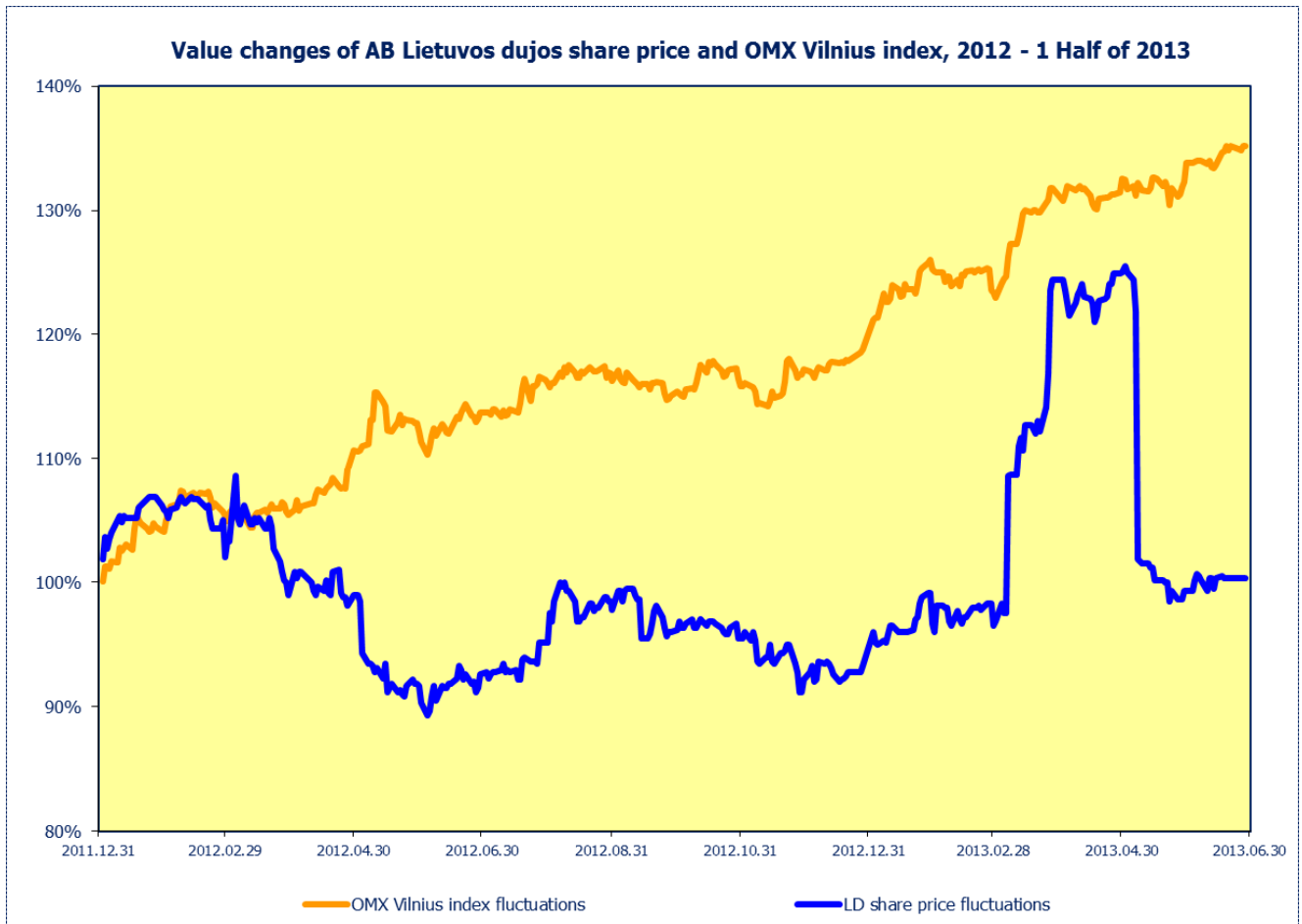
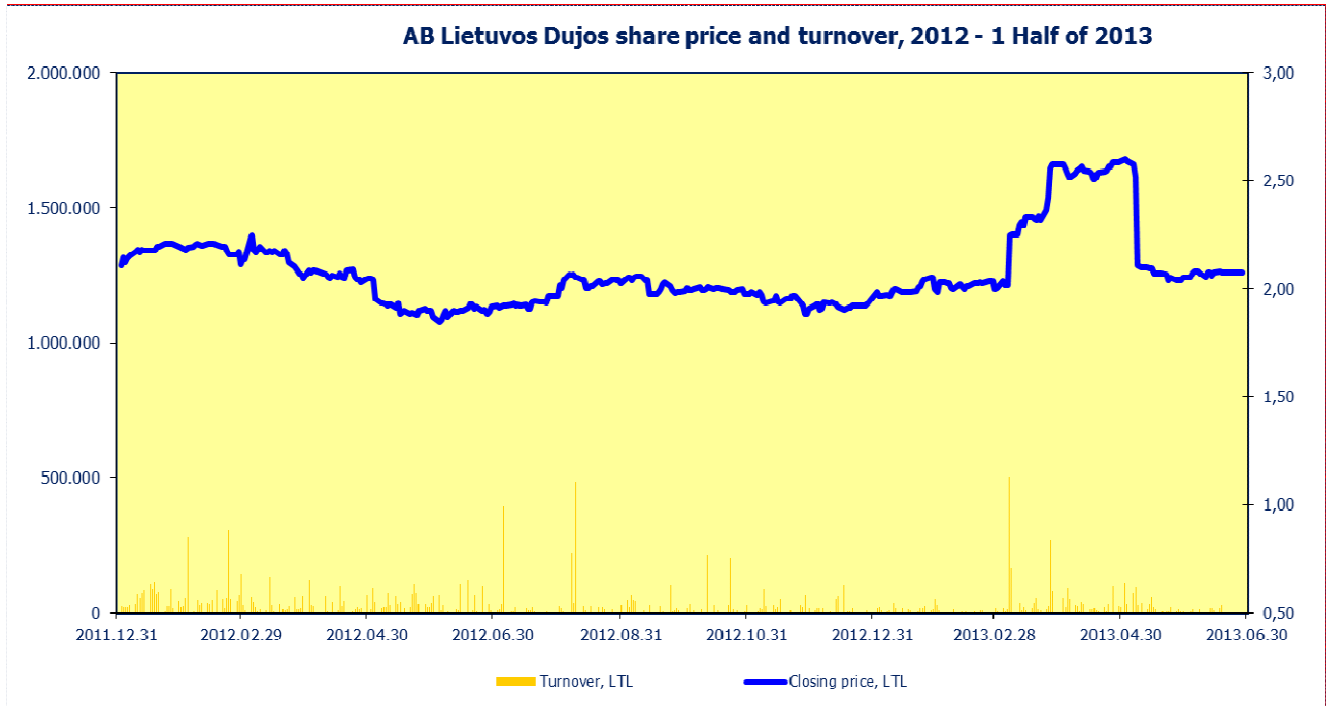
As of 30 June 2013, on the NASDAQ OMX Vilnius Main List, there were 290,685,740 ordinary registered shares of the Company with par value of LTL 1 (one) each (ISIN code LT0000116220); the total par value of the shares amounted to LTL 290,685,740. All the technical requirements related to the registration of the reduced emission were implemented on 2 July 2013.

