

# **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

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

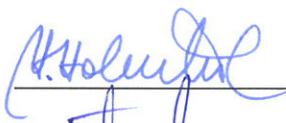
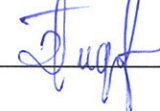
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The accompanying notes are an integral part of these financial statements.

## Statements of financial position (cont'd)

		Company		Group
		As of 30 June	As of 31 December	As of 31 December
		2013	2012	2012
Notes		(pre-audited)	(audited)	(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	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*)
<b>I. Revenue</b>								
I.1. Sales	267,647	262,788	262,897	873,069	914,364	914,364	914,511	914,511
I.2. Other income	266,327	261,709	261,818	870,768	912,366	912,366	912,513	912,513
	1,320	1,079	1,079	2,301	1,998	1,998	1,998	1,998
<b>II. Expenses</b>								
II.1. Cost of natural gas	(258,344)	(248,034)	(248,681)	(830,460)	(874,891)	(874,891)	(875,781)	(875,781)
II.2. Other expenses	(217,800)	(208,046)	(208,046)	(750,395)	(798,063)	(798,063)	(798,063)	(798,063)
III. Financial activity	(40,544)	(39,988)	(40,635)	(80,065)	(76,828)	(76,828)	(77,718)	(77,718)
III.1. Income	(146)	547	557	433	1,231	1,231	1,251	1,251
III.2. Expense	407	547	557	986	1,232	1,232	1,252	1,252
IV. Profit before tax	(553)	-	-	(553)	(1)	(1)	(1)	(1)
V. Income tax	9,157	15,301	14,773	43,042	40,704	40,704	39,981	39,981
V.1. Current period income tax	1,564	510	(106)	(5,059)	(5,301)	(5,301)	(5,920)	(5,920)
V.2. Deferred income tax	1,080	9	9	(6,232)	(6,418)	(6,418)	(6,418)	(6,418)
VI. Net profit from continuing operations	484	501	(115)	1,173	1,117	1,117	498	498
VII. Net profit from discontinued operations	10,721	15,811	14,667	37,983	35,403	35,403	34,061	34,061
VIII. Net profit total	417	1,555	1,555	11,028	12,877	12,877	12,877	12,877
	11,138	17,366	16,222	49,011	48,280	48,280	46,938	46,938
Basic and diluted earnings per share (LTL)	0.024	0.037	0.035	0.104	0.103	0.103	0.100	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	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

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

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

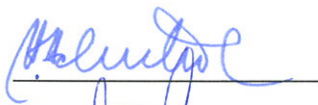
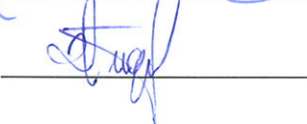
General Manager	Viktoras Valentukevičius	31 July 2013
Chief Accountant	Žydrūnas Augutis	31 July 2013



## Statements of changes in equity

<u>Company</u>	<u>Notes</u>	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Discontinued operations</u>	<u>Total</u>
<b>Balance as of</b>							
<b>1 January 2012 (audited)</b>		<b>469,068</b>	<b>38,908</b>	<b>1,450,635</b>	<b>95,686</b>	<b>-</b>	<b>2,054,297</b>
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
<b>Balance as of</b>							
<b>30 June 2012 (pre-audited)</b>		<b>469,068</b>	<b>43,692</b>	<b>1,469,537</b>	<b>48,280</b>	<b>-</b>	<b>2,030,577</b>
<b>Balance as of</b>							
<b>31 December 2012 (audited)</b>		<b>469,068</b>	<b>43,692</b>	<b>1,469,537</b>	<b>75,964</b>		<b>2,058,261</b>
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
<b>Balance as of</b>							
<b>30 June 2013 (pre-audited)</b>		<b>290,686</b>	<b>29,069</b>	<b>328,013</b>	<b>37,983</b>	<b>1,204,521</b>	<b>1,890,272</b>

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

	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)
<b>I. Cash flows from (to) operating activities</b>			
I.1. Net profit	49,011	48,280	46,938
<b>Adjustments of non-cash items and other corrections:</b>			
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)
	<b>109,752</b>	<b>110,118</b>	<b>109,808</b>
<b>Changes in working capital:</b>			
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)
<b>Total changes in working capital</b>	<b>(46,378)</b>	<b>(77,908)</b>	<b>(77,100)</b>
<b>Net cash flows from operating activities</b>	<b>63,374</b>	<b>32,210</b>	<b>32,708</b>
<b>II. Cash flows from (to) investing activities</b>			
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
<b>Net cash flows (to) investing activities</b>	<b>102,170</b>	<b>(6,573)</b>	<b>(6,501)</b>

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

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## CONDENSED FINANCIAL STATEMENTS

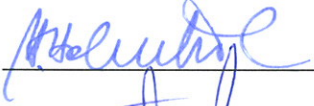
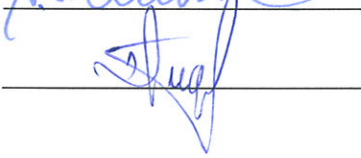
FOR THE SIX MONTHS ENDED 30 JUNE 2013

(all amounts are in LTL thousand unless otherwise stated)

## Statements of cash flows (cont'd)

	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)
<b>III. Cash flows from (to) financing activities</b>			
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)
<b>Net cash flows from (to) financing activities</b>	<b>(193,055)</b>	<b>(69,046)</b>	<b>(69,046)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents*</b>	<b>(27,511)</b>	<b>(43,409)</b>	<b>(42,839)</b>
<b>V. Cash and cash equivalents at the beginning of the period*</b>	<b>112,417</b>	<b>95,569</b>	<b>95,884</b>
<b>VI. Cash and cash equivalents at the end of the period*</b>	<b>84,906</b>	<b>52,160</b>	<b>53,045</b>

\*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.

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



## 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

### 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 intermediary 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)
<b>Continuing operations</b>	<b>9,609</b>	<b>3,027</b>	<b>3,068</b>
<b>Discontinued operations</b>			
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
<i>The works of installation of intelligent pig launcher and the pig receiver chambers in the Pabradė–Visaginas transmission pipeline</i>	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
	<b>101,855</b>	<b>64,221</b>	<b>64,221</b>
	<b>111,464</b>	<b>67,248</b>	<b>67,289</b>

### 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
<b>Total assets from discontinued operations</b>	<b>1,705,184</b>
<b>Equity of discontinued operations</b>	<b>1,204,521</b>
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
<b>Total liabilities from discontinued operations</b>	<b>500,663</b>
<b>Total equity</b>	<b>1,705,184</b>

## 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
<b>Net profit from discontinued operations</b>	<b>11,028</b>	<b>12,877</b>

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)
<b>Discontinued operations</b>		
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	-
<b>Continuing operations</b>		
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
<b>Total net (decrease) in cash and cash equivalents of the Company</b>	<b>(27,511)</b>	<b>(43,409)</b>
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:

	<b>Company</b>	<b>Company</b>	<b>Group</b>
	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)	<b>0.104</b>	<b>0.103</b>	<b>0.100</b>

## 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	-
	<b>752,194</b>	<b>18,088</b>	<b>2,759</b>	<b>45,997</b>

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	-
	<b>814,246</b>	<b>25,848</b>	<b>3,219</b>	<b>57,264</b>

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.