As of 30 June 2013, the capitalization of the Company's shares amounted to LTL 973.3 million (the capitalization of the Company's shares was calculated based on the amount of the authorized capital indicated in the Company's financial statements of 30 June 2013 and the price per share of the last transaction of 18 June 2013 as trade of shares was suspended from 19 June 2013 until 1 July 2013). In Half 1 of 2013, the total turnover of trading in the Company's shares on the NASDAQ OMX Vilnius amounted to LTL 6.8 million, through the transactions that were concluded 2,952,843 shares were disposed of.

Share price dynamics at NASDAQ OMX Vilnius in Half 1 of 2013

Price per share as of 31 Dec 2012	LTL 1.930
Highest price per share in Half 1 of 2013	LTL 2.607
Lowest price per share in Half 1 of 2013	LTL 1.930
Price per share as of 30 June 2013*	LTL 2.075

*The price per share of the last transaction of 18 June 2013.



Starting from 2002, the Company has been pursuing a consistent dividend payout policy and every year it appropriates part of its profit to the payout of dividends. With due consideration of the redistribution of the reserves formed in previous years, it allocated to the payment of dividends in 2013 LTL 217.0 million or 46.3 Lithuanian cents per share (for the year 2011 was paid LTL 72.0 million or 15.3 Lithuanian cents per share).

Agreements with intermediaries of public trading in securities On 16 March 2012, AB Lietuvos Dujos concluded an agreement with AB SEB Bank regarding the accounting of the securities issued by the Company and the provision of services related to the securities accounts, with effect from 1 April 2012.

AB SEB bank requisites	
Company code	112021238
Banking license No.	2 (issued by the Bank of Lithuania on 29 November 1990, as subsequently amended)
Registered office	Gedimino pr. 12, Vilnius, Lithuania
Telephone numbers	+370 5 268 2800, short number 1518
E-mal	info@seb.lt
Website	www.seb.lt

Management structure

The Company is a vertically integrated enterprise. The activities of the Company are governed by the Law on Companies of the Republic of Lithuania, the Law on Securities of the Republic of Lithuania, the Bylaws of the Company as well as other applicable legal acts of the Republic of Lithuania. The competence of the General Meeting of Shareholders, the rights of shareholders and the procedure for the implementation thereof is as prescribed by the Law on Companies and the Bylaws of the Company.

The Company has five natural gas distribution branches in the regions of Lithuania: Vilnius, Kaunas, Klaipėda, Šiauliai, and Panevėžys.

The Bylaws of the Company provide for a possibility of amending the Bylaws by the decision of the General Meeting of Shareholders adopted by a majority vote that has to be no less than 2/3 of the total number of shares held by shareholders attending the General Meeting of Shareholders.

The Bylaws provide for the following governing bodies:

- Board of Directors,
- Chief Executive Officer – General Manager.

According to the Bylaws, the Company's Board of Directors consists of 5 (five) members elected for the period of three years in accordance with the procedure provided for in the Law on Companies of the Republic of Lithuania. The members of the Board of Directors elect the Chairman of the Board of Directors. The Chairman of the Board of Directors and his Deputy are elected for a period of two years by rotation. The members of the Board of Directors may be re-elected for another term. The powers of the Members of the Board of Directors and the fields of activity of the Chief Executive Officer of the Company are as prescribed by the Law on Companies and the Bylaws of the Company, there are no exceptions with regard to any powers of the Members of the Board of Directors or the Chief Executive Office subject to additional notification.

In accordance with the Law on Audit, since 2009, the Company has an Audit Committee in place. The authority, powers and duties of the Audit Committee are as provided for by the Regulations of the Formation and Activities of this supervisory body of the Company, which have been adopted by the decision of the General Meeting of Shareholders, and are in compliance with the requirements of legal acts. The term of office of the Audit Committee coincides with the term of

office of the Board of Directors by which the members of the Audit Committee were nominated. The main functions of the Audit Committee consist in the analysis of the correctness of the accounting methods applied by the Company, in monitoring the independence of the external audit company and the audit process, in the analysis of the efficiency of the internal control, the internal audit and the risk management systems.

Composition of the Board of Directors from 23 April 2012 to 25 April 2013

No	Full name	Position title	Start and end of term
Members of the Board of Directors:			
1.	Dr Peter Frankenberg*	Chairman of the Board of Directors***	April 2010–June 2012
2.	Dr Achim Saul**	Chairman of the Board of Directors***	July 2012–April 2013
3.	Dr Valery Golubev	Deputy Chairman of the Board of Directors***	April 2010–April 2013
4.	Uwe Fip	Member of the Board of Directors	April 2010–April 2013
5.	Kirill Seleznev	Member of the Board of Directors	April 2010–April 2013
6.	Kęstutis Žilėnas	Member of the Board of Directors	December 2011–April 2013

* Resigned with effect from 30 June 2012.

** Elected Member of the Board of Directors with effect from 1 July 2012, elected Chairman with effect from 4 July 2012.

*** Chairman of the Board of Directors and his Deputy are elected by rotation for a two-year term.

Composition of the Board of Directors from 25 April 2013

No	Full name	Position title	Start and end of term
Members of the Board of Directors:			
1.	Dr Valery Golubev	Chairman of the Board of Directors	April 2013–April 2015
2.	Dr Achim Saul	Deputy Chairman of the Board of Directors	April 2013–April 2015
3.	Uwe Fip	Member of the Board of Directors	April 2013–April 2015
4.	Kirill Seleznev	Member of the Board of Directors	April 2013–April 2015
5.	Vladas Lastauskas	Member of the Board of Directors	April 2013–April 2015

Note: the Extraordinary General Meeting of Shareholders held on 11 June 2013 adopted this composition of the Board of Directors, which will carry out its duties until April 2015.

Information on the start and end of the term of the Audit Committee

No	Full name	Position title	Place of employment	Start and end of term
Audit Committee:				
1.	Juozas Kabašinskas	Independent member	UAB JK GĖRIMŲ NAMAI, UAB JKP Namai, J. Kabašinskas Consultancy	April 2010–April 2013; April 2013–April 2016
2.	Agnė Žičiūtė	Member	AB Lietuvos Dujos	April 2010–April 2013; April 2013–April 2016

Information on the start and end of the term of the top executives

No	Full name	Position title	Start and end of term
Top executives:			
1.	Viktoras Valentukevičius	General Manager	From 28 June 2002; April 2010–April 2013; April 2013–April 2015*

2.	Dr Joachim Martin Hockertz	Deputy General Manager – Director of Commerce	From 1 July 2002
3.	Jonas Janiulionis	Deputy General Manager – Technical Director	13 September 2002 – 4 March 2013
4.	Tomas Šidlauskas**	Deputy General Manager – Technical Director	From 27 March 2013
5.	Vladimir Obukhov	Deputy General Manager – Director for Gas Purchase	From 3 May 2004
6.	Giedrė Glinskienė	Deputy General Manager – Chief Financial Officer	(1 January 2004–1 January 2008: Chief Financial Officer) From 1 January 2008

* For the term of office of the Board of Directors by which he was appointed.

** From 5 March 2013 until 26 March 2013, Tomas Šidlauskas temporarily acted on behalf of the Deputy General Manager – Technical Director.

Participation of members of the governing bodies in the authorized share capital

Full name	Position title	Participation in the capital of the Issuer	
		Share of the authorized capital held, %	
Board of Directors (as of 30 June 2013)			
Dr Valery Golubev	Chairman of the Board of Directors	–	–
Dr Achim Saul	Deputy Chairman of the Board of Directors	–	–
Uwe Fip	Member of the Board of Directors	–	–
Kirill Seleznev	Member of the Board of Directors	–	–
Vladas Lastauskas	Member of the Board of Directors	–	–
Audit Committee (as of 30 June 2013)			
Juozas Kabašinskas	Independent member	–	–
Agnė Žičiūtė	Member	0,000	0,000
Top executives (as of 30 June 2013)			
Viktoras Valentukevičius	CEO – General Manager	0,013	0,013
Dr Joachim Martin Hockertz	Deputy General Manager – Director of Commerce	–	–
Tomas Šidlauskas	Deputy General Manager – Technical Director	-	-
Vladimir Obukhov	Deputy General Manager – Director for Gas Purchase	–	–
Giedrė Glinskienė	Deputy General Manager – Chief Financial Officer	–	–

The Subsidiary and the Joint Venture

As of 30 June 2013, AB Lietuvos Dujos jointly with the Finnish company Gasum Oy is controlling UAB GET Baltic.

Key information re: UAB GET Baltic	
Legal organizational form	Private limited company
Date and place of registration	13 September 2012, State Company Register Centre
Company code	302861178
Registered office:	Aguonų St. 24, Vilnius,

	Lithuania
Telephone number.	+370 5 2360 000
Fax	+370 5 2360 001
E-mal	info@getbaltic.lt
Website	www.getbaltic.lt
Authorized capital	LTL 2,000,000
Share of the authorized capital owned by AB Lietuvos Dujos	66%
Average number of employees in 2013	2

The authorized capital of UAB GET Baltic was not subject to any changes in 2013, it consists of 2,000,000 ordinary registered shares with the par value of LTL 1.0 per share. 66% of shares of the joint venture UAB GET Baltic are held by AB Lietuvos Dujos (32% of shares are accounted in discontinued operations), and 34% – by Gasum Oy. UAB GET Baltic carries out the activity of the natural gas market operator – operates as an organizer of trade in natural gas on the Natural Gas Exchange.

On 30 January 2013, the AB Lietuvos Dujos Board of Directors adopted the decision to liquidate the subsidiary UAB Palangos Perlas. In May 2013, all the assets of the subsidiary UAB Palangos Perlas were transferred to the Company.

Core Activities of the Company

Core business activity of the Company:

- **Transmission***: transportation of natural gas via gas transmission system mostly comprised of high-pressure pipelines, except for the production process pipeline network and part of the high-pressure gas pipelines mainly used for the local distribution of natural gas, designed for the delivery of natural gas to consumers, except for gas supply.
- **Distribution**: transportation of natural gas via gas distribution pipelines, designed for the delivery of natural gas to consumers, except for the supply.
- **Supply**: gas selling and/or reselling to customers and gas delivery to the natural gas system.

* From 1 August 2013, upon implementing the unbundling of the transmission system operator, AB Lietuvos Dujos does not carry out the natural gas transmission activity any more.

In Half 1 of 2013, natural gas transportation volumes to gas consumers of Lithuania via the transmission system amounted to 1,595.0 MCM, a drop of 6.5% y/y. LD imported and delivered to customers 36.0% of the total natural gas volume consumption in Lithuania. In accordance with the provisions of EU legal acts regarding the free third party access to the system (TPA – Third Party Access), natural gas transportation volumes to third parties amounted to 1,021.3 MCM, which represents 64.0% of the total gas consumption volume in Lithuania. Natural gas transit volumes to the Kaliningrad region of the Russian Federation amounted to 1,082.5 MCM, which represents a drop of 1.7% y/y.

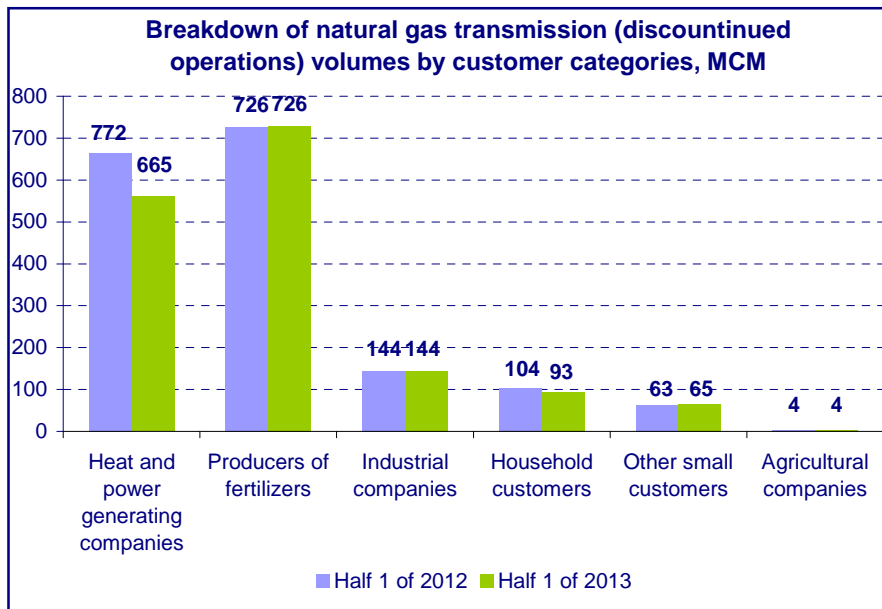
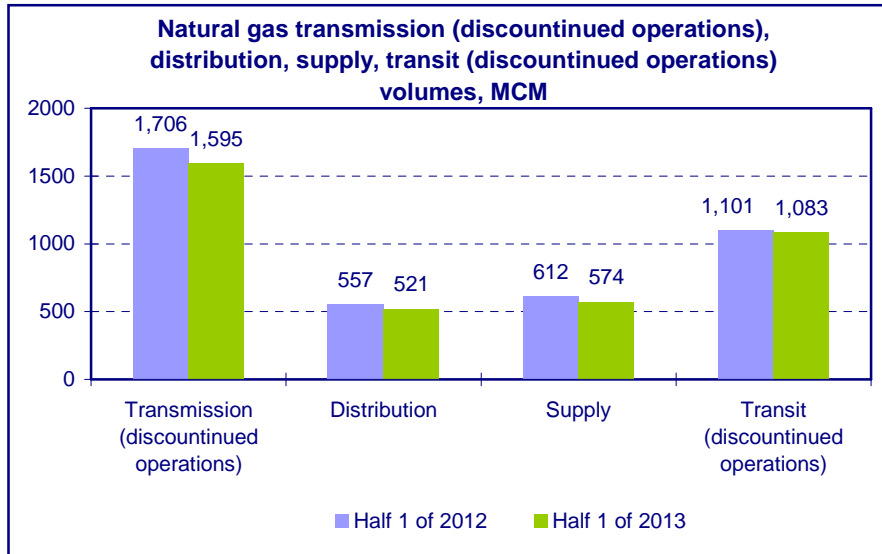
In Half 1 of 2013, the Company transported via gas distribution pipelines 520.7 MCM of natural gas, a drop of 6.6% y/y.

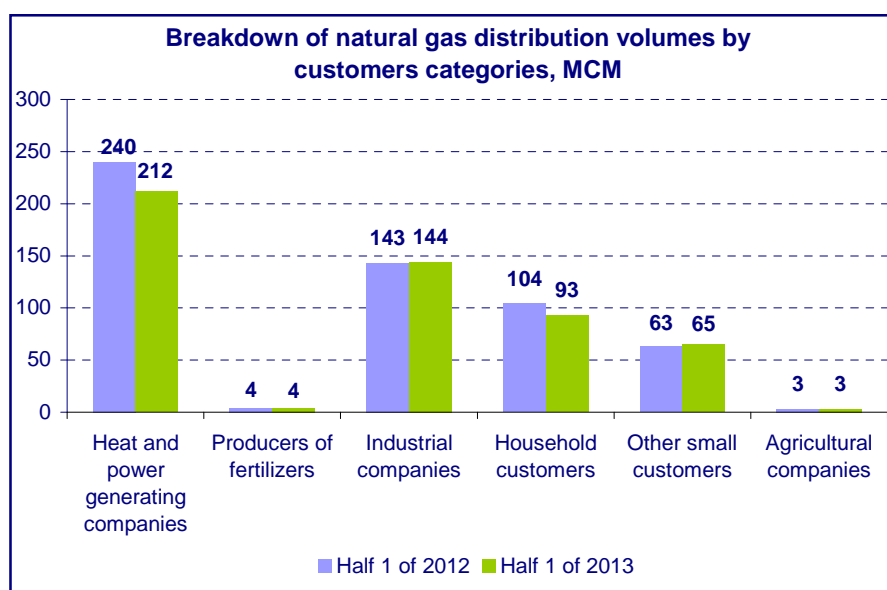
In Half 1 of 2013, the gas transmission, distribution and supply volumes, compared to y/y, declined mainly due to the drop in the production of electricity by heat and power plants (resulting from reduction in electricity production quotas) and due to the replacement of natural gas by other fuel types

In Half 1 of 2013, the Company imported natural gas from one supplier, OAO Gazprom. In implementation of the requirements of Resolution No. 325 of the Government of the Republic of Lithuanian of 28 March 2012 on the Amendment of Resolution No. 163 of the Government of the

Republic of Lithuania of 26 February 2008 on the Approval of the List of the Measures Ensuring the Safety of Natural Gas Supply, the Company stores a set volume of natural gas in the Incukalns Underground Gas Storage Facility (the Republic of Latvia). In the event of any accidents or emergency situations, from 1 September 2012, this volume of natural gas accumulated in the UGS facility would ensure uninterrupted gas supplies to the vulnerable gas consumers (all household and non-household gas customers with annual natural gas consumption of up to 20,000 cubic meters) for at least 30 days.

As of 30 June 2013, the Company was selling natural gas to over 557 thousand customers, including energy and industrial companies, other enterprises and organizations as well as households.





Staff

Average number of the employees of the Company

Year	Average number of employees on the roll	Change compared to y/y
Half 1 of 2012	1,687	-1.1%*
Half 1 of 2013	1,690	0.2%**

* Compared to Half 1 of 2011

** Compared to Half 1 of 2012

Breakdown of the Company's employees by the educational background

Average number of employees on the roll in Half 1 of 2013	Of this total, educational background:			
	Higher (university)	Post-secondary	Secondary	Unfinished secondary
1,690	846	334	491	19
100%	50%	20%	29%	1%

In Half 1 of 2013, the average monthly salary of the Company's employees was LTL 3,530.

With a view to raising the Company's human resource management efficiency, in 2013, the Company's management processes were subjected to further improvements, and the number of employees was subjected to further optimization.

With the aim of raising the efficiency of the implementation of the Company Strategy and its main goals, improving the Company's employees' motivation and career planning, the Company has implemented the Human Resource Management System, which is being improved on an ongoing basis. In the recruitment and selection of its new staff the Company follows the Description of New Staff Selection Procedures and the Description of New Employees Adaptation Procedures, which have been adopted by the Company.

The Company devotes special attention to the creation of adequate working conditions for the personnel and to ensuring remuneration and social guarantees in line with the current market situation. LD branches have their trade union subunits, which have been united into the Lithuanian Gas Sector Employees Trade Union Association. The Company has the Collective Bargaining Agreement (the version as of 23 May 2011 with subsequent amendments) effective until 31 December 2014. Neither labour contracts nor the Collective Bargaining Agreement provides for any special rights or duties for the Company's employees. Rights and duties that are provided by aforementioned documents are the ones usually applied in general practice.

With a view to ensuring the safe, reliable and efficient operation and maintenance of the natural gas system, the Company consistently pays special attention to its staff training, to the raising and improvement of skills and qualifications of its employees.

Membership in associated structures

The Company is a member of the following organizations:

- The Lithuanian Gas Association. Website: www.dua.lt.
- The European Network of Transmission System Operators for Gas (“ENTSO”) (the Company’s membership status is an associated partner). Website: www.entsog.eu.
- The Association “Eurogas”. Website: www.eurogas.org
- The association of transmission pipeline companies of the Baltic Sea Region “Baltic Gas”. Website: www.balticgas.org.
- The Chamber of Commerce of Germany and the Baltic countries (“AHK”) in Estonia, Latvia and Lithuania. Website: www.ahk-balt.org.
- The association of the largest and most active investors in the economy of Lithuania “Investors’ Forum”. Website: www.investorsforum.lt.

The Company does not participate in the capital of any of the aforesaid associated structures.

Both E.ON Ruhrgas International GmbH, a member of the associations “Eurogas”, “Baltic Gas” and the Chamber of Commerce of Germany and the Baltic countries (AHK), and OAO Gazprom, a member of the association “Baltic Gas”, each individually, holds over 5% of shares of the Company.

The Company’s notices

All notifications that in accordance with law are subject to publication are posted in the e-publication of the Registrar of the Register of Legal Entities. Notifications on convening a General Meeting of Shareholders of the Company as well as other material events are posted in accordance with the procedure provided for by the Law on Securities of the Republic of Lithuania on the Central Database of Regulated Information www.crib.lt and the Company website www.dujos.lt. Where shareholders’ holdings entitle them to at least 10% of the total voting rights, notifications to such shareholders on convening a General Meeting of Shareholders are dispatched in accordance with procedure established by the Bylaws of the Company.